



March 3, 2008

OFFICE OF THE  
PRESIDENT

Senators Max Baucus and Charles Grassley  
United States Senate  
Committee on Finance  
Washington, DC 20510-6200

Dear Senators Baucus and Grassley,

Thank you for your letter of January, 25, 2008, in which you outline some of your concerns about the cost of higher education, especially for students with limited financial means. At Indiana University (IU), we are strongly committed to preserving our role as a public institution that is accessible and affordable to all qualified Hoosiers. To this end, in concert with our fund-raising partner, the IU Foundation, we have lowered the out-of-pocket costs for incoming resident students from families with incomes of less than \$50,000 by 92 percent in the last three years (from \$4,278 to \$341).

This success in addressing the affordability challenge is the product of a proactive and aggressive three-part plan:

- a. Resident undergraduate tuition and fee rates at IU are 15% below the average charged by the other nine public universities in the Big 10. We well recognize, though, that while our tuition rates aren't as high as those at Penn State, Illinois, or Michigan, neither is our state's per capita income. Thus simply holding down tuition and fees will not allow IU to meet its goals on affordability.
- b. Therefore, IU introduced five new financial aid programs. Each is targeted at a different group of lower- and middle-income students. I am very proud to note that several of the financial aid programs announced to great fanfare in the last year by Harvard, Stanford, and Yale emulate existing IU programs. I am extremely proud of IU's leadership in this arena.
- c. Over the last four years, IU has set aside \$7.5 million from our base budget—funding that will be available in perpetuity—to match endowment earnings from qualifying scholarship gifts provided to our Matching the Promise capital campaign. The results yielded by this ambitious plan have been truly impressive. In slightly more than four years, IU Bloomington has more than tripled its effective scholarship endowment—increasing it from \$128 million to one valued at over \$400 million.

Bryan Hall 200  
107 S. Indiana Avenue  
Bloomington, Indiana  
47405-7000  
812-855-4613  
Fax: 812-855-9586

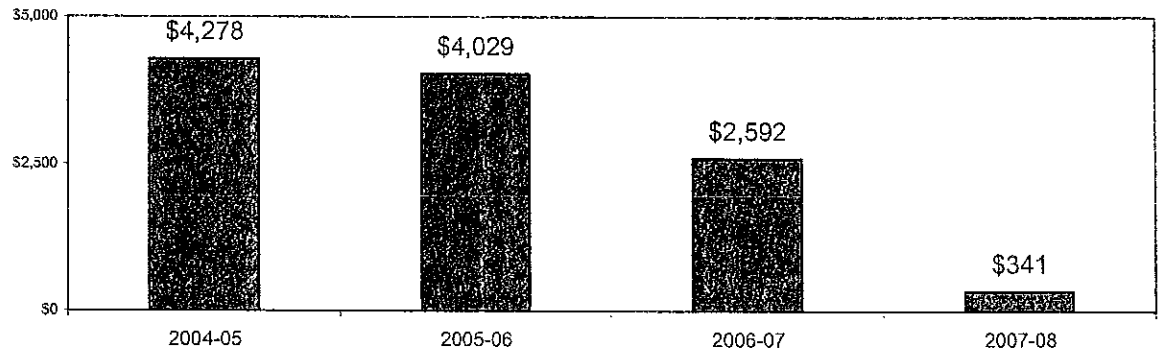
University Place  
Conference Center  
850 W. Michigan Street  
Suite 243  
Indianapolis, Indiana  
46202-5198  
317-274-3571  
Fax: 317-274-5098

Numbers and new programs, in and of themselves, do not tell the whole story. The real story is the dramatic impact relatively low tuition and fee rates, new financial aid programs, and increased scholarship endowments are having on Hoosier families.

You will find below details of the average amount paid in each of the last four years for tuition, room, and board by incoming Indiana residents from families with income of \$50,000 or less. The 2007-08 IU "sticker price" is \$14,512. The average Indiana resident living in a family with income of \$50,000 or less will pay only \$341 for tuition, room, and

board. Thus, we are covering 98% of the out-of-pocket expenses for lower-income resident students through financial aid and gifts!

**Average Cost for Lower-Income Hoosiers in Incoming Class  
(as Measured by Out-of-Pocket Expenses for  
Tuition, Room, and Board Paid by  
Indiana Residents from Families with Incomes < \$50,000)  
IU Bloomington, 2004-05 to 2007-08**



This is exactly what a great public university should do:

- Recruit the best students—IU's mean SAT is up 42 points in the last three years,
- Ensure affordability—costs for lower-income students are down by 92%.

The impact of these policies on our state and its citizens is enormous.

I want to thank you for providing me with this opportunity to provide information about IU's affordability initiatives to the members of the Senate Finance Committee. If we can provide further information, please do not hesitate to ask.

Yours sincerely,

Michael A. McRobbie  
President  
Indiana University

Enclosures      Responses to January 25, 2008 Letter  
Indiana University Foundation Investment Policy