

Income Share Agreements:

INVEST IN U

**A CASE STUDY OF INVEST IN U:
THE UNIVERSITY OF UTAH'S INCOME
SHARE AGREEMENT PROGRAM**

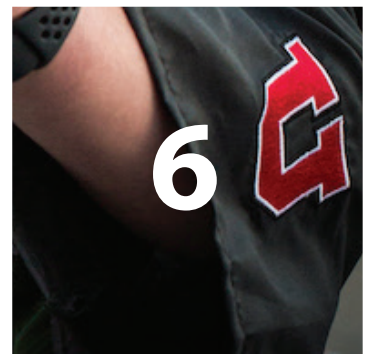
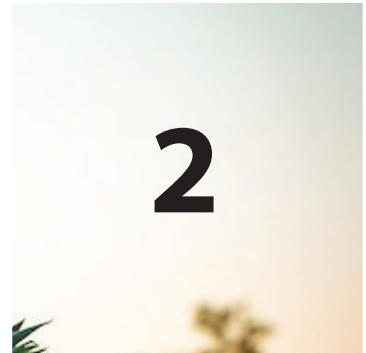
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THE UNIVERSITY OF UTAH
College of Education

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EXECUTIVE SUMMARY

In 2019, the University of Utah launched an Income Share Agreement (ISA) program, *Invest in U*, making the University one of the first public universities in the nation to launch an ISA. An ISA is a financial instrument that provides a student with financing for education in exchange for a percentage of the student's future income for a defined period of time. The purpose of this research-based case study was to describe and document the University's experience developing and implementing *Invest in U*, to understand how students view ISAs, and to report the outcomes of the first cohorts of ISA participants. The case study drew from a mixed methods study that included interviews with multiple University leaders and staff, data on student participation and outcomes from institutional research, and data on student perceptions from survey data. The University of Utah suspended the *Invest in U* in 2022 and plans to discontinue it as of June 2023, after this case study was written, but the authors believe this case study still has relevance and utility for the University of Utah and other institutions seeking to develop and implement an ISA.

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“I think the great thing behind it [ISA], is it is new, it is innovative, it is a possible solution... the University of Utah is known to be innovative”

—University of Utah Leader





KEY FINDINGS AND RESULTS

The primary results from the case study are described in detail on page 45. Below are high-level findings from this case study.

- ISA participation has been low during the pilot phase.** Student participation in the early cohorts of the ISA has been relatively low compared to the University's initial estimates. Only 111 students participated in the ISA between Fall 2019 and Fall 2021.
- ISA students had relatively high levels of financial need and varied backgrounds.** ISA students were more likely to be low-income students, women, transfer students, students in the academic middle (lower than average GPAs), and students with larger amounts of student loan debt compared to the University population. Three of every four ISA recipients were Pell Grant recipients, and non-Pell recipients appeared to have high levels of financial need because they used more ISA funds, appeared to be more loan averse, and received less scholarship and aid than Pell recipients. The majority of ISA participants (75%) were pursuing majors in four colleges: Business, Social and Behavioral Sciences, Engineering, and Humanities.
- Early ISA cohorts have high bachelor's degree retention and completion rates, suggesting the ISA is helping students with high financial need in the academic middle complete and make progress toward their bachelor's degree.** Students who received an ISA in the first couple of semesters of *Invest in U* had high completion rates (90.5% and 83.3%), suggesting that ISA students are likely to complete their bachelor's degree. To date, 90% of all ISA recipients have completed their degree or are still enrolled at the University, suggesting the ISA is supporting student persistence and completion.
- Early data on ISA repayment are mixed and potential inequities in repayment rates exist.** Among the early ISA recipients who entered repayment, 43% are delinquent on their payments as of October 2021, although no students have defaulted on their ISA. Although the sample size is small, these early data also show that students more likely to be delinquent on repayment are transfer students, women, and Pell Grant students.
- Survey data from ISA-eligible students suggest relatively low interest in the ISA, and interest in the ISA varies by student background.** About one in four ISA-eligible students indicated interest in using an ISA. The characteristics of students who reported interest in using an ISA were relatively similar to actual ISA participant data, especially female students and low-income students. Similarly, students with higher objective financial knowledge and higher financial well-being were more likely to report interest in using an ISA.
- ISA development: A student-centered design and strategic program development process.** *Invest in U* was strategically designed as a financially self-sustaining program to help current and future students complete their degree by filling financial gaps.
- ISA implementation: Adapting program design, celebrating program successes, and addressing program challenges.** The design of *Invest in U* has continued to adapt and evolve over the first two years in response to multiple factors. The ISA program has helped many students pay for college. The program's primary challenges to date include low student demand for the ISA, infrastructure and personnel capacity, changes in leadership and staffing, and uncertainty about the legal and policy environment.



IMPLICATIONS FOR *INVEST IN U*

The implications from the case study are described in detail on page 47. High-level descriptions of the implications include:

- **Invest in U is helping a group of students pay for college who otherwise may not be able to finance their education.** Regardless of whether the University decides to continue, grow, or phase-out the *Invest in U* program, the University should invest in further assessment of financial need for this group of students and ensure these students who are within reach of completing are able to do so. The need for exploring additional financial aid options for students in economic hardship is clear.
 - **Pell ISA Students:** The ISA program is disproportionately serving Pell Grant recipients and they are completing and making progress toward their bachelor's degree, but they are doing so with large amounts of money to pay back after graduation.
 - **Non-Pell ISA Students:** The ISA program is filling a particular need gap for non-Pell recipients who have lower amounts of aid options and are less willing to take out loan debt.
 - **Early graduation and retention data are positive and worth celebrating, but delinquency rates are concerning and should be monitored closely and addressed if needed.** Graduation and retention data for the first two ISA cohorts are encouraging at a 90% cumulative rate, particularly because the ISA appears to be helping students in the academic middle with high levels of financial need. A concerning early data point revealed a relatively high delinquency rate of 43%, and there are emerging inequities in these repayment outcomes. Monitoring the post-graduation earnings of ISA students (and other graduates) will help inform *Invest in U* and other university outcomes.
 - **Low participation numbers should be monitored to assess the viability of the ISA program.** Program participation numbers have been lower than expected, and although participation increased in the second year of the program, participation has decreased in late 2021.
- Survey data on student perspectives suggest that the majority of ISA-eligible students are not interested in an ISA, but it also provides insight into those most likely interested in an ISA. Communicating ISAs is complex and work is needed to enhance outreach and education to increase participation. Challenges to ISA participation include federal interest loan rates falling and a dynamic regulatory and policy landscape around ISA.
- **Assess how loan borrowing levels and the ISA contract structure may influence students' ability to repay their ISA.** Given that many of the ISA recipients have high levels of borrowing, adding an ISA payment on top of loan payments can become challenging financially. However, if receiving an ISA makes a student more likely to persist and graduate in order to realize increased earnings—as opposed to having debt and no degree—then the ISA can be a helpful financial tool to fill funding gaps and promote completion for Utah students. Students taking out multiple ISAs must be considered carefully because paying multiple ISA contracts may be challenging for students. Structuring ISAs around the academic semester structure can necessitate students to take out multiple ISA contracts, which is more expensive to the student and the university.
 - **The ISA financial model should be revisited and assessed given existing ISA use and outcomes.** Important factors such as the *Invest in U*'s “Early Payoff Option,” smaller ISA contracts, high ISA default rates, and lower than expected participation rates are all important considerations that will impact the financial model.
 - **The Future of *Invest in U* and ISAs.** We hope the results of this case study will help inform the University's direction of *Invest in U*. Leaders we interviewed noted the recent change in university presidential leadership, ISA participation rates, and the developments in the federal and state policy and regulatory landscape will inform the future of Utah's ISA. More broadly, leaders pointed to employer-partnership models that include work-based learning and employers starting to put “skin in the game” in order to fill acute labor and skill shortages as one promising path for ISAs.



RECOMMENDATIONS FOR ISA PROGRAMS

We share the following policy and practice recommendations with leaders considering developing and launching an ISA program. More detail on these recommendations can be found on page 50.

- Examine student data and identify the problem that needs to be solved with an ISA in order to drive successful program development and implementation.
- Ensure presidential and executive-level leadership drive the vision for the ISA program and the project team.
- Develop and communicate a clear vision for the ISA early and often to ensure successful program launch and sustainability.
- Establish a cross-functional, innovative project team to develop, launch, and sustain the ISA, as the complex model requires a deep and expansive expertise to ensure success.
- Assess internal capacity, outsource expertise when needed, and select an ISA service provider to ensure program success.
- Engage key stakeholders early and often, including students, to develop the ISA program.
- Raise and structure a fund that serves program needs and goals, rather than solely a financial model.
- Launch a pilot program and then test, learn, and improve the model to accomplish program goals.
- Develop a strategic and comprehensive communication plan to educate students and their families about the ISA.
- Ensure strategic leadership in financial aid, resource the ISA program appropriately, and invite change to the financial aid unit to support an ISA model.
- Build a sustainable data infrastructure to track program implementation, participation, and outcomes.
- Ensure a holistic approach to student counseling for the ISA program that helps the student beyond the ISA.
- Continually monitor the ISA regulatory and policy landscape so the university can be prepared for changes.
- Consider post-graduation earnings and employment outcomes as a new way to examine student outcomes and definitions of success.
- Use the ISA to generate exploration and implementation of more student-friendly practices and new ways to approach established norms.

INTRODUCTION, METHODS & DATA COLLECTION ACTIVITIES

In 2019, the University of Utah launched an Income Share Agreement (ISA) program, *Invest in U*, making the University one of the first public universities in the nation to launch an ISA. An ISA is a financial instrument that provides a student with financing for education in exchange for a percentage of the student's future income for a defined period of time.¹ ISAs have been created and deployed in various educational and workforce settings, in both the for-profit and the nonprofit sectors. For example, public universities such as Purdue University developed and launched an ISA, and private coding boot camps such as Lambda, Holberton, and Make School have developed ISA programs to help students pay for their training. To date, approximately 60 colleges offer ISAs. This case study shares the results of a mixed-methods study that describes and documents the University's experience developing and implementing *Invest in U*, examines how students view ISAs, and reports the outcomes of the first cohorts of ISA participants.

This case study used multiple methods to collect and analyze the data that are reported in this report. Below, we describe three primary data sources and our analytic methods. The primary research questions driving this case study were:

1. How did the University of Utah develop and implement an Income Share Agreement (ISA) program?
2. What are the preliminary student outcomes of the ISA program?

¹ Palacios, M., DeSorrento, T., & Kelly, A.P. (2014). Investing in value, sharing risk: Financing higher education through income share agreements. AAEI Series on Reinventing Financial Aid.





INTERVIEWS WITH UNIVERSITY LEADERS AND STAFF

In spring and summer 2021, we conducted interviews with eight current and former university leaders and staff who have been involved with the development and implementation of *Invest in U*. This included top institutional leadership involved in the conceptualization and initial design of the ISA as well as the counselors and administrators who have been responsible for implementing the day-to-day practices of *Invest in U*. We used a similar semi-structured protocol in all interviews that focused on the processes and nature of ISA development and implementation. All interview transcripts were transcribed and uploaded to NVivo for data analysis. We used a combination of inductive and deductive coding strategies to analyze the data, and all three researchers engaged in the coding and meaning making process of the interview data.

STUDENT-LEVEL DATA

We partnered with the University of Utah's institutional research office to develop a de-identified database of all ISA participants in the first two years of the program (fall 2019 through fall 2021). The database includes information about students' demographic characteristics, their academic backgrounds, their financial aid histories, their academic outcomes, and their ISA engagement. We used this database to conduct exploratory data analysis and generate descriptive statistics, cross tabulations, and summary data on the ISA recipients. As described in the results, the sample size was too small to warrant inferential statistics, so we did not conduct significance tests.

SURVEY DATA

In Summer 2020, we distributed a survey to a random sample of 2,000 ISA-eligible students to understand their perceptions of ISAs and the factors that might predict which students are most interested in an ISA. The response rate was about 15% and we had 282 usable survey responses. A primary goal of the survey was to understand ISA-eligible students' interest in using an ISA and variance in students' interest in using an ISA as well as their perception of the ISA as a financial aid option. The survey included questions about students' likelihood of using an ISA, their demographic characteristics, and measures of debt aversion, financial well-being, and financial knowledge. We analyzed the survey using descriptive stats and we ran t-tests and Chi-squares to examine differences in survey measures by students who were likely and not likely to use an ISA.

STUDENT QUOTES

A related portion of the overall research design included interviews with ISA recipients and ISA-eligible students from the first year of ISA implementation. These data are in a separate publication, but we use some student quotes throughout the case study to highlight the student voice and experience.

WHY THE UNIVERSITY OF UTAH PURSUED THE ISA

Developing a new ISA is no small task, and the University leaders involved in the conceptualization and development of the ISA were motivated by several factors. This section explores the primary factors that drove the University to develop *Invest in U*.





INVEST IN U WAS DEVELOPED AS A PILOT PROGRAM TO HELP STUDENTS COMPLETE THEIR DEGREE

The University of Utah's ISA program sought to improve graduation and completion rates, building upon the U's completion strategy from the prior 5 years. As one University leader stated, "Number one driver [of the ISA]: we've got to get our students to completion." University of Utah students typically take longer than average time to graduate and often cite financial constraints as a reason for not completing. Several University leaders noted that students, to make ends meet financially, will work through (or even in the place of) their college education trajectory, rather than utilize financial tools to ameliorate this burden. University leaders involved in the development of the ISA uniformly agreed that the ISA was developed as a mechanism to help students fund their education, either as an alternative to loans or to supplement federal student loans. Thus, the ISA was endorsed to support meeting students' financial needs so they would not need to stop-out and work and to help them complete their degree. The University of Utah intended to develop the ISA in the form of a pilot program in order to generate initial buy-in amongst leadership and investors and gauge student interest. The pilot program mentality and framework also served as a way to consider scaling the program during its evolution, and provide a structure for different entities and leaders to follow up and assess the ISA's development.



"Number one driver [of the ISA]; we've got to get our students to completion."

—University of Utah Leader

INVEST IN U WAS DESIGNED TO MEET STUDENTS' FINANCIAL NEEDS AND ADDRESS THE UNIQUE UTAH STUDENT POPULATION

An important motivating factor for developing *Invest in U* was the unique context and financial needs of the student population at the University. Leaders we talked to frequently described students as reluctant to take on debt and unwilling to take out federal and/or private student loans. For example, one leader said "... [students are] very debt averse... when students look at financial aid and how they approach higher education, they're going to look at it in a way that does not involve debt of any kind, whether it's parent debt, student debt, whatever debt." Despite being a flagship institution with many traditional-age students, University of Utah students do not engage with the financial aid system in the same way that students at similar institutions do. One financial aid leader commented, "on aggregate you know Utah has one of the lowest, if not the lowest FAFSA completion rate," which means many students do not even qualify for federal student loans because they do not complete the FAFSA. Expected family contribution is a term used in Financial aid resulting from FAFSA data used to determine financial aid eligibility. One leader put it this way, "you know one thing that's important about Utah is there are a whole lot of people who have a pretty high EFC, whose parents are giving them nothing... that's a Utah thing, right just because you can help people with their education, they don't do it." Absent additional financial support to pay for college, many students work to pay for or save for college, thus extending time-to-degree. One University leader described University of Utah students in this way: "So very low rates of debt, a pretty debt averse culture, a student population that was working a lot of hours per week...more than half of our students working more than 20 hours a week, many of our undergraduate students having one or more children before they complete their degree, and long times to completion, with, unusually, students who left at every step along the way." This combination of factors means that many students are left with large financial need to pay for college, a reality that was strongly considered by University leaders University leaders when designing *Invest in U*.



THE ISA WAS INTENDED TO SUPPLEMENT EXISTING FINANCIAL AID OPTIONS AND SUPPORT FUTURE STUDENTS

The University of Utah ISA program is a unique financial tool for students to access and benefit from. Leadership spoke about the ways in which this tool differed from more traditional options, including federal student loans and scholarships, noting that the ISA was not meant to take the place of these other options but to supplement them. One leader stated, “It’s one more tool in the toolkit, it is not a tool in place of. But if you think about being able to supplement a scholarship with an evergreen fund that does this, it could be very powerful. And similarly, it’s a little bit what I would say about the argument about free community college... there’s some challenges with free, right? We like the idea of free, but the truth of the matter is...having skin in the game and incentive [matters]. So if you imagine \$5,000 to \$7,500 of repayment sort of model, that is not a burdensome amount for the vast majority of people. That is an amount that is reasonable skin in the game for a person, and many of these people will receive scholarships, so think of it as one more tool in the toolkit not a supplement for scholarships.” Indeed, leaders mentioned that the University continues to prioritize scholarships, although scholarship funds can be challenging to consistently raise, grow, and maintain. Even so, leaders noted that scholarship funds and federal loans could only contribute so much to cover the full cost of attendance, and thus they felt the need for initiatives like the ISA to fill the gap. Leaders did not envision the ISA to be the sole solution for students to finance their education, but that it should be another tool or option for students to access, and particularly for students who are close to the finish line.

Furthermore, in terms of repayment, *Invest in U* was uniquely designed such that money paid back to the ISA would ultimately fund future students who use an ISA. One leader described this feature of the program, “Whereas you know if you take a traditional loan, either a federal loan or private loan, you know all the money that you’re paying back—your interest—is going to either the feds or to whatever private equity to fund. And in this case, if you’re paying back more than you borrowed under the terms of your ISA, well, that money’s going back to the university and the intent with that money was then to fund future ISAs.” This feature was a signature feature of *Invest in U* and one in which many leaders felt would be attractive to Utah students.

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“So very low rates of debt, a pretty debt averse culture. . . [and] many of our undergraduate students having one or more children before they complete their degree, and long times to completion, with, unusually, students who left at every step along the way.”

—University of Utah Leader



“It is new, it is innovative, it is a possible solution... the University of Utah is known to be innovative.”

—University of Utah Leader

A UNIVERSITY WITH AN INNOVATIVE CULTURE AND LEADERSHIP PROMOTED THE DEVELOPMENT OF THE ISA

Leaders we spoke to described the potential for the ISA to be reflective of a culture of innovation. Top institutional leadership recognized the importance of the ISA as a display of innovation, and a way to uphold its reputation as the flagship university of the state. The goal to be seen as an innovative leader took precedence over more traditional and safe priorities. One leader commented, “We don’t have to expect that everything works perfectly on the first round. It’s like ‘this is how we’re going to get better too, and if we don’t ever innovate, because we’re too risk averse, we don’t learn anything.’” In this way, the process of developing and implementing the ISA was thought to facilitate rich

opportunities to learn, think abstractly, and expand upon these entities and their propensities, skills, and roles. This culture of innovation was also speculated to be attractive to students as well, the opportunity may be more exciting than some traditional funding opportunities. Described by one leader this way, “I think the great thing behind it [ISA], is it is new, it is innovative, it is a possible solution... the University of Utah is known to be innovative.”

Several leaders also discussed how innovative leadership particularly from university president Ruth Watkins helped prompt the development of this initiative. One leader stated “I think it was Ruth [President Watkins]... you have to have the right leader; you have to have a transformative innovative leader at the helm saying ‘we need to look at alternative methods to help fund higher ed.’” This sentiment was echoed by others who indicated that strong, bold, and empowering leadership drove the ISA. Leadership also maintained a stance where team members were held accountable to follow through and make Invest in U a reality. In this way, the President assembled and empowered team members who became leaders in their own right, creating an infrastructure capable of launching the ISA.

ISA DEVELOPMENT

This section describes the primary strategies and approaches the University used to develop the ISA. The University's strategies were a combination of ideas from a strong leadership team that put the correct pieces in place prior to launching the ISA.



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“The right team, with the right people at the table meeting every week being accountable was, in my opinion... the important moment for a cross institutional change. You have to have the right team and it's got to be small and nimble and the right people and the right minds and perspectives working together weekly to be accountable to push it forward.”

—*Invest in U* Team Member



THE UNIVERSITY ASSEMBLED A STRONG, CROSS-FUNCTIONAL LEADERSHIP TEAM

Essential to the overall development of the U's ISA was a strong leadership team that was tasked with researching and gathering information about ISAs, assembling stakeholder feedback and advice, and leading the design and planning phase of the ISA. As previously noted, the ISA idea emerged from the Provost's Office and was elevated to a Presidential Initiative when Provost Watkins was selected as President, giving the initiative a high profile and signaling to campus partners that *Invest in U* was an institutional priority. The Provost established a core leadership team that included a representative from the President's Office, Budget and Finance, and Enrollment Management. The leadership team was responsible for creating a detailed plan and timeline that included engaging broad stakeholder groups to develop the ISA. The cross-functional leadership team enabled the planning team to approach the ISA design from multiple angles that were needed to develop it properly.

The leadership team gathered and analyzed data on the legal environment, funding models and opportunities, programmatic elements such as eligibility requirements and student advising, financial aid implementation, communication and outreach, ISA servicing, and the policy and regulatory landscape. Not only did the diverse leadership ensure multiple institutional partners were engaged, it also helped generate stakeholder input. One leader joined the administration in an interim position after working at another institution that had an ISA and reflected on the nature and impact of the leadership team and approach during the design phase:

“I thought that you all had thought things through very carefully, from the kinds of resources that were going to be necessary to do this, that the capital stack that you had put together was something that was going to happen... it was a really good collaboration with enrollment management, the president's office and the CFO and one of the things that actually I appreciated, it wasn't that it [the ISA] was a bad thing at [prior institution], but because at [prior institution] it was so new nobody really knew that we were just making it up. And so there were many, many, many people at the table, all the time” as the U developed *Invest in U*.

The cross-functional leadership team and extended project team played critical roles in ensuring the development and launch of the ISA. One simple yet critical element was the importance of the small ISA leadership team meeting weekly during the design phase to ensure continuous progress on program development. As one team member reflected, “The right team with the right people at the table meeting every week being accountable was, in my opinion... the important moment for a cross institutional change. You have to have the right team, and it's got to be small and nimble and the right people and the right minds and perspectives working together weekly to be accountable to push it forward.” One leader commented that the initiative succeeded because it was not led out by the Financial Aid office but by the President's office because they had the ability to bring the right people together. This leader said, “I don't know that if someone in my shoes [enrollment management] or a financial director would have been leading this, that it would have made it to where it's at. I think the connections into all the areas that she [President Watkins] had and her expertise of bringing together made a difference.” The ISA leadership team brought diverse expertise and knowledge which facilitated a rich, deliberate, and consistent approach to the design phase of the project.



“Student feedback drove the development and refinement of the program.”

—*Invest in U* Team Member

THE LEADERSHIP TEAM SOUGHT DIVERSE STAKEHOLDER INPUT EARLY AND FREQUENTLY

At the outset of the project, the ISA leadership team created a strategic outreach list and a plan to engage the critical stakeholder groups in the development phase of the program. These stakeholders included university trustees, faculty and deans, senior university leaders, state leaders, and students. The ISA leadership team also prioritized gathering student perspectives to inform the creation of the ISA model. They conducted in-depth one-on-one interviews, focus groups, and brainstorming sessions with current undergraduate students to test the ISA concept and gather student feedback. One team member reflected that “the ISA program name *Invest in U* came from one of the students at a brainstorming session. Where about 20 students were providing perspective and feedback on the developing ISA program.” She said, “student feedback drove the development and refinement of the program.”

The President and ISA leadership team also engaged with state system higher education leaders, including university trustees, to inform them of the development of an ISA program and to see if and how they might want to be involved on the servicing side. The ISA program was presented to the Board of Trustees in the fall of 2018 prior to the official launch in early 2019. The leadership team did proactively connect with senior administrators and faculty who had expertise in higher education. Faculty who had questions or concerns about the program were invited to meet with leadership and to help refine the program. There was comprehensive outreach to various campus stakeholder groups including college deans, academic advisors, student affairs staff, and staff at the campus financial literacy center. All student affairs and enrollment management departments were engaged in the presentations about the emerging ISA program. One leader said it was all about “really having all parts of the university say, ‘I understand what we’re trying to achieve, and why we’re trying to achieve it’...this took several months and a lot of meetings.” Socializing and informing the campus of the new program was a major effort performed by the ISA project team that facilitated the launch and program success.

EXAMINING STUDENT LEVEL DATA TO UNDERSTAND THE UNMET NEED GAPS

Before modeling the new ISA program, the ISA leadership team examined university student-level data to understand when and why students stopped out, their unmet need gaps, expected family contributions, student indebtedness, student credit hours per semester, and other nuanced student financial aid data. The ISA leadership team analyzed the student financial aid data to determine if and how this additional financial aid tool might help certain students. One of the leaders explained, “After examining the data we learned the average unmet need gap per student was approximately \$14,000 annually. So, we knew we had to offer ISAs up to roughly \$10,000 per semester and as low as \$2,000 to \$3,000 per semester.” This leader also noted “our data also showed that many students who were just outside of qualifying for Pell, but typically didn’t have high enough GPAs sort of fell in the middle, or the donut hole effect, with very little financial aid or scholarships options outside of loans. We thought this sort of lower-middle income group might benefit from an ISA program.”

In addition to examining large quantitative data sets, one of the ISA leaders’ dissertation work involved in-depth interviews and focus groups with former University of Utah students who had dropped out to understand their need gaps and why they did not complete their college degree. Students were presented with an ISA as an alternative financial option, and many responded positively to the concept of an ISA as a financial aid option. The leader described her research findings saying, “I cannot tell you how many of my students that I personally talked to said, ‘I wouldn’t take out a loan, but I’d do that invest thing... I’d do that invest thing.’” The University used a mixed methods approach to deeply understand their student body and their financial needs to inform the development of the ISA program.

THE UNIVERSITY GATHERED EARNINGS DATA AND CONDUCTED ROBUST FINANCIAL MODELING TO EXPLORE THE FEASIBILITY OF THE ISA

During the first year of developing the ISA program, the university built their own ISA financial model and then ultimately relied on the ISA servicer financial model as the program launched in spring 2019. Unlike other ISA programs, the ISA leadership team used in-house resources and expertise from the Sorenson Impact Center, a social impact and data science center housed in the University Eccles Business School to develop an ISA financial model. The Sorenson Impact Center had experienced professional staff who had developed other similar financial models for Pay for Success programs. The first major step in developing the in-house model was gathering post-graduation employment and earnings outcomes data from multiple sources to drive the model. The university had student earnings data from their “First Destination Survey,” a survey administered by the Career Services Office that surveys graduating students at graduation and six- and twelve-months post-graduation captures student employment and earnings outcomes at the student and program level. These first destination earnings data were used to construct the initial ISA financial model based on the expected earnings for each major/program. The data were grouped into salary ranges by majors, creating a tiered structure for earnings to drive the model. The limited amount of data, the imprecision of self-reported data, and inability to account for the outcomes of students that moved out of the state after graduations all restricted the effectiveness of the survey.

The University of Utah launched their ISA program in the spring of 2019.

The leadership team sought additional earnings data to substantiate and bolster the ISA financial model. The second data set used in the model was the American Community Survey (ACS) data, which provided a national snapshot of earnings data. To triangulate both the university self-reported earnings data and the national (ACS) earnings data, the ISA leadership team requested Utah Department of Workforce Services (DWS) earnings data through an established data sharing agreement run by the Utah System of Higher Education (USHE). One of the ISA leadership team said, “this established USHE data sharing agreement proved to be a critical component of the ISA program development success, so that we could triangulate and ensure the accuracy of our earnings data....which was the foundational element of the model.” The DWS local earnings data provided critical longitudinal, individual earnings data to the model, but only for students who stayed in the state of Utah to work. The ISA leadership team was surprised to see how accurate their self-reported data were compared to the DWS data.

Access to the University’s first destination data, the Utah System of Higher Education data sharing agreements to access state workforce data, and the in-house financial modeling talent allowed the university team to be an early mover and thought leader in the nascent ISA space while ISA concepts, definitions, program design, and financial models were still developing. It was notable that the University of Utah leadership had access to and deeply examined the post-graduation earnings data at the program/major level to date in 2018, allowing the university team to be an early mover and thought leader in the nascent ISA space which was not a widely used common practice.

Access to the University’s first destination data, the Utah System of Higher Education data sharing agreements to obtain workforce data, and the in-house financial modeling talent allowed the university team to be an early mover and thought leader in the nascent ISA space.

Ultimately, the university selected an ISA service provider to service the ISA program, to solidify the ISA financial model, and to ensure it was designed to be an evergreen fund overtime. The University shared the first destination data and the DWS earnings data with the ISA servicer. These Utah data provided an accurate, local earnings data snapshot, which the ISA servicer added to their own proprietary financial model they had been developing for several years, to help design the U’s ISA financial model. The ISA service provider had been working closely with Purdue University and other experts for several years and had a refined and robust financial model and ISA program design, which ultimately served to substantiate the University of Utah’s *Invest in U* fund.





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“I mean the University of Utah was putting money up front to help students. . . “

—Senior University of Utah Leader

THE UNIVERSITY DEVELOPED A PHILANTHROPIC-BACKED ISA FUND AND ENSURED A STABLE LEGAL ENVIRONMENT

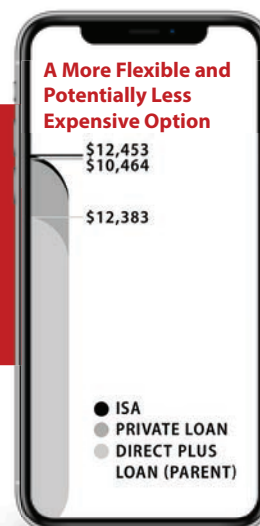
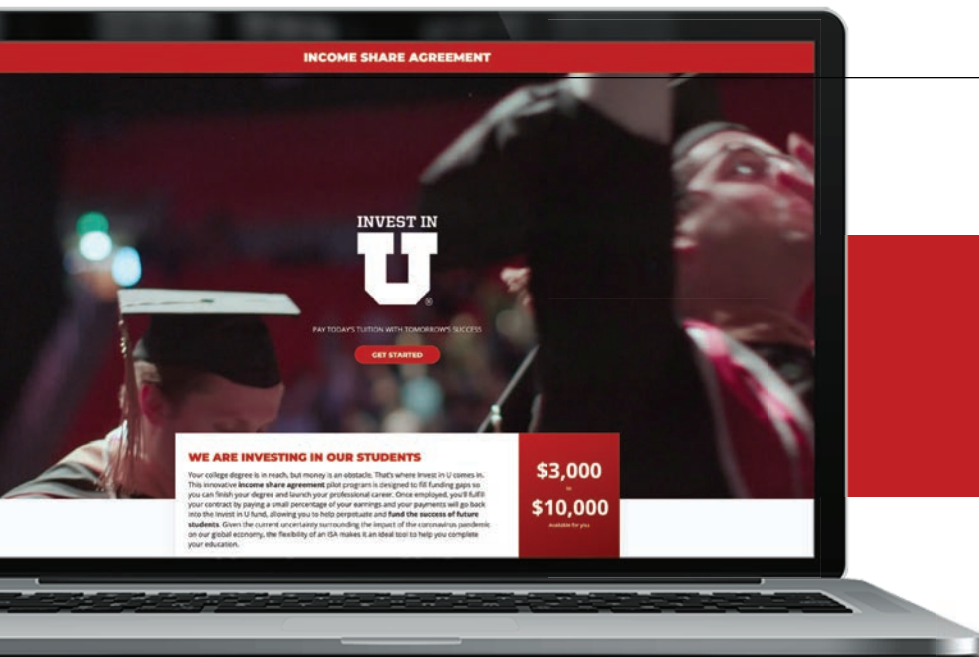
President Watkins and the ISA leadership team purposefully sought out philanthropic and impact investments from highly engaged, dedicated donor leaders in the community. Dr. Watkins was transitioning from Provost to President at the time, and the ISA strategy aligned directly with her main priority to drive up student completion rates. The leadership team intentionally kept the prospective donor/investor target list very small and ultimately secured philanthropic funds from one donor and impact investments from two investors. One of the leaders involved in securing the donations and investments noted how the donor/investors were interested in this new type of giving that could allow their funds to be recycled and used by many students over time. The university also committed capital to the program. As one senior leader put it, “the University of Utah was putting money up front to help students, and the department and the government had been talking about skin in the game for a long time. So, we were kind of putting our, to coin a phrase, our money where our mouth is, you know we believe in our education, you know we know it’ll help you get a valuable degree, you know, and a great paying job. So, we’re going to upfront you and we’re going to give you some money up front and then, once you get that wonderful paying job, you know you can pay us back down the road and then help somebody else.”

***Invest in U* offers ISAs from \$3,000 to \$10,000.**

The *Invest in U* fund involved three types of capital—philanthropic donations, impact investments, and university capital—used in that order. The philanthropic donation proved to be an important component as it was the first capital used in the launch of the program in year one and provided the university with flexibility to iterate and refine the program to meet student needs.

The two family foundation impact investments were utilized next and focused on the second year and beyond as the program expanded to more majors. Lastly, the University of Utah matched the philanthropic and impact investments with their own capital to support program scaling. The university also built in the ability to wind down the program after several years if it was not deemed useful to students.

In addition to raising the fund, the ISA leadership team also prioritized structuring the fund to ensure stability and flexibility. The U’s legal counsel that assisted with the ISA program had prior experience in structuring other innovative funds, such as student venture funds and technology, venture, and commercialization efforts. The U’s internal legal team, with some outside counsel, structured an independent legal entity (LLC) for the *Invest in U* Fund and ISA contracts to simplify accounting, contracting with both students and investors, and assist in winding down the program if ultimately unsuccessful. A senior leader explained, “it’s a very simple entity that exists: it’s an LLC, 100% owned by the University. There’s, one officer of the company... and it really just exists, ...and they are the entity that our students sign the ISA with, so money coming in, going out, and it created a way for us to be able to track everything easily.” This internal legal capacity and risk tolerance level fostered the ability to launch an ISA program. Ultimately, strong leadership, a culture of innovation, and internal capacity and expertise on the U’s campus were critical components that contributed to the ability to raise and structure the ISA fund.



Invest In You website homepage and data visualization based off of the ISA vs other loan options graph seen on the website

THE UNIVERSITY IDENTIFIED AND SECURED AN ISA SERVICE PROVIDER

A crucial step in the University’s development of the ISA was the identification and selection of an ISA service provider to support several key aspects of implementation. In order to facilitate an ISA, the University needed an administrative mechanism to develop and secure ISA agreements with students prior to enrolling in the ISA, a mechanism to facilitate ISA repayment processes post-graduation, and expertise to help support the financial modeling and program design of the ISA. The leadership team assessed their own internal capacity to facilitate this work early in the development process, but quickly realized that their capacity was limited. For example, one leader commented that income accounting managed and processed Federal Perkins loan, but the University’s income accounting did not take electronic payments, and commented that “it became very obvious that we needed to go with an outside group to service the ISA contracts. There’s just a lot of small technical details that a shop that’s, you know, all they do is ISAs, is equipped to handle.” Ultimately, Vemo was awarded a contract as their ISA service provider after an RFP process.

The ISA service provider was instrumental in helping the university conduct financial modeling with the university/state earnings data to ensure the viability and sustainability of the ISA fund. The ISA servicer provided critical insights into how to structure the program design and features, such as eligibility requirements and contract terms. The ISA servicer offered sample student contract templates, based on their work with other universities developing ISAs, as a starting point for the U’s legal team and ISA leadership team to develop a contract for *Invest in U*.

The ISA servicer had the critical capacity to gather tax information and facilitate repayment processes post-graduation (we expand on this in the next section on implementation). The service provider had specialized knowledge of ISA models that were helpful to the University staff involved in modeling the ISA.

The University negotiated a scope of work with the ISA servicer that was structured into implementation services, standard servicing of ISAs in payment status, and delinquency servicing. The University leadership team drew from previous experience negotiating contracts with third party servicers to set up terms that benefited the University and students and ensured data privacy. The University leadership structured their payments to the ISA servicer to incentivize the ISA servicer to deliver quality servicing of the contracts until the end. The University negotiated specific terms around privacy of data and data ownership.

Finally, it is also relevant to note that the University absorbed the administrative costs for the ISA service provider, which leaders noted was an important signal to the investors that the University was committed to the ISA model. One leader commented, “The investors didn’t want to...they didn’t want their money going towards paying the service provider.” So the University set up an arrangement whereby no investor dollars go toward paying the ISA servicer. This leader noted that “from a financial perspective, we do have skin in the game, because you know we have if we made certain milestones, we have to put money in.”



THE UNIVERSITY STAFFED THE ISA WITH A FULL-TIME FINANCIAL AID COUNSELOR

As previously noted, the ISA development relied on a cross-functional team that could consider multiple dimensions of the ISA program. As the University prepared to launch the program, they had to make some key decisions about where to locate the ISA within the organizational structure of the University and how to staff the ISA program for implementation, day-to-day operations, and sustainability. Because *Invest in U* was elevated to a Presidential Initiative, overall leadership and strategic direction for the ISA was initially coordinated out of the President's Office. Once the ISA launched, the primary staffing for the ISA was housed in the Financial Aid office. The University decided to allocate an additional full-time employee salary line to financial aid dedicated solely to run the ISA program and advise students. The Financial Aid office decided to train one financial aid counselor as an ISA specialist who was the primary contact for all ISA advising. Leaders agreed that "you do want to have someone in the office who's really an expert in this [ISA]" to help administer and deliver the ISA program. Other Financial Aid office staff received some high-level information on the ISA program, but were not trained in-depth on the ISA.

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ISAs were still relatively new and unknown in 2017 and 2018 when we were designing the program. Providing a lot of educational information on ISAs was absolutely critical.”

—University of Utah Leader

THE UNIVERSITY ENGAGED STUDENTS AND TESTED AND REFINED THE ISA COMMUNICATION TOOLS

The ISA leadership team socialized the ISA program prior to the public launch with key stakeholders. The University publicly launched the *Invest in U* ISA program in a public [press release](#) in January of 2019 and started to provide ISAs in the summer 2019 semester. Learning from Purdue's communication and outreach efforts and prior financial aid policy, the University focused on educating students and families about ISAs as an additional financial aid option, rather than "marketing" the ISA program. One leader explained that, "ISAs were still relatively new and unknown in 2017 and 2018 when we were designing the program. Providing a lot of educational information on ISAs was absolutely critical."

The ISA project team intentionally asked students to help create and vet the language and messaging as the ISA program materials were developed. The strategic communication plan included the development of the program name "*Invest in U*", the tagline "Paying Today's Tuition with Tomorrow's Success" and the *Invest in U* [website](#).

The website included the program overview, frequently asked questions, news stories, student testimonials, and an ISA comparison tool. The project team also intentionally designed the ISA communication materials to look distinctly different from other financial aid materials, designing them with a modern look to draw students' attention, including graduation images with caps and gowns and students at commencement ceremonies. The University developed a variety of outreach and communication tools in addition to the website including an email campaign, presentation slides, paper flyers and materials, and ISA branded materials. These communication items were used in outreach presentations and distributed across campus to inform students and university staff and faculty about the new financial tool.

COST OF DELAYED GRADUATION

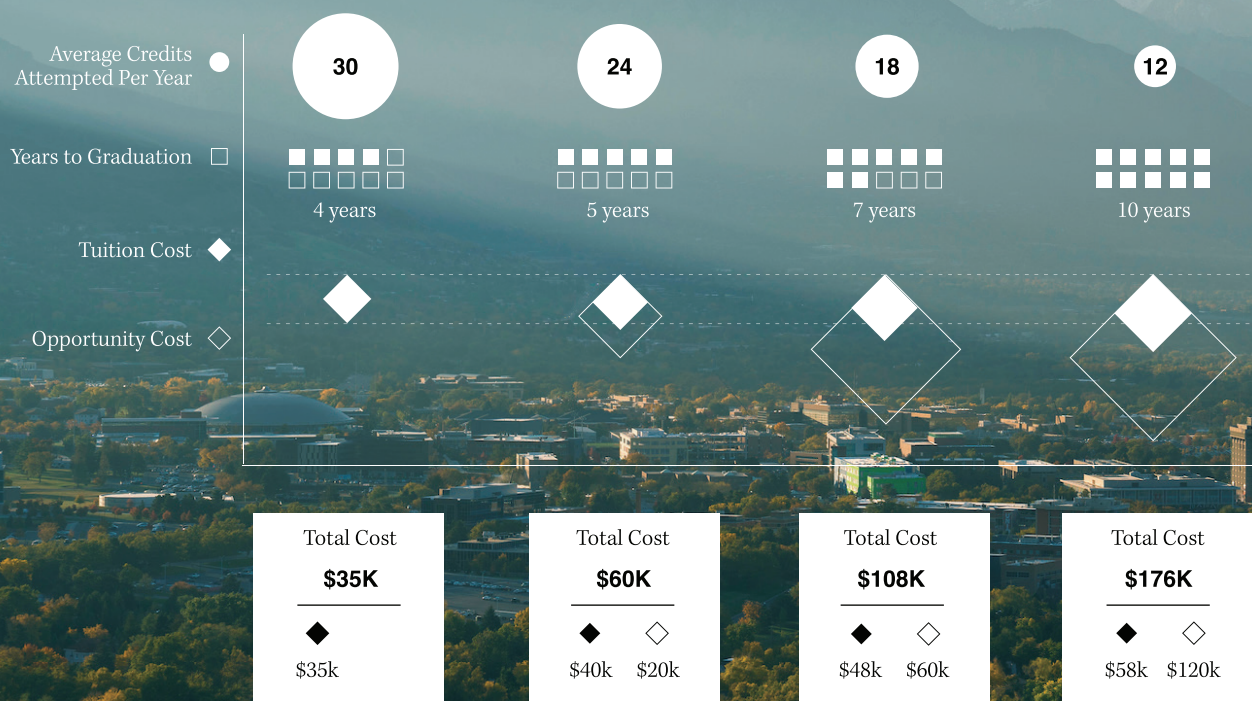


Figure 1. Cost of Delayed Graduation
Utah Completion Rates : 70% within 6 years, 79% within 8 years

The University project team went through a variety of approaches to messaging the program. The primary message for the program focused on addressing immediate financial needs, emphasizing that an ISA is an “additional tool to fill funding gaps” to help more students complete their college degree. The other supporting messaging themes fell into these four messaging categories:

1. Financial assistance and attributes (e.g., fill in the gaps after grants and scholarships; ISAs can be cheaper than other financing mechanisms such as private and alternative loans; flexible funding option based on future salary, not fixed payment; ISAs do not accrue interest and there is no principal balance)
2. The University Investing and Believing in the Students (e.g., The University is putting skin in the game; We believe in U)
3. Promote Completion & Finish Degree more Quickly (e.g., “Finish faster, Earn Earlier, and Reinvest their success”, ISA program is designed to help students graduate faster, so they don’t not have to start and stop to finish their degree; the Cost of Delayed Graduation, ISAs can accelerate timely completion)
4. Students can Pay it Forward (e.g., students, ISA payments will go to fund future student success)

Figure 1 above is an example of a visual on the ISA website to educate students about the cost of delaying graduation. Many Utah students extend time to completion beyond four and six years to eight years, so the ISA leadership team intentionally designed this graphic for the Financial Aid office to use to educate students on the extended cost of delaying graduation beyond four years.

Many Utah students extend graduation to beyond 6 years to even 8 years, so the university used the ISA program to also educate students on the cost of delaying education.

The University tested a variety of different designs and language approaches in the emails, both in the subject lines and body of the email, to see what resonated and encouraged the most engagement with the students. The University conducted A/B testing of language (two different emails to see which one garnered the most clicks and engagement), analyzed the open and the click through rates of the emails, tracked the search engine optimization, and assessed website engagement levels to determine how to best communicate the content to the audience for the launch. The development and refinement of the right language, education tools, and messages about the ISA continued to be top priority and challenge for the U.



IDENTIFYING POTENTIAL CONCERNS AND BARRIERS DURING THE DEVELOPMENT OF THE ISA

The introduction of a new financial aid tool also introduced some questions and concerns about the program from various stakeholders. During the development of the ISA, several stakeholders had concerns about the program or questions that they expected might serve as barriers or challenges once implementation began. These concerns are largely related to four broad areas:

1. Concerns and skepticism about a new financing tool
2. Internal administrative and implementation capacity
3. Student understanding and response
4. The legal and policy environment

The first concern during this developmental phase of the project included concerns and skepticism about a new financing tool. Particularly in the Financial Aid office, which was not accustomed to the introduction of new aid models. One financial aid counselor commented that many financial aid counselors perceived the ISA as a loan or similar enough to a loan, yet the university did not call the ISA a loan. This advisor said, “If it walks like a duck and quacks like a duck, it’s a duck...you’re not calling it a loan but it’s still a loan, right?” Another administrator noted other units within student affairs with expertise in financial matters were skeptical of the ISA. For example, this administrator said, “But there was a high degree of skepticism [from a campus unit] that’s not related to financial aid and that reports up through student affairs...and there was a very high degree of skepticism in that office.” These concerns were important for leaders to identify and address along the way and during implementation.

The second concern was about the University’s capacity to administer and implement the ISA. The ISA required the engagement of multiple units around campus. A few leaders were concerned about resources and capacity to provide adequate counseling and support to students. One enrollment management leader commented, “Do we have the resources to provide the type of counseling we know is going to be appropriate for this?” Financial aid staff had practical questions about administering the program. One counselor said, “I think we also had concerns about how it actually works in terms of administering it, you know, the practical side.” These concerns ranged from advising students on the front end to collecting payments on the back end.

The third set of concerns was related to how students would understand and respond to the ISA. Although the ISA was developed with student input and feedback, several leaders had questions about how students would understand the ISA given its novelty and if student demand would be high enough to support the program. In terms of student understanding, one administrator put it like this: “I think the biggest challenge, and it’s true for any ISA program is that although the financial aid community has been brought in, and understands what they are, the general public does not... and so, to try to explain to students and their families, what this is all about and how truly low risk it is for them.” Leaders understood that this new model was unfamiliar to students and the public at large and there would be a literacy gap and a need to educate the community. In addition to student understanding, several leaders voiced concerns about the level of student demand for the ISA. One leader said, “So I think you know my biggest concern at the start, was, if we you know, especially on a smaller pilot to try to do this in house is going to be monumentally expensive and the U’s not going to want to continue doing it over time, and because I cared about the program, I would love to see it scale up, I didn’t want it to fall apart because of internal considerations, it was more about it, you know, if the student demand is in there.”



To address the concern of student understanding, leaders noted that they wanted to ensure students had the information they needed to make a decision about the ISA and ensure they were transparent and consistent in communication. For example, one leader discussed how they intended to communicate consistent and transparent information so students could make informed choices, “[The financial aid administrator] wanted that same transparency and that it would be transparent for a student to provide information...to say, ‘here’s what the ISA would be, here’s what the student loan would be’...be educational in that information and then they [the student] make that choice.” In other words, knowing that students might not understand the ISA, University leaders wanted to ensure that students were educated and prepared to make the best decision about the ISA.

The final concern was with a legal and policy environment that was underdeveloped and nuanced. For example, the unique nature of an ISA prompted the need to structure the ISA for success from a legal perspective. One of the University legal counsel described, “University donors and good friends of the university that that were willing to kind of put up some of the first money that would go to fund the ISAs, and so that came in the form of kind of these. . .it was almost like a loan, where they gave us the money to get us started, but then they would also get their money back once students began making payments under the ISAs. And when you do that, obviously, there is the potential to implicate certain securities laws issues because it’s essentially a loan agreement with a note...versus just they’re donating the money and you never have to pay it back.” Given this unique context, it was important for the University to structure the fund correctly and reduce liability by ensuring compliance with applicable laws. The legal counsel noted that “because again there’s some real specialized legal issues that arise with respect to that [securities law].

So you know that one reason why the University decided to create a separate entity where all agreements, with both the lenders and the students, flowed through the same entity.” The other related concern that emerged during the ISA development is that it is unclear what regulations would be applied to ISAs, which could lead to questions about taxes and other issues. One senior leader described it this way: “I think that the concern is always and will always be until there’s further guidance is, you know, how will these be viewed by the Federal Government, especially from a tax perspective? And so that there’s not much you can do either from an ISA perspective from the University side or from the student side other than to say, ‘We think that this is how they will be treated. We hope that this is how they’re treated for tax purposes, but we don’t know.’ Because of this uncertain legal environment, the University needed to clearly disclose the risk to students. One leader noted that, “As the university, you have to disclaim, you know if something goes wrong in the future and it’s not treated the way that everyone thinks they are, you basically have to say, you know ‘this is your risk, student, we don’t know how you’re going to be treated.”

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“[The financial aid administrator] wanted that same transparency and that it would be transparent for a student to provide information... to say, ‘here’s what the ISA would be, here’s what the student loan would be’...be educational in that information and then they [the student] make that choice.”

—University of Utah Leader

ISA IMPLEMENTATION & EVOLUTION

The University publicly launched the *Invest in UTSA* program in a [press release](#) in January of 2019 and started to provide ISAs in the fall 2019 semester. In this section we discuss the launch of the ISA program, the ISA program design and features, key implementation steps and processes, and significant changes and evolution in program design that have occurred since the program launched. The University strategically launched a small, pilot ISA program to test and learn before making the decision to expand the opportunity to larger numbers of students. The pilot ISA program evolved in three phases: 1) phase one was launched in January 2019, and ISA contracts were offered starting in the fall 2019 academic semester; 2) phase two was in spring 2020 semester; and 3) and phase three was in summer 2020 to present. The ISA program includes some consistent program features and other important design features that evolved over time as the program adapted to student feedback and needs. Table 1 summarizes all program design features that we describe in the narrative below.





CONSISTENT ISA PROGRAM FEATURES

The following program design features stayed consistent from the beginning of the program until present.

- The **ISA Amount** is the dollar range that a student can take out an ISA contract. The University leadership team initially established they would allow ISA contracts at the minimum amount of \$3,000 up to a maximum of \$10,000. These dollar ranges were based on the in-depth analysis of unmet need gap data of University students, as well as what was most efficient and feasible in the financial model. However, the University has now given out ISA contracts for less than the \$3,000 to meet student's needs.
- Next, the **Payment Term** is the maximum number of monthly payments required to fulfill an ISA obligation. The University always varied the payment term depending upon the ISA amount and the student's major.
- The **Payment Window** is the maximum time window for the ISA. If an ISA is in good standing, the obligation ends when the payment window is over even if the student has paid less than the initial funding amount. The payment window is the maximum number of payments, plus the maximum number of one can defer payment (always 60 months). The number of payments will vary per contract, but the 60 months of deferment is fixed.
- The **Minimum Income Threshold** is the income threshold below which payments are paused for ISA contract holders. The minimum income threshold for *Invest in U* is set at \$20,000, or 150% of the individual federal poverty level.
- The **Payment Cap** is the maximum amount a student can be obligated to pay on their ISA contract and is typically expressed as a multiple of the ISA amount. The U's payment cap is set at two times the ISA amount (e.g., ISA contract for \$10,000 would have a payment cap of \$20,000).
- The **Grace Period** is the period after a student completes or leaves a program during which they are not required to make payments. The University's grace period is six months.
- The basic **Student Eligibility** requirements include: 1) must be an undergraduate student at the University of Utah; 2) must be a U.S. citizen or permanent resident; 3) must be 18 years or older at time of contract execution; and 4) meet Satisfactory Academic Progress (SAP) toward a degree as defined by the University of Utah. Also, the University strongly encouraged students to fill out the FAFSA and for students to be enrolled full time (12+ credit hours) as another way to support students to make progress towards graduation. Additional eligibility requirements are described in the description of each phase.

PROGRAM DESIGN CHANGES AND EVOLUTION

The ISA program evolved over three stages with changes to these key design features. In response to several factors, the University modified key program design features over the course of three phases. We describe each phase of the ISA program and the primary changes that were implemented as the ISA program evolved.

01

Phase One (2019)

The University launched the program and began offering ISAs in fall 2019 with a small pilot program that was intentionally limited to **18 eligible majors** and only **senior** students (within 90+ hours of graduation) to test the model. The ISA leadership team selected 18 majors from 9 different colleges/schools whose graduates historically had stable earnings, to ensure cross-campus engagement and buy-in and to demonstrate the program was not limited to high-earning majors. The colleges/schools included in this phase were humanities, education, social sciences, engineering, business, health and architecture and planning. The ISA leadership team intentionally chose to offer one **2.85% income share percentage** — the percentage of monthly income a student agrees to pay — in phase one so they could more easily explain the ISA to students and the public.

02

Phase Two (Spring 2020)

In the second semester of the ISA program in spring 2020, the University extended the ISA to include **40 eligible majors** to expand the program to be more inclusive of more majors and to potentially help more students. The 40 majors came from 11 different colleges/schools that included the 9 colleges/schools in phase one plus two more colleges - the science college and the arts college. The program was still limited to seniors and provided a **2.85% income share percentage**.

03

Phase Three (Summer 2020 to Present)

Once the ISA program was offered for two semesters and Financial Aid office had established their processes, the ISA leadership team decided to **expand the program to all majors and to juniors and seniors** (students who were within 64 hours of graduation) with the goal of increasing the number of students eligible to benefit from the program. The expansion to all majors and adding in juniors dramatically changed the program design and financial model, as the program had to **vary the income share percentages** (~1–5%) by major, more like the Purdue ISA model. The University's ISA contract now varied the income share percentage and payment term depending upon the major and ISA amount.

Another major change to the program in phase three was the addition of an early payoff option. Through extensive research and student feedback, the University learned that many students were reticent towards ISAs because there was not an early payoff option. So, the University leadership, despite some discouragement from some experts and advisors in the ISA space who said it would then look too much like a loan with a payoff option, opted to add an **early payoff option** to the program design to meet student feedback. The early payoff option allows a student to fulfill their ISA obligation within 12 months at 126% of ISA amount; 140% of ISA amount within 12 to 24 months; and 2 times ISA amount after 24 months. Because not many students are in repayment, the University has yet to learn if any students will choose to use this early payoff option.

The ISA leadership team described how the ISA model includes several key design features or levers that can be adjusted to balance what the program is seeking to achieve. These key program design features include the income share percentage, payment term, ISA amount, and the majors included in the model. The leadership team described changing these key design features overtime as they balanced multiple considerations such as student needs, the difficulty of communicating a complicated financial product, the benefits of the ISA to students, and fund sustainability.

In addition to the program design, the **ISA Application Process** of how students applied and secured an ISA also evolved over time. The University initially set up the program where the student initiated the ISA application with the university. The University would determine the student eligibility and then turn over the ISA application to the ISA service provider. The student was then required to meet with the ISA financial aid advisor. In spring 2020, the University decided to try having the student go directly to the ISA service provider, for consistency and take a quiz to test their understanding of an ISA. Leaders wanted to see if that would be easier for students given their busy schedules and difficulty scheduling and making in-person financial aid appointments. However, the ISA servicer had to continually communicate with the University to verify student eligibility, which ended up slowing down the process.

In phase three, the University changed their process back so that students initiated the ISA application to the University, met with the ISA financial aid counselor, and then sent the application to the ISA servicer to complete the process and contract. To date, one major challenge to tracking the program over time is the fact that the ISA service provider platform does not connect to the U's PeopleSoft platform. One leader described this as a barrier to tracking short- and long-term metrics around the program.

The University of Utah is currently in Phase 3 of its ISA program.

Table 1. Invest in U Evolution of Program Features and Design

Program Features & Contract Terms	Fall 2019	Spring 2020	Summer 2020	Fall 2020, Spring 2021, & Summer 2021
Eligible Majors	18 majors	40 majors	All Majors	
Student Eligibility by Year in School	Seniors (within 90 credit hours of graduation)		Juniors & Seniors (within 64 credit hours of graduation)	
ISA Amount	\$3,000 – \$10,000			
Income Share Percentage	2.85%	0.92%–4.54% (Average: 2.425%)		1.39%–5% (Average: 3.48%)
Payment Term	Varies depending upon ISA amount and student primary major			
Payment Window	The maximum number of payments plus the maximum number of months of deferment			
Minimum Income Threshold	\$20,000			
Payment Cap	Two times ISA amount (2x)			
Early Payoff Option	No		Yes – Students may fulfill ISA obligation within 12 months at 126% of ISA amount; 140% of ISA amount within 12 to 24 months; and 2 times ISA amount after 24 months	
Grace Period	6 months			

Table 2. Definitions of program features and ISA contract terms

<p>Eligible Majors: The number of majors eligible to participate in the ISA program.</p>	<p>Minimum Income Threshold: Income below which payments are paused.</p>
<p>Student Eligibility by Year in School: The student's year in school that determines their ISA eligibility.</p>	<p>Payment Cap: Maximum amount a student can be obligated to pay; expressed as a multiple of the ISA amount.</p>
<p>ISA Amount: The dollar range that a student can take out for an ISA contract.</p>	<p>Early Payoff Option: Student may fulfill ISA obligation within 12 months at 126% of ISA amount; 140% of ISA amount within 12 to 24 months; and otherwise pay 2 times the ISA amount (payment cap) after 24 months.</p>
<p>Income Share Percentage: Percentage of monthly income a student agrees to pay.</p>	<p>Grace Period: Period after a student completes or leaves a program during which they are not required to make payments.</p>
<p>Payment Term: Maximum number of monthly payments required to fulfill ISA obligation.</p>	<p>ISA Application Process: How students apply to get an income share agreement contract.</p>
<p>Payment Window: Maximum time window for the ISA. If your ISA is in good standing, the obligation ends when the payment window is over even if you've paid less than the initial funding amount. The maximum number of payments plus the maximum number of months of deferment (the maximum number of months one can defer is always 60 months). The number of payments will vary per contract, but the 60 months of deferment is set.</p>	<p>Outreach & Communication: How the University conducts education and outreach about the ISA program.</p>

OUTREACH AND COMMUNICATION LESSONS AND EVOLUTION

During the launch of the ISA program the University tested a variety of different language, designs, and outreach approaches in the email, website, and ISA education materials to see what resonated most with students. During the development and launch the outreach and communication was mostly run by the cross-functional ISA project team, involving staff from the marketing and communications, president's office, financial aid, and other departments. Once the ISA program was running into the second and third semesters, the outreach and communication responsibility shifted to the Financial Aid office. This necessitated the designated financial aid ISA staff person to be more of a project/program manager than solely a financial aid counselor. New leadership in the Financial Aid office also assisted to develop a strategic and integrated communication plan, which involved refining the email language and timing, doing more robust follow-up engagement on the email campaigns, making changes to the comparison tool, and carrying out follow-up engagement. The key lessons learned were to simplify the language and provide targeted communication earlier, at key times and more often.

Simplify Language

Over time the University simplified the language and information in the email communications. A leader noted, "The previous email was just a lot of information, a lot of texts that somebody was having to wade through to ultimately ask the a question "does this apply to me?" One focus group non-ISA participant student noted this needed change in the outreach materials by saying:

Repeatadly educating students on their options was critical.

Additional changes to the website ISA language included the University adding "uncertain economic times in pandemic" to the website when the COVID-19 pandemic hit to emphasize the importance of the ISA flexibility in an unprecedented time.

Earlier, Timely, and Repetitive Communication About ISA Needed

Beyond refining the language, one leader talked about implementing a more robust and strategic communication plan in terms of timing and follow-up engagement. He said, "I felt that the content of the communications going out weren't robust or informative and so we enhanced those. Also, when we send those communications, we wanted to make sure they were better timed when students may be thinking about they need to pay their bill, and they may need the financing." The University learned they needed to communicate about the ISA **earlier** in the student's academic planning, around other important events like tuition billing and/or career planning, and that communication needed to be repeated to really sink in with students.

Students explained they needed to learn about the option sooner so they could plan for it as an option in their academic and financial planning. One student said, "I think for me, it would, it'd be helpful, I mean, I know it's a new program and I was kind of at the tail end, but it would be nice to get more information earlier on. Right, because you, it says you have to have 32 credits left. So, to promote that sooner so that students know that it's an option. I think that would be the main one, just know that it's an option sooner in your academic career so you can plan for it. The team considered at one point whether or not to include the ISA in the U's general financial aid offer letter and ultimately decided not to list it as an option." The timing and avenue of the communication of the ISA program matters to ensure you reach students around the time of tuition billing and when they are thinking about their future, not just in the moment.

Plus, the University found that one-and-done communication does not work; repetition of educating students on their options is critical. One leader said, "And we didn't do a one and done, we did a multi-tiered, so I think you know off top my head, I think the first group was 12,000 something students, and we gave that two to three weeks, and then anybody who had not opened that email got a second email, and then anybody who had opened that name, so we went through we went a third round of outreach emails. We made sure we followed up with the students and families to see what questions they had. So, it was just you know, it was a more thoughtful, deliberate approach.

Another student noted, "Um, I mean, maybe at like, career fairs or job fairs, and target it towards what, like, sophomore or juniors, um, who might be attending. I mean, or, like an internship fair, or something like that, where, um, a student has their future on their mind a little bit more than [chuckles] at other points." (non-ISA recipient) Another noted, "There is a need to let more students know about the option. Educating students continually about this option over semester and years is a challenge. I would definitely get it out there more, 'because I know a lot of students have no idea about this program and it could help a lot of students. So, just kind of advertise it a little bit.'" Ultimately, providing simple, clarifying language, and sending it to students early and often were key to communicating this new financial aid option.



ISA STUDENT JOURNEY EXAMPLE

Olivia is a junior at the University of Utah.

An example of her ISA terms might be:

\$5,000 ISA to complete college degree 1.98% Income Share,
91 Monthly Required Payments, \$10,000 payment cap
(2x the ISA amount)

March 2020

ACCEPTS ISA

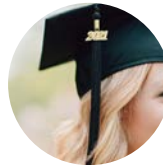
Olivia, a senior Economics major, signs a \$5,000 ISA contract for her last year



May 2021

GRADUATES

Olivia graduates and has job interviews lined up. She does not need to start making payments for 6 months, when her grace period ends (Dec 2021)



July 2021

BEGINS WORKING

Olivia starts her job as a financial analyst with a salary of \$45,000



January 2022

PAYMENTS BEGIN

Olivia's grace period ends and she begins making payments of 1.98% of her monthly income



Payment Term

INCOME CHANGES

Olivia's income may fluctuate with raises or job changes. Her monthly payments will adjust with her income because her payments are always calculated as 1.98% of her earned monthly income



September 2027

PAYMENTS COMPLETE

In 2025, Olivia will make her 91st and final payment. This ends her ISA obligation



FINANCIAL COMPARISON TOOL

The ISA website contained various education resources and information about ISAs, including a comparison tool. The comparison tool was used by students to compare ISAs to other financial aid options. In 2020, the university removed the proprietary comparison tool in favor of university-generated content for comparison of financial aid options available.

A comparison tool on the University of Utah website gave students a thorough understanding of how ISAs worked, how they compared to other loan types, and how an ISA would impact their finances once they began working.



THE ISA APPLICATION, ADVISING, AND AWARDING PROCESS

In the first two years of implementation, several changes were made to the student-facing aspects of the ISA program, and those changes are described below. Although some changes have occurred, the current process for students to apply to and receive funding is summarized in Figure 2. If students are interested in an ISA, they first complete a short application on the University website. This allows the University to review the application and assess if students are eligible for the program (see program features chart on page 24 for eligibility criteria). If students are eligible, the ISA counselor in the Financial Aid office typically meets with students to review their financial aid holistically. Indeed, this was noted as one of the benefits of the ISA process because it allowed the financial aid counselor answer the student’s specific questions and help the student understand available options in order for the student to make the best choice, even if that meant that the students did not choose an ISA. For example, one financial aid counselor commented that, “students would come talk to a counselor a lot of times and they wouldn’t necessarily leave with an ISA, but they would leave knowing what they needed to do to finish their file to get their Pell Grant.” This type of individual counseling was important from the beginning to ensure the approach was student-centered and to ensure that students had the information they needed to make an informed decision.

After the student and financial aid counselor agree that an ISA is the best path forward, the financial aid counselor validates students’ eligibility to the ISA service provider, who then sends the ISA service provider application to the student along with a short quiz on the ISA terms and conditions. The financial aid counselor indicated that they will also field student questions related to the ISA service provider application and contract as students review them, so students understand they have all the information they need to proceed with the ISA. Once the ISA service provider approves the application and the student signs the contract, the University Financial Aid office is notified and awards students the ISA dollars.



“Students would come talk to a counselor a lot of times and they wouldn’t necessarily leave with an ISA, but they would leave knowing what they needed to do to finish their file to get their Pell Grant.”

—U of U Financial Aid Counselor

Figure 2. Student ISA Application Process

University Application & Review
<ul style="list-style-type: none"> • Student submits ISA application via UU website • UU Financial Aid office receives and reviews ISA application and assesses student eligibility • UU Financial Aid office meets with students to discuss ISA program terms, financial aid package, and advise on comprehensive funding • UU Financial Aid office seeks student approval to proceed and validates student eligibility and interest to ISA servicer
ISA Application Review & Processing
<ul style="list-style-type: none"> • ISA Servicer sends ISA application and quiz to student • Student completes ISA quiz • Vemo reviews application, approves or rejects, and sends contract and disclosures to student to review if approved
Notification & Awarding of Funds
<ul style="list-style-type: none"> • Student signs contract and consults with UU Financial Aid office as needed • Once signed, Vemo notifies UU Financial Aid office • UU Financial Aid office awards students ISA dollars



REPAYMENT PROCESS

The University contracted with an ISA service provider, Vemo, to support the *Invest in U* program, and a primary responsibility for the ISA service provider is to support the repayment processing for the University. The repayment process begins when students' grace period ends. The ISA service provider is responsible for billing and collecting student payments, as well as verification of student income. One financial aid counselor described how Vemo takes over the process after students graduate, "From there, once they graduate, Vemo will reach out to them saying 'hey, it's your grace period, but... get ready for payment, here's your options, here's how much it will cost, here's the forms you will need to confirm for your monthly income...'" Vemo also shares students' repayment status with the University once students enter repayment so the University can track students' outcomes and the financial model.

CHALLENGES AND BARRIERS TO THE ISA PROGRAM

In this section, we summarize some of the primary challenges and barriers that University leaders and staff shared with us about the overall ISA program. We specifically asked leaders to describe the primary challenges that the University has experienced with the ISA, and those challenges can largely be summarized in three primary buckets: (1) student understanding of and response to the ISA; (2) institutional capacity and infrastructure; (3) changes in leadership and staffing; and (4) the uncertain and unclear legal and policy environment. Several of these issues have been addressed in different sections of the case study, but it is important to address them as specific challenges or barriers that University leaders they are identified as critical.

Student Understanding of and Response to the ISA

Several leaders described their concerns about how students may not understand and/or respond to the ISA. For example, one leader said, "We have students who have a hard enough time understanding the aid we already offer. Like, now we have something else in the mix... I think it [the ISA] also came about the same time as the talent development incentive loan program and so... there was confusion in terms of like, what

was what, and if students were going to be confused... and are people in our own office confused?" New financial aid tools and models are not introduced very often, and explaining a new financial tool is challenging. One leader noted, "And so, our belief was they would be more trusting of the institution, that they'd come to know us as a partner. Not entirely true, as it turns out, because it's hard to explain your product when it's such a unique thing, and, you know, we learned a lot about communication during all this too."

Several leaders also noted the lower interest rates of federal loans as a challenge to students selecting an ISA as an option. One leader said, "If my student loan is requiring me to pay back 6, 7, 8 percent, that's a different model than today when I can go out and borrow, not necessarily for student loans, but just borrowing in general, where interest rates are down, you know 1, 2, 3 percent." When the University started the ISA program, loan interest rates were much higher and the ISA was a potentially more attractive financial option. Since the pandemic in 2020, loan rates dropped, making the ISA a potentially less attractive option.

Institutional Capacity and Infrastructure

A second challenge was the institutional capacity and staff needed to develop and launch the program. As previously noted, the University engaged many stakeholders and experts, and they engaged an ISA service provider to support the program during the development of the ISA. But several leaders had concerns about the University's capacity to pilot and scale. One leader noted, "I would love to see it scale up. I didn't want it to fall apart because of internal considerations, it was more about it, you know...if the student demand is there and if investor demand isn't there, then that's a good reason to not take the ISA forward, but if it were merely just administrative burden, I didn't want that to be the fall out." Leaders and staff recognized that the ISA would require work and did not want this challenge to prevent the program from success.

Changes in Leadership and Staff

A third challenge is not unique to ISAs but common across many initiatives whereby changes in leadership and staffing can thwart program progress or disrupt program momentum. During the late stages of the *Invest in U* development and early launch, key leaders involved in enrollment management and financial aid departed, including individuals on the leadership team and others that were important to implementation success. In 2020, the program lost several other important leaders involved in the overall ISA development and strategy, including President Ruth Watkins, the senior leader who led the ISA leadership team, and the ISA financial aid counselor responsible for advising prospective ISA students also departed. For example, one leader commented, “I think one of our challenges was that, like you can see, I came on after a lot of it was set in stone and pretty soon after that a lot of the people who had been in the Financial Aid office early on left.” Despite these changes, new leaders and staff have been hired and the ISA program has continued to have institutional support.

The Uncertain and Unclear Legal and Policy Environment

The fourth challenge was the legal and policy environment around ISAs, which was not fully mature at the time the University was developing the ISA. As one leader put it, “The lack of federal and state guidelines was a continual challenge that we had to work on.” This included questions about the components of the ISA student contracts, the ISA service provider, University federal regulations (or lack of), and student disclosures.

ISA PROGRAM SUCCESSES

Next, we share some of the program successes that university leaders and students shared with us, which can be categorized in five themes:

1. Providing financial assistance and personalized advising to students
2. Openness to new ways to financial aid advising
3. Successful launch, leadership, and cross-functional team, and brand elevation
4. Shifting focus to post-graduation outcomes data
5. Raising and structuring a student-friendly ISA program

Providing Financial Assistance and Additional Personalized Advising

First, university leaders talked about how the ISA helped fill funding gaps for students and provided an avenue to provide more personalized financial aid advising. One leader said, “Any time you’re doing financial aid, the biggest successes are when you have that student who is like “Oh, my goodness, I didn’t know what I was going to do, and this is helping me so much.” The ISA helped certain students, as one leader noted, “those students who still have a good GPA, are on track to graduate, but they ran out of aggregate time on their satisfactory academic progress and so they’re still viable graduates, but they can’t meet any of the other criteria...that’s one of the primary groups that this would be perfect for, beyond those who are loan averse.” Some students perceived the ISA as a more flexible option, especially those who worried about their employment and earnings after graduation, especially as the economic instability started in the pandemic. A financial aid leader described it this way, “A lot of the time I did have a conversation about COVID with graduating seniors last year about how, yep so obviously this one and federal program, six month grace period, but if you can’t find a job... I don’t know how the job market’s going to look, you know, there will be help for that.”

Beyond helping certain types of students fill financial aid gaps, the financial aid leaders talked about how the ISA was the impetus to get the student to come in and meet with them. They talked about building trust with students, and this helped to get some students to fill out their FAFSA, when otherwise they would not have taken that step. This leader noted, “I think it’s a lot about the flexibility, but also just because it’s such a small program right now, [there is] kind of a personal aspect to it, where not every student that just fills out a FAFSA is going to come in contact with our office. But, for ISA’s you have to. And then, you know, others are double checking ‘hey, have you thought about these options?’, you know, and we do catch some students who are in more of a panic than others who we refer to other resources, so it makes it more personable.”



“The lack of federal and state guidelines was a continual challenge that we had to work on.”

—Univesrity of Utah Leader



Openness to New Ways of Financial Aid Advising

Leaders noted that the ISA program, as well as the pandemic, expanded their thinking of how to offer more flexible, personalized financial aid advising to students. One leader explained, “So, yes, we have basically expanded it to where a student can contact us through email, in person, phone, or virtual visits... and virtual visits have picked up dramatically, as you can imagine, and in a way, I hope they don’t trail off. And in fact, I’m working on ways that we can expand that, so that if other units on campus have a student in their office who may be having a financing crisis, they can jump on and we have a Zoom counselor available... instead of having to wait until they walk over here...so those types of things we’ve really been expanding and I think that’s that’s working really well.” The Financial Aid office now offers multiple avenues, including virtual, through which students can set up and do advising visits

Successful Launch, Leadership and Cross-Functional Team, and Brand Elevation

Various leaders noted a major success was the fact that the University developed and launched an innovative program like this on campus. One leader noted, “I think the big success is we actually got it put in place.” “So I think you know, one of the biggest successes, for me, is being in a school where they’re willing to take some risks and try to do things differently... without guaranteed success, right. A lot of schools won’t do anything unless they’re 100% certain... That’s a long-winded-way of saying, I’m happy we’re at a school that’s willing to look at things differently to try to achieve what they want to achieve.”

Those interviewed also noted the executive leader as instrumental, along with the success in bringing together a large, cross-functional campus team to work together on a common cause (the ISA presidential initiative) as a successful intervention in and of itself. Along the lines of the success of the cross-functional team, other leaders noted that a success was how the ISA program boosted staff morale and was an intellectually stimulating and motivating project for the ISA program team. Brand elevation was also cited as a success of the project with one leader saying, “So I think it fits very much with what has been happening at the University in terms of its brand - an elevation of that brand.”

Shift Focus to Post-Graduation Outcomes Data

Several leaders cited specifically the major success of being able to gather post-graduation outcomes from the institution, state, and federal sources, as well as the shift in thinking for leaders to focus on outcomes beyond completion. The process of gathering and analyzing data pushed University leadership to consider the student- and program-level outcomes after graduation as another important dimension of student outcomes. One leader noted, “So I think the biggest success is, early on having a good team. Really doing the legwork to get the data to be used for this, but also thinking about it on the personal side, so there’s both the quantitative data as well as the qualitative opinions and input from how people perceive this. I think that’s been a big success.”

Raising and Structuring a Student-Friendly ISA Program Early On

Leaders also cited as a success the ability of the University to raise and structure an ISA program that included philanthropic and impact investments that provided the flexibility and a student-centered approach for the program, as opposed to a program that might be all private investor capital and beholden primarily to returns to investors. Having an innovative state and campus culture and willingness of leadership, donors/investors, and faculty and staff to experiment to try something new was critical.



“

“I think it’s a lot about the flexibility.”

—University of Utah Leader

“So, yes, we have basically expanded it to where a student can contact us through email, in person, phone, or virtual visits... and virtual visits have picked up dramatically, as you can imagine, and in a way, I hope they don’t trail off. And in fact, I’m working on ways that we can expand that, so that if other units on campus have a student in their office who may be having a financing crisis, they can jump on and we have a Zoom counselor available.”

—University of Utah Leader

“I think the big success is we actually got it put in place.” So I think you know, one of the biggest successes, for me, is being in a school where they’re willing to take some risks and try to do things differently... without guaranteed success, right. A lot of schools won’t do anything unless they’re 100% certain...”

—University of Utah Leader

“So I think the biggest success is, early on having a good team. Really doing the legwork to get the data to be used for this, but also thinking about it on the personal side, so there’s both the quantitative data as well as the qualitative opinions and input from how people perceive this. I think that’s been a big success.”

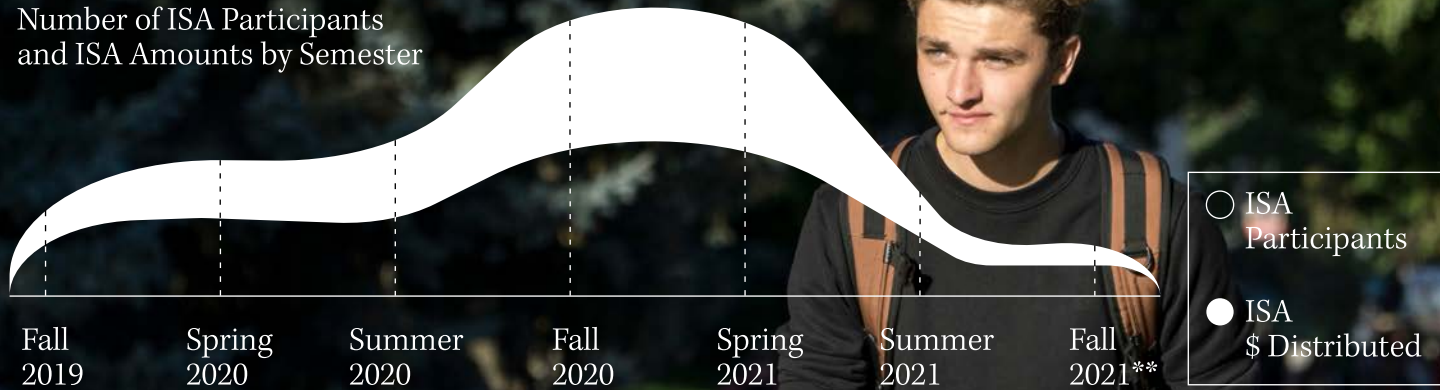
—University of Utah Leader

ISA STUDENTS: PARTICIPANTS, OUTCOMES, & PERSPECTIVES

This section shares the student outcome data and provides analysis into the key learnings and insights from one of the earliest ISA programs in four-year university settings. This section also highlights some student quotes taken from qualitative interviews conducted of ISA participants and nonparticipants in 2020.



Number of ISA Participants and ISA Amounts by Semester



ISA Usage and Participation

During the first 2.5 years of the *Invest in U* program, a total of 111 students (unduplicated) participated in the ISA program. About half of these students (54%) used an ISA for more than one semester, which suggests that students used and relied on the ISA for multiple semesters to help support their education. Table 3 displays the number of ISA participants each semester as well as the total ISA dollars distributed per semester. The number of ISA participants each semester has gradually increased during the first two years of the program, but that number declined by summer and fall 2021. The total amount of ISA dollars distributed to students is slightly under a million dollars (\$868,815).

Table 3. Number of ISA Participants and ISA Amounts by Semester

Semester	Number of ISA Participants	Total ISA Dollars Distributed
Fall 2019	21	\$95,724
Spring 2020	23	\$109,957
Summer 2020	21	\$108,800
Fall 2020	49	\$251,467
Spring 2021	42	\$216,986
Summer 2021	9	\$38,300
**Fall 2021	9	\$47,581
Total	174 (duplicated)	\$868,815

**Note: This report was produced during the fall 2021 semester and the University is still receiving and processing ISA applications and fielding student interest in ISAs.

Key Statistics from the First 2.5 Years

111

Students participated

127

ISA contracts
(16 students took out multiple contracts)

30

Students in repayment and 43% (of 30 in repayment) in delinquency) as of Oct 2021

0

Students in default

90%

Graduation/Retention Rate

\$868,815

Dollars distributed; \$6,841 average ISA contract amount

Based on the 127 contracts among the 111 students who have received an ISA, the average ISA contract is \$6,841 and the average total amount of ISA used among the 111 students was \$7,827.



DEMOGRAPHIC, ACADEMIC, AND FINANCIAL CHARACTERISTICS AMONG ISA RECIPIENTS

Table 4 summarizes the demographic, academic, and financial characteristics of the students who received an ISA in the first two years of the program. Although the sample size is still small, the data show the average number of cumulative credits for ISA recipients in the first semester of ISA participation is 122.7 and recipients’ average cumulative GPA is 3.16. The percentage of transfer students is 57%, which is a significantly higher rate than the overall university transfer student rate of 23-25%. 52% of ISA recipients were women and 32% were students of color. Table 4 also includes the percentage of each racial/ethnic category, which shows most students of color are Latinx, with a small percentage of students that are American Indian/Alaskan Native, Asian, Pacific Islander, and Unknown. For the purpose of examining differences by race/ethnicity, we grouped together students of color, but encourage future analyses to disaggregate by all race/ethnicity categories as the program grows and numbers increase.

Figure 3 displays the major colleges of ISA recipients. Students from 14 different colleges received ISAs with the most ISA recipients coming from the Business, Social and Behavioral Science, Engineering, and Humanities colleges; nearly 75% of the ISA recipients came from those four colleges.

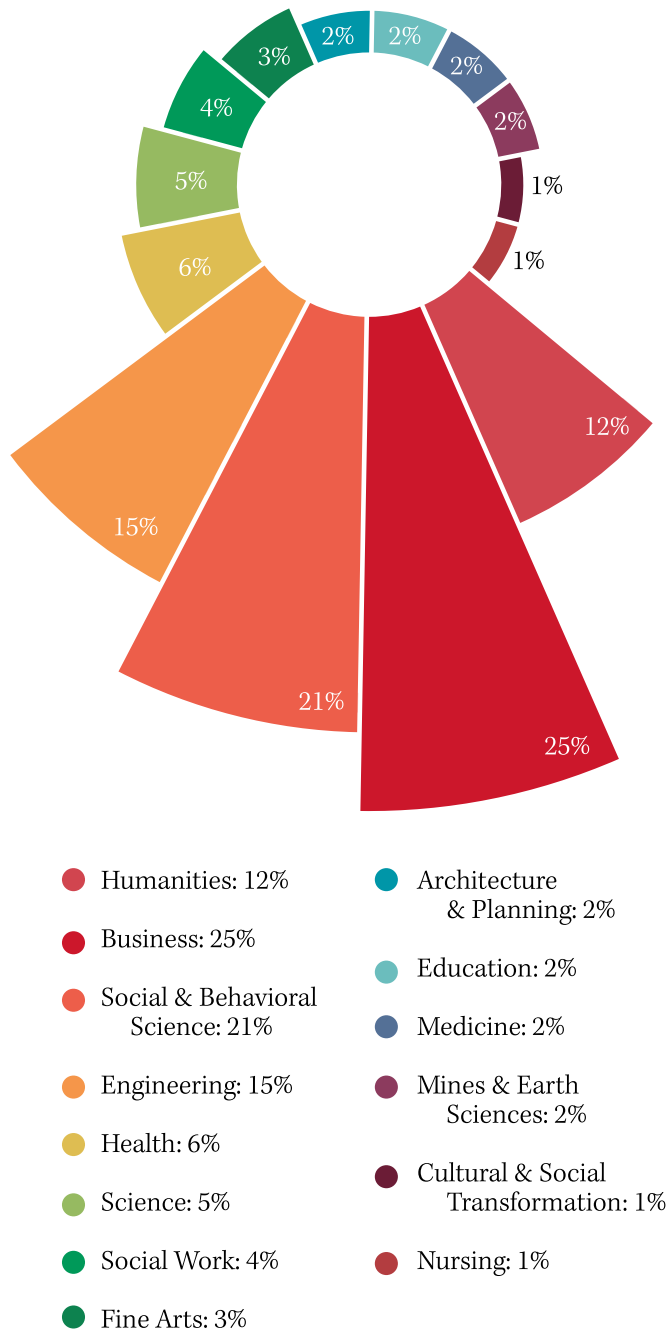
Table 5 reports the overall financial aid and financial characteristics of ISA recipients. The percent of ISA recipients that are Pell recipients is 77%. The average expected family contribution (EFC) is \$11,091 and the median EFC is \$4,394 (First Year of ISA). The average percentage of total Pell Grants that were used/exhausted (first of year ISA) among ISA recipients is 66%, and the percentage of students who reached their lifetime Pell eligibility limit (first of year ISA) is 17%. Nearly all ISA recipients (93%) had received a Federal Stafford Loan (University of Utah) and the average total Federal Stafford Loan received is \$29,754 (all years of enrollment at Utah, among loan recipients). The average federal borrowing amount for ISA recipients was higher than the average loan debt for Utah graduates and many of these students still have one to two years to graduate. These financial characteristic data suggest that ISA recipients tend to have significant financial need and are using Pell Grants and federal loans to pay for college, and are using the ISA as an additional financial aid tool.

Table 4. Demographic and Academic of Characteristics of ISA Recipients

Demographic/Academic Characteristic	% or Mean (n=111)
Average Number of Cumulative Credits (First Semester of ISA)	122.7
Average Cumulative GPA (First Semester of ISA)	3.16
Transfer Students	57%
Women	52%
Pell Grant Recipients	77%
Race/Ethnicity	
American Indian/Alaskan Native	1%
Asian	1%
Latinx	23%
Multi-Racial	5%
Pacific Islander	2%
White	66%
Unknown	2%
Overall Students of Color	32%



Figure 3. The major colleges of ISA Recipients



Nearly 75% of the ISAs came from Business, Social & Behavioral Sciences, Engineering, and Humanities Colleges.

Table 5. Financial Aid and Characteristics of ISA Recipients

Financial Aid/ Financial Characteristic	% or Mean (n=111)
Average Expected Family Contribution (First Year of ISA)	\$11,091
Median Expected Family Contribution (First Year of ISA)	\$4,394
Average Percentage of Total Pell Grant Used/Exhausted (Year of first ISA)	66%
Percentage of Students who Reached Lifetime Pell Eligibility Limit (during year of first ISA)	17%
Percentage Received Federal Stafford Loan (at University of Utah)	93%
Average Total Federal Stafford Loan Received (at University Utah) (among loan recipients)	\$29,754
Percent Received Institutional Scholarship	68%
Average Institutional Scholarship (among institutional scholarship recipients)	\$2,955
Percent Received Any Tuition Waiver	26%
Average Tuition Waiver Received (among tuition waiver recipients)	\$9,291
Percent Received State Aid	32%
Average State Aid (among state aid recipients)	\$4,525
Percent Received Private Aid	46%
Average Private Aid (among private aid recipients)	\$6,905

Table 6. Financial Aid and Characteristics by Pell and Non-Pell Recipients

Financial Aid/ Financial Characteristic	Pell ISA Recipients (n=84)	Non-Pell ISA Recipients (n=27)
Average ISA Amount	\$7,778	\$9,077
Average Expected Family Contribution (First Year of ISA)	\$5,245	\$38,047
Median Expected Family Contribution (First Year of ISA)	\$2,217	\$28,641
Percent Received Federal Direct Loan (at University of Utah)	96%	81%
Average Total Federal Direct Loan Received (at University of Utah) (among loan recipients)	\$31,477	\$21,198
Percent Received Institutional Scholarship	79%	37%
Average Institutional Scholarship (among institutional aid recipients)	\$2,980	\$2,790
Percent of Students that Received Any Tuition Waiver	26%	26%
Average Tuition Waiver Received (among tuition waiver recipients)	\$9,244	\$9,440
Percent Received State Aid	37%	15%
Average State Aid Received (among state aid recipients)	\$4,523	\$4,538
Percent Received Private Aid	45%	48%
Average Private Aid Received (among private aid recipients)	\$8,252	\$2,669



PELL & NON-PELL STUDENTS: A TALE OF TWO TYPES OF ISA RECIPIENTS WITH HIGH FINANCIAL NEED

About three of every four students are Pell Grant recipients who, by definition, have high levels of financial need and are likely using the ISA because they need more resources to pay for the costs of college. Given the large proportion of Pell Grant students that receive ISAs, the ISA is clearly helping these students fill a gap in their financial need.

There is also a smaller group of ISA recipients, about 25%, who are not Pell recipients, about 25% of ISA recipients. Table 6 illustrates just how different these two groups of students are in terms of their access to financial resources to pay for college and suggests both groups likely have high levels of need. As shown in the first row of Table 6 below, non-Pell Grant recipients had larger ISAs than Pell recipients, perhaps suggesting they tend to have more resources than Pell students to pay for college. Yet the average EFC for non-Pell Grant recipients is very high, likely meaning they likely come from higher income families who have resources to pay for college. However, on average, these non-Pell ISA recipients have lower levels of student loan debt, suggesting they may be more loan averse than Pell students, and, in general, they are accessing financial aid in smaller or equal percentages and amounts than Pell recipients. In other words, the non-Pell ISA recipients are using the ISA rather when compared to student loans and family financial resources to pay for college. And it appears that these students receive lower levels of institutional scholarship support, state aid, and private aid than Pell students. Thirty-three percent of the non-Pell ISA recipients are students of color, similar to the overall university percent of students of color, and suggests that family income and access to resources is driving their need to use an ISA. For non-Pell recipients, these data suggest the ISA is providing a needed additional tool to support their persistence and completion.



AVERAGE ISA AMOUNT BY STUDENT BACKGROUND AMONG GRADUATES ONLY

When examining the average ISA amounts students received by student characteristics for those students who graduated, the data in Table 7 show that non-Pell recipients took out the largest dollar amount of ISAs. This suggests that students who do not qualify for Pell Grants are seeking additional financial aid options and that ISAs can fill that financial need gap. The ISA leadership noted in interviews that when they examined their students’ met need gaps prior to launching the ISA, the data suggested that those students who fell just outside Pell eligibility had significant unmet need gaps and needed additional financial aid options.

Table 7. Comparison of ISA Amount and Student Characteristic

Student Characteristic	Average ISA Amount (among Graduates only) (N=67)
Non-Pell Recipient	\$9,077
Pell Recipient	\$7,778
First-Time (Students who started at the University as Freshman)	\$8,409
Transfer	\$7,989
White	\$8,163
Students of Color	\$8,022
Male	\$8,698
Female	\$7,687

Non-Pell recipients took out the largest dollar amount of ISAs. This suggests that students who do not qualify for Pell Grants are seeking additional financial aid options and that ISAs can fill that gap.

VARIATION BY STUDENTS WITH ONE ISA CONTRACT OR TWO ISA CONTRACTS

One important phenomenon that emerged from data during the first two years of *Invest in U* is 14% of students received more than one ISA contract. The ISA contracts are structured by the academic calendar, meaning the fall to spring semesters are considered one ISA contract and summer semester is considered a separate contract. If a student takes out an ISA for one semester, regardless of the semester, that is considered one ISA contract. In Table 8 below, we identify similarities and differences between students who had one ISA contract and two ISA contracts. The data in Table 8 suggest that students who receive multiple ISA contracts are more likely to be:

- First-time students
- Women
- White students
- Non-Pell students
- Students with larger Expected Family Contributions
- Pell recipients who have reached lifetime pell limits
- Students who borrowed larger amounts of federal loans
- Students who did not receive University scholarships, tuition waivers, and state aid
- Students who received private aid

If a portion of students are seeking out more than one ISA, it suggests they are in need of additional resources to pay for college and that the ISA is filling a need gap. The students who have sought out more than one ISA contract have borrowed larger amounts of federal loans, did not receive university and state aid, and reached lifetime Pell limits. More non-Pell students with higher EFCs also are more likely to seek out more than one ISA, substantiating the tale of two types of students using ISAs at the University of Utah.



Table 8. Differences in Demographic, Academic, and Financial Characteristics by One ISA Contract and Two ISA Contracts

Characteristics	All ISA Recipients	One ISA Contract (n=95)	Two ISA Contracts (n=16)
Total ISA Amount Received (Average)	\$7,827	\$7,051	\$12,434
Average Number of Cumulative Credits (First semester of ISA)	123	123	119
Cumulative GPA (First semester of ISA)	3.16	3.16	3.16
Percent Transfer Students	57%	58%	50%
Percent Women	52%	49%	69%
Percent Students of Color	32%	35%	13%
Percent Pell Grant Recipients	72%	78%	63%
Average Expected Family Contribution (Year of first ISA)	\$11,091	\$10,513	\$14,405
Average Percentage of Total Pell Grant Used/Exhausted (Year of first ISA)	66%	62%	67%

Percentage Reached Lifetime Pell Eligibility Limit (during year of first ISA)	17%	18%	20%
Average Total Federal Stafford Loan Received (at University of Utah) (among loan recipients)	\$29,754	\$28,591	\$33,335
Percent Received Institutional Scholarship	68%	69%	63%
Average Institutional Scholarship (among institutional scholarship recipients)	\$2,955	\$2,853	\$3,625
Percent Received Any Tuition Waiver	26%	27%	19%
Average Tuition Waiver Received (among tuition waiver recipients)	\$9,291	\$9,337	\$8,897
Percent Received State Aid	32%	33%	25%
Average State Aid (among state aid recipients)	\$4,525	\$4,782	\$2,525
Percent Received Private Aid	46%	43%	63%
Average Private Aid (among private aid recipients)	\$6,905	\$6,773	\$7,444

ISA OUTCOMES: GRADUATION, RETENTION, AND REPAYMENT

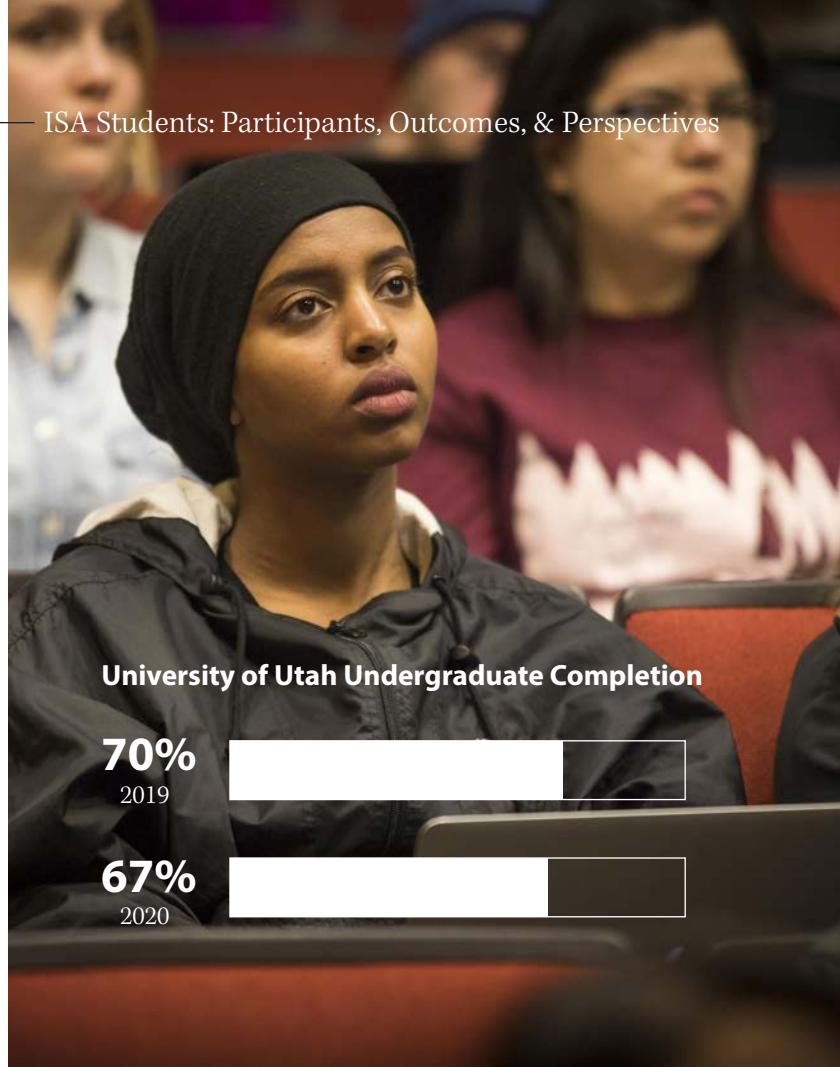
Given the pilot nature of *Invest in U*, it is premature to make final conclusions about the ISA program, but in this section we report descriptive outcomes of the ISA recipients. Data from the first and second cohorts of ISA recipients (who were only seniors) show that 90.5% and 83.3%, respectively, had graduated with a bachelor’s degree (see Table 9). These data suggest that the large majority of ISA recipients in early cohorts are completing their bachelor’s degree. Comparatively, the completion rates among University of Utah undergraduate students in 2020 was 67% and in 2019 was 70%. Graduation rates in subsequent ISA cohorts are lower in part because eligibility expanded to include juniors and seniors and less time has expired for students to graduate. However, as shown in Table 9, among all ISA recipients to date, 90% have completed their degree or are still enrolled at the University as of Fall 2021, suggesting the ISA is supporting student persistence and completion.

Table 9. Percent Graduated or Retained by First Semester of ISA Receipt

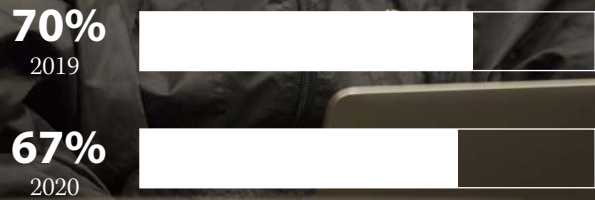
First Semester of ISA	% Graduated (by Aug 2021)	% Graduated or Retained (by Aug 2021)
Fall 2019 (n=21)	90.5%	90.5%
Spring 2020 (n=6)	83.3%	83.3%
Summer 2020 (n=20)	65%	95%
Fall 2020 (n=40)	42.5%	87.5%
Spring 2021 (n=11)	18.2%	81.2%
Summer 2021 (n=4)	25%	100%
Total Graduated or Retained		90.1%

*Note: graduation rates in summer 2020 and beyond are lower in part because less time has expired for students to graduate.

Data from the first and second cohorts of ISA recipients (who were only seniors) show that 90.5% and 83.3%, respectively, had graduated with a bachelor’s degree. These data suggest that the large majority of ISA recipients in early cohorts are completing their bachelor’s degree.



University of Utah Undergraduate Completion



ISA REPAYMENT OUTCOMES

Since the ISA launched, 30 of the 111 ISA students are in the post-grace period (6 months) and have begun payments on their ISA. Of these 30 students, 43% of them are delinquent on their payments as of October 2021, meaning they are 30 days or more late on their payment. It is also important to note that none of the students in repayment have defaulted on their ISA (if an account is delinquent for 180 days or more, it may be considered to be in default). Which students are more likely to be delinquent? Although the number of students entering repayment is relatively small, there were a few important differences in the characteristics of students who were delinquent on their ISA and those who were not. These differences are displayed in Table 10. Overall, students in repayment were more likely to be delinquent on their ISA if they were:

- Transfer students
- Women
- Students with lower Expected Family Contributions
- Pell Grant recipients
- Pell recipients who reached their lifetime Pell limit

Considering these delinquency rate data, this suggests that the students who come from families with slightly more income (non-Pell students and those with higher EFC) are less likely to be in delinquency status given they have additional support.

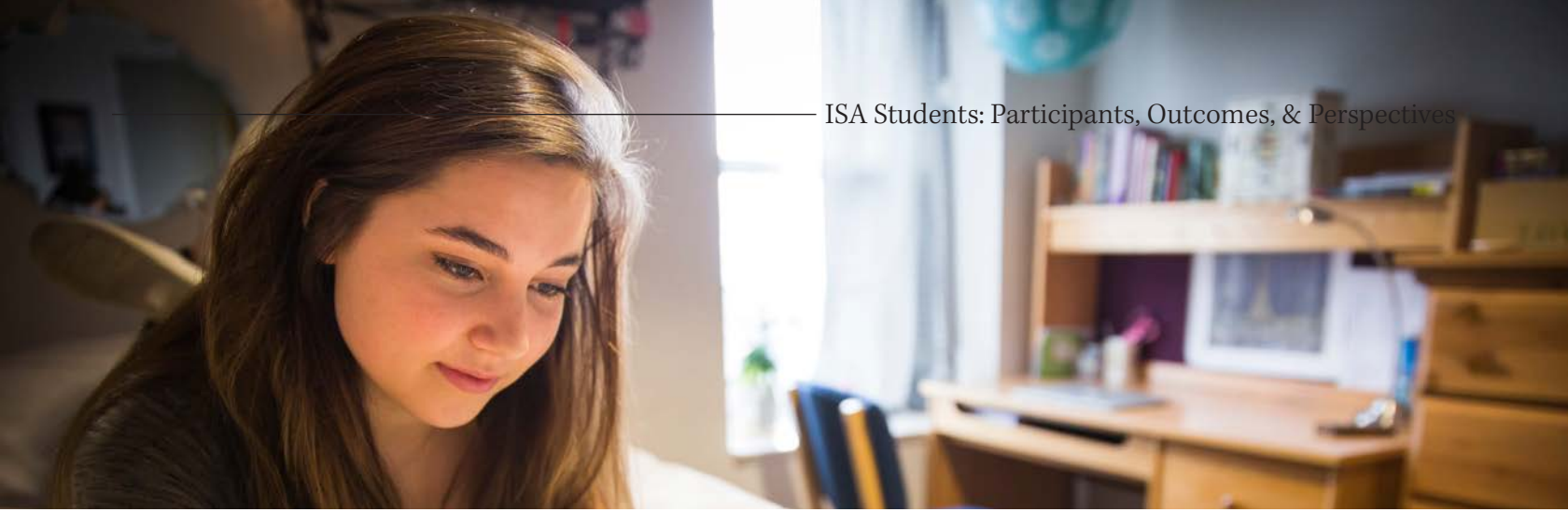


Table 10. Delinquent and Not Delinquent Data for ISA Recipients

	Delinquent on ISA	Not Delinquent on ISA
Total ISA Amount Received (Average)	\$7,756	\$7,422
Average Number of Cumulative Credits (First Semester of ISA)	133	132
Cumulative GPA (First semester of ISA)	3.08	3.07
Percent Transfer Students	62%	47%
Percent Women	50%	38%
Percent Students of Color	38%	43%
Percent Pell Grant Recipients	47%	36%
Average Expected Family Contribution (Year of first ISA)	\$3,302	\$11,019
Percentage Reached Lifetime Pell Eligibility Limit (during year of first ISA)	57%	42%
Average Total Federal Stafford Loan Received (All Years of Enrollment) (Among loan recipients)	\$29,406	\$29,183

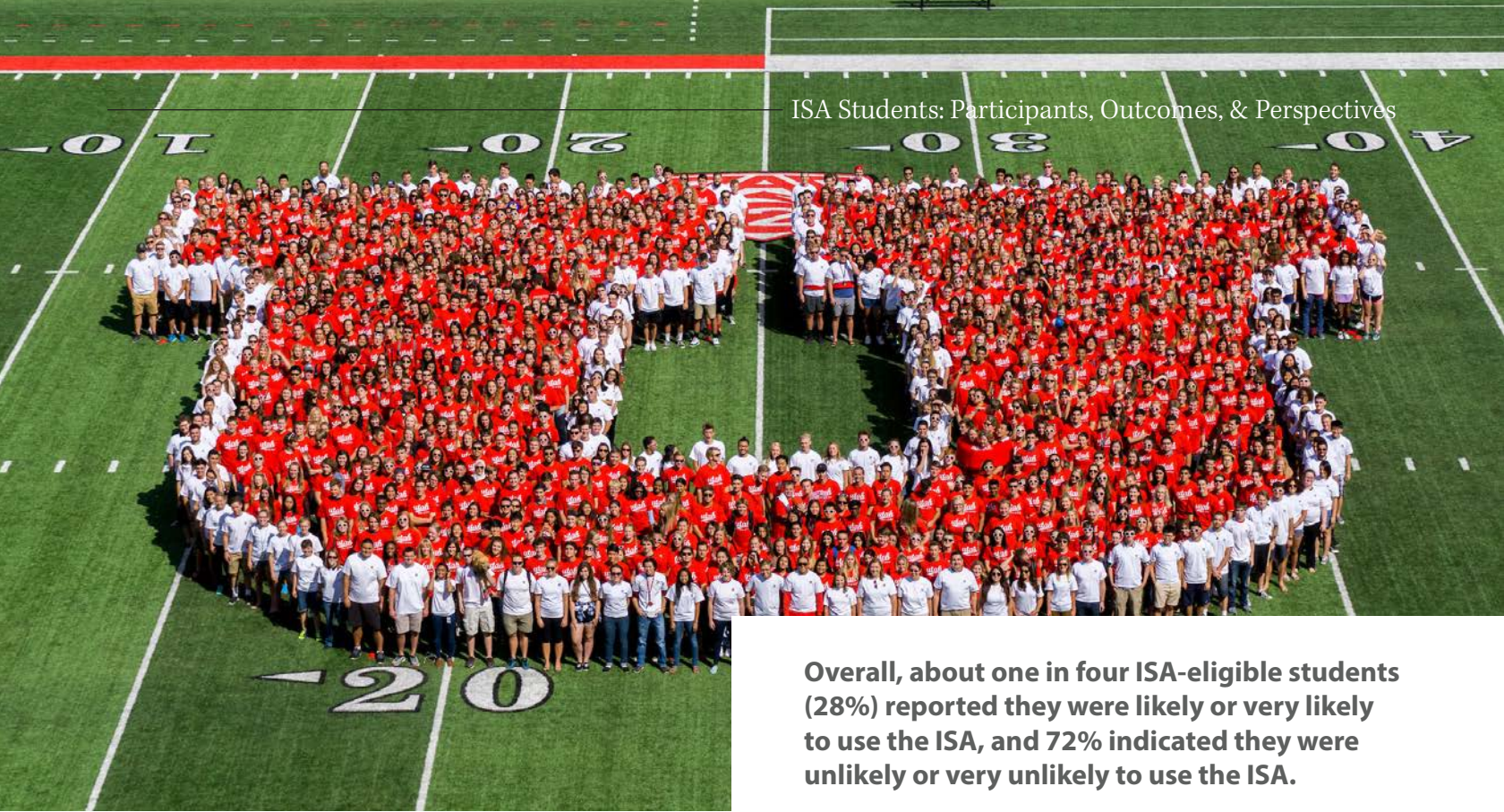
HOW ISA RECIPIENTS COMPARE TO UNIVERSITY OF UTAH STUDENTS

Given the pilot nature of *Invest in U*, relatively small numbers in early cohorts, and ISA eligibility criteria that changed in the first two years, we could not construct reasonable comparison groups to assess how similar or different ISA students are relative to a similar group of students. However, we could compare how similar ISA students are to undergraduates at the University of Utah. Relative to university-wide data points, Table 11 shows that ISA students were relatively similar to University of Utah students by race/ethnicity and sex, but ISA students were more likely to:

- Be transfer students
- Be Pell recipients
- Have higher amounts of federal student loan debt
- Have lower GPAs
- Graduate at higher rates

In other words, ISA students were likely to have been in college for longer, had greater levels of financial need as low-income students, and graduated with larger amounts of debt than the average student. Although a direct comparison of graduation rates is more difficult, it is worth noting that the graduation rates of the early ISA cohorts are higher than overall University graduation rates. It is also relevant to note that ISA recipients have lower than average GPAs, suggesting they are students in the academic middle. However, given the relatively high graduation rates in the early cohorts, these data are promising in that the ISA may be helping completion rates for these lower-income students in the academic middle.

However, given the relatively high graduation rates in the early cohorts, these data are promising in that the ISA may be helping completion rates for these lower-income students in the academic middle.



Overall, about one in four ISA-eligible students (28%) reported they were likely or very likely to use the ISA, and 72% indicated they were unlikely or very unlikely to use the ISA.

Table 11. ISA Recipients Compared to Utah Undergraduate Students

	ISA Recipients (N=111)	Utah Undergrad Students
Percent Transfer Student	57%	25% (2019) 23% (2020)
Percent Pell Recipient	72%	24%
Average Total Federal Staff rd Loan Received (All Years of Enrollment) (Among loan recipients)	\$29,754	\$18,000-19,656 (graduates) ²
Completion Rate	90.5% (1st cohort) 83.3% (2nd cohort)	70% (2019) 67% (2020)
Percent Women	32%	35%
Percent Students of Color	52%	48%
Average GPA	3.16	3.42%

STUDENT PERSPECTIVES ON THE ISA

This section reports primary results from a survey sent to a random sample of ISA-eligible students during the first year of the program to understand student perspectives about the University’s ISA. It is important to note that this survey was not connected to institutional data, so we were unable to identify which students actually used an ISA.

Overall, about one in four ISA-eligible students (28%) reported they were likely or very likely to use the ISA, and 72% indicated they were unlikely or very unlikely to use the ISA. Students responded to this question after being exposed to some basic information and description of the ISA program, similar to information that was on the public-facing website and embedded in outreach communication.

WHICH STUDENTS REPORTED THEY ARE MORE LIKELY TO USE AN ISA?

In sum, a larger proportion of the following student groups indicated they would select an ISA relative to their counterparts (as displayed in Table 12):

- Female students
- Non-religious and non-LDS student
- Wealthier students
- Students with liberal/far left or moderate political views
- First-generation Students
- Students who are excited or interested in learning about ISAs
- Students of Color
- Students with higher educational aspirations

² Project on Student Debt. <https://ticas.org/interactive-map/>

Table 12. Likelihood of ISA Use by Demographic and Personal Characteristics

Demographic and Personal Characteristics	% Likely/ Very Likely	% Unlikely/ Very Unlikely
Overall	27%	73%
Gender Identity		
Female (n=152)	32%	68%
Male (n=124)	22%	78%
Non-Binary (n=6)	67%	33%
Political View		
Liberal/Far-Left (n=114)	30%	70%
Conservative/ Far-Right (n=42)	14%	86%
Moderate or Middle of the Road (n=89)	30%	70%
Undecided (n=33)	33%	67%
Educational Aspirations		
Bachelors/SCND (n=80)	21%	79%
Masters (n=117)	36%	64%
Doctorate (n=85)	27%	73.50%
Income		
Less than \$40k (n=166)	35%	65%
More than \$40k (n=114)	18%	81%
Religion		
Non-Religious (n=150)	28%	72%
LDS (n=69)	19%	81%
Religious & Non LDS (n=60)	38%	62%
ISA Reaction		
Excited/Interested in Learning (n=151)	50%	50%
Skeptical/Don't Understand (n=114)	3%	97%
First Generation College Student		
Not First Gen (n=214)	27%	73%
First Gen (n=67)	31%	69%
Race		
Students of Color (n=99)	32%	68%
White (n=183)	26%	74%

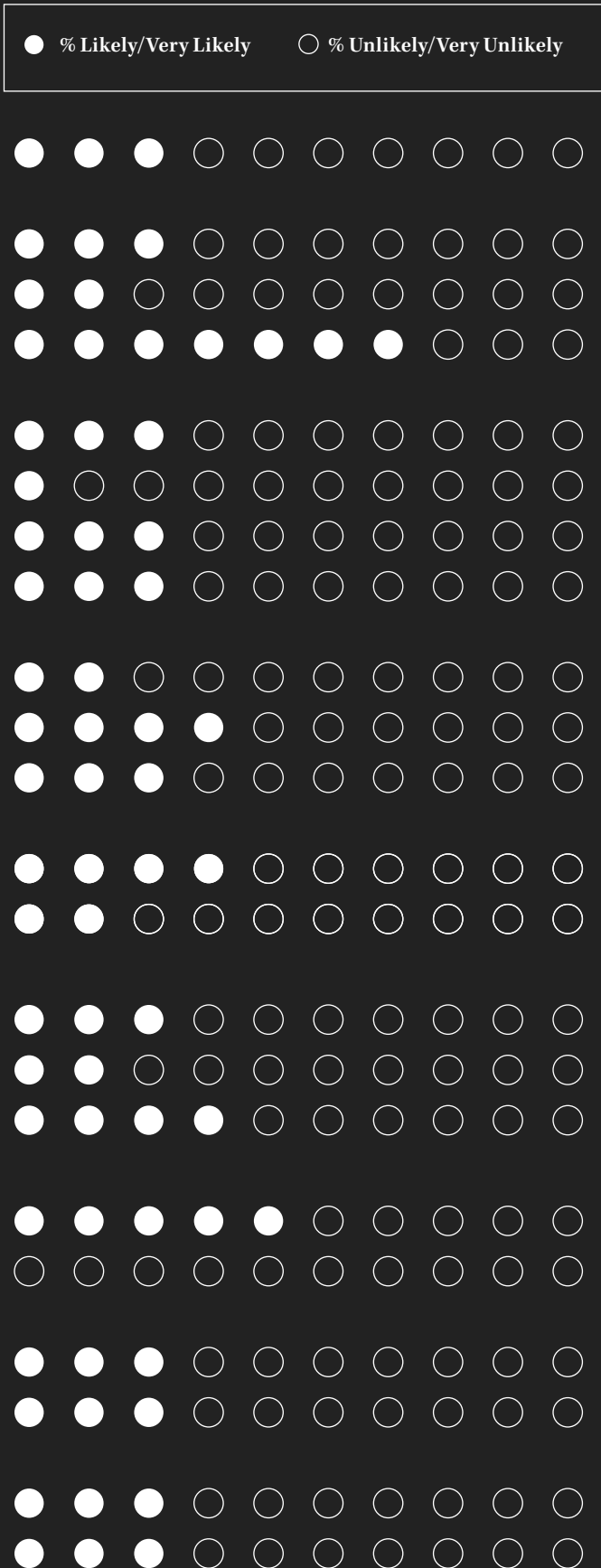




Table 13 summarizes differences in the financial measures by students' likelihood to use an ISA, including p-values from t-tests for Chi-Square tests. The results suggest some key differences in likelihood of ISA participation, but also some mixed results:

- Students likely to use an ISA were generally no more or less debt averse, although some evidence suggests they may be slightly less debt averse. Among the three debt aversion measures, we found null results for two measures. For the one measure in which there was a significant difference, those who were more likely to use an ISA were less debt averse than those who were least likely to use an ISA. In terms of financial well-being.
- Students likely to use an ISA reported higher levels of financial well-being. The financial well-being measure is the average of ten survey items on financial well-being and suggests that students likely to use an ISA report significantly higher levels of financial well-being compared to students who are unlikely to use an ISA
- Students likely to use an ISA report higher objective financial knowledge but lower subjective financial knowledge. Although students likely to use an ISA reported significantly lower subjective financial knowledge, a significantly larger proportion correctly answered all financial knowledge questions correctly (75%) compared to students unlikely to use an ISA (62%).

Table 13. Differences in Financial Measures by Likelihood of ISA Use

Financial Measure	●	○	p-value
	Average or %		
*Debt Aversion: You should always save up before buying something	4.075	4.201	p=.138
*Debt Aversion: Owing money is basically wrong	2.5	2.82	p=.006
*Debt Aversion: There is no excuse for borrowing money	1.948	1.94	p=.469
Financial Well-Being (Scale of 1 to 10, with 10 meaning higher financial well-being)	6.066	5.296	p<.001
Subjective Financial Knowledge (Scale of 1 to 7, with 7 meaning higher financial knowledge)	4.177	4.504	p=.018
Objective Financial Knowledge (Percentage that correctly answered all five questions)	75%	62%	p=.038

SUMMARY OF FINDINGS, IMPLICATIONS FOR *INVEST IN U* & RECOMMENDATIONS FOR ISA PROGRAMS

In this section, we briefly summarize the primary findings of the case study, then offer specific implications for the *Invest in U* program and leaders at the University of Utah who are responsible for the program. We complete this section with a broader set of recommendations for any college or university that is considering developing and launching an ISA program.





SUMMARY OF FINDINGS FROM THE ISA PARTICIPANTS, ISA OUTCOMES, AND STUDENT PERSPECTIVES

ISA Students have Relatively High Levels of Financial Need and Varied Backgrounds.

- Data from the first two years of *Invest in U* show that ISA students are more likely to be low-income students (Pell Grant recipients), women, students in the academic middle, transfer students, and students with larger amounts of student loan debt, compared to the University population.
- While the majority of ISA participants are Pell Grant recipients (77%), the other quarter are non-Pell eligible students with different profiles. Although the non-Pell ISA participants come from slightly wealthier families, they have less institutional scholarships, state aid, and private aid. They also took out less loan debt (by ~\$10,000) and signed larger ISA contracts by approximately \$1,300 more than Pell-eligible students.
- Students who received an ISA are generally middle of the road academically with an average 3.16 GPA, compared to the university average of 3.42 GPA.
- A small portion of students received more than one ISA contract, suggesting they are in need of additional resources to pay for college and that the ISA is filling a need gap. These students have borrowed larger amounts of federal loans, did not receive university and state aid, and have reached lifetime Pell limits. Non-Pell students with higher EFCs are also more likely to seek out more than one ISA, substantiating the tale of two types of students using ISAs at the University of Utah.
- The majority of ISA participants (75%) had majors concentrated in four colleges: Business, Social and Behavioral Science, Engineering, and Humanities

Early ISA Cohorts Have High Bachelor’s Degree Retention and Completion Rates, Suggesting the ISA is Helping Students with High Financial Need in the Academic Middle Complete and Make Progress toward their Bachelor’s Degree.

- Students who received an ISA in the first couple semesters of *Invest in U* had high completion rates (90.5% and 83.3%), suggesting that ISA students are likely to complete their bachelor’s degree than the average University student. More time is needed to observe the graduation rates of ISA recipients in subsequent cohorts, especially since students in latter cohorts were juniors and not just seniors.
- Among all ISA recipients to date, 90% have completed their degree or are still enrolled at the University, suggesting the ISA is supporting student persistence and completion.

ISA Participation Has Been Low During the Pilot Phase.

- Student participation in the early cohorts of the ISA has been relatively low, given what the University projected in initial estimates. Only 111 students participated in the ISA between Fall 2019 and Fall 2021.

Early Data on ISA Repayment are Mixed and Potential Inequities in Repayment Rates Exist.

- Among the early ISA recipients who entered repayment, 43% are delinquent on their payments as of October 2021, although no students have defaulted on their ISA. Although the numbers are small, these early data also show that students more likely to be delinquent on repayment are transfer students, women, and Pell Grant students.

Survey data from ISA-Eligible Students suggest relatively low interest in the ISA, and Interest in the ISA Varies by Student Background.

- About one in four ISA-eligible students indicated interest in using an ISA. The types of students who reported interest in using an ISA were relatively similar to institutional data on ISA participants, especially among female students and low-income students. Similarly, students with higher objective financial knowledge and higher financial well-being were more likely to report interest in using an ISA.



Summary of Findings from the Development and Implementation of the ISA

ISA Development: A Student-Centered Design and Strategic Program Development Process

The University of Utah’s motivation to develop the ISA was student-centered and had clear and transparent goals to support students.

- Interviews with leaders and staff suggested that *Invest in U* was designed to help students complete their degree by filling financial gaps, and it was designed to be financially self-sustaining to support future students. These goals were clearly communicated and they drove program development and design.

The University engaged in a strategic program development process that was data-driven, engaged multiple stakeholders, and that had a strong legal and financial foundation.

- The University was able to develop an ISA program because of multiple factors including initiation from top institutional leadership, development of a cross-functional leadership team, engagement with multiple and diverse stakeholder groups, using data to make decisions, and assessing the legal and policy landscape, developing a philanthropic-based fund for the ISA, securing an ISA service provider, ensuring staffing capacity, and developing and testing communication strategies.

ISA Implementation: Adapting Program Design, Celebrating Program Successes, and Addressing Program Challenges.

- The *Invest in U* pilot program was launched in fall 2019, and the program has adapted and evolved over the first two years in response to student demand and feedback from students. In response to research and student demand, key changes to the program have included expanding eligibility requirements to include more students and majors, varying the income share percentage to adjust to each students’ circumstance, developing an early payoff option for students post-graduation, and adjusting outreach materials and application processes to reduce complexity.
- Program Successes: *Invest in U* expanded financial aid options for students, albeit to a small number of students, by helping students fill funding gaps. These early ISA participants graduated at high rates. The program also enabled personalized financial aid counseling for ISA students and students interested in an ISA.
- Program Challenges: Like most pilot or new programs, the *Invest in U* has experienced implementation challenges including low student demand for the ISA, infrastructure and personnel capacity, changes in leadership and staffing, and uncertainty about the legal and policy environment for ISAs. Communicating to students and families about the ISA is a major challenge given it is a new and complex financial product.



IMPLICATIONS AND THE FUTURE OF *INVEST IN U*

The summary of findings lead to a series of implications specifically for the *Invest in U* program, and we discuss 6 implications for the University of Utah specifically.

1. *Invest in U* is helping a group of students pay for college who otherwise may not be able to finance their education.

- a. As noted in the summary of findings, the financial circumstances of ISA recipients—both Pell students and non-Pell students—suggests these students are seeking additional financial support to pay for and finish college. Regardless of whether the University decides to continue, grow, or phaseout the *Invest in U* program, the University should invest in further assessment of financial need for this group of students and ensure these students who are within reach of completing are able to do so.
- b. Pell ISA Students: The ISA program is disproportionately serving Pell Grant students relative to the overall University population. Although the ISA is helping these Pell Grant students fill unmet need, these Pell Grant students also have extremely high levels of loan debt, meaning that these low-income students will leave college with large amounts of money to pay back. Given that Pell Grant students are slightly more likely to be delinquent on their ISA payments than non-Pell students, the University should reassess if an ISA instrument is the best financial mechanism to help Pell Grant students complete. Pell Grant recipients who receive an ISA are completing and making progress toward their bachelor's degree, but they are doing so with large amounts of money to pay back after graduation.
- c. Non-Pell ISA Students: The ISA program is filling a particular need gap for non-Pell students who have lower amounts of institutional scholarships,

state and private aid, and who are much less willing or likely to take out loan debt. While the non-Pell students have higher EFC, the data suggest they need additional funding options because they signed higher ISA contracts and were more likely to take out more than one ISA contract from the early data. University leadership should continue to monitor this group that falls outside of Pell eligibility but still has significant financial need to ensure they have access to financial aid options to persist and complete.

2. Early graduation and retention data are positive, but delinquency rates (30 days or more late on payment) are concerning and should be monitored closely and addressed if needed.

- a. Graduation and retention data for the first two ISA cohorts are encouraging and worth celebrating, particularly because the ISA appears to be helping students in the academic middle with high levels of financial need. The University should continue to monitor the retention and graduation rates of ISA recipients to assess if *Invest in U* is living up to its intended purpose of helping students pay for and complete college.
- b. Concerning early data points are the relatively high delinquency rate of 43% and the emerging inequities in repayment outcomes. The University should closely monitor these outcomes and inequities over time, and identify if and how the University could intervene or support ISA repayment. Repayment outcomes should also carefully be considered in the University's assessment of the long-term program viability.
- c. Monitoring the post-graduation earnings of ISA students (and other graduates) will help inform *Invest in U*, as well as other academic programs, to determine how the university can best equip students to succeed academically and professionally.



3. Low participation numbers should be monitored to assess the viability of the ISA program.

- a. Program participation numbers have been lower than expected, and although participation increased in the second year of the program, participation has decreased in late 2021. The University is at a critical point in the pilot program to assess how viable the ISA program is and the extent to which the program should be sustained.
- b. Survey data on student perspectives suggest that the majority of students are not interested in an ISA, but it also provides insight into the student groups that are most likely interested in using an ISA. These data, along with outcomes data and the financial viability of the program should be used to assess what comes next for *Invest in U*.
- c. If the University decides to continue the *Invest in U* program, the University should enhance efforts to implement a comprehensive, strategic outreach campaign each semester to educate more students and families about ISA to grow the program.
- d. Low participation in the ISA may be in part due to the lowering of federal loans rates during 2020-2021. University leaders should closely monitor potential changes to other federal higher education policies, such as increasing Pell Grants, new federal support programs for retention and completion, and pausing and/or lowering of federal loan rates, as they could make the ISA a less attractive option, especially if students have access to more and cheaper federal aid options.

4. Assess how loan borrowing levels and the ISA contract structure may influence students' ability to repay their ISA.

- a. Given that many of the ISA recipients have high levels of borrowing, adding an ISA payment on top of loan payments can become challenging financially. However, if receiving an ISA makes a student more likely to persist and graduate in order to realize increased earnings—as opposed to having debt and no degree—then the ISA can be a helpful financial tool to fill funding gaps and promote completion for Utah students.
- b. Students taking out multiple ISAs must be considered carefully because paying multiple ISA contracts may be challenging for students. ISA repayment structure stacks the income share percentage as students enter into additional agreements. For example, if the student's first contract had a 2.5% income share percentage, and they added a second contract that had a 3% income share, they would ultimately be obligated to pay a 5.5% income share percentage payment. Students and institutions must think about how taking out multiple ISAs will impact students ability to pay on the ISAs and other debt obligations. Additionally, this highlights questions around how students will prioritize paying back a federal or private loan a loan versus an ISA.
- c. Structuring ISAs around the academic semester structure can also be a barrier because it can necessitate students to take out multiple ISA contracts (e.g. fall to spring semester and summer semester), rather than offering one ISA contract for all three semesters. Taking out more than one ISA contract is more expensive difficult for students and to universities to manage. This is particularly a challenge for students taking out ISA contracts for a single summer semester. Institutions should consider structuring an ISA contract to cover fall, spring and summer semesters,



5. The ISA financial model should be revisited and assessed given existing ISA use and outcomes.

- a. The University added in an “Early Payoff Option” in phase 3 of the pilot, and it is still too early to know how many students may use this early payoff option and how it will impact the financial model.
- b. In a few cases, the university allowed students to take out an ISA smaller than the \$3,000 minimum ISAs amount (3 ISAs in summer 2020 ranging from \$2,000-\$2,800). Issuing smaller ISAs is more expensive and drives up the cost of capital to run the program, negatively impacting the financial model. Given these smaller ISAs were needed for summer semesters, the University should consider adding an additional ISA contract structure that spans the fall, spring and summer semesters in one contract.
- c. Although still early in the pilot, the fact that 43% of the 30 ISA contracts due for repayment are delinquent could have long-term financial implications on the viability of the program and the University’s goal of setting up a sustainable evergreen fund. Additionally, now that the University is in the repayment phase of the project, University leaders will have to make decisions about how aggressive they will be in the collection process for delinquent contracts.
- d. Lower-than-expected student participation and number of ISA contracts also reduces the efficiency of the model. Scaling up the program will lower the cost of capital by spreading the administrative and servicing cost across more ISA contracts.

- e. For this model to be sustainable, participating students must have, on average, high incomes after graduation. The University should consider how the Invest in U program can not only help students get to completion but also into well-paying and fulfilling careers after graduation. Among other practices, this could include increasing participation in work-based learning, internships, apprenticeships, and career coaching.

6. The Future of *Invest in U* and ISAs.

- a. We asked University leaders about the future of the *Invest in U* program and ISAs more broadly. The interviews for this research were conducted shortly after a new president, Taylor Randall, became president of the University of Utah. As the ISA was launched as a presidential initiative under the prior President Dr. Ruth Watkins, leaders said they were watching to see how the new president’s priorities would develop and whether the ISA would remain a priority. Leaders also said that the number of students participating in the ISA pilot relative to the cost to run the program would likely determine its future.
- b. Considering the future of ISAs more broadly, several leaders noted the importance of the changing federal policy landscape. The leaders discussed how the future of ISAs might be more tightly aligned with programs that seek to address specific workforce needs, such as healthcare, manufacturing, and IT. They speculated that ISAs would most likely include more employer partnerships that could include additional aspects such as work-based learning, internships, and apprenticeships.



RECOMMENDATIONS & IMPLICATIONS FOR ISA PROGRAMS

Informed by mixed-methods research and the lessons learned during the development and implementation of the University of Utah's *Invest in U* ISA program, we share the following policy and practice recommendations with postsecondary education leaders who are considering launching an ISA program.

Examine Student Data and Identify the Goal(s) to be Achieved.

The first step in considering an ISA program is the evaluation of student data to understand a college's student population needs. Gathering and deeply examining student demographics, financial aid data, graduation and retention rates, program-level earnings data, and other trends is foundational. In the case of *Invest in U*, the ISA leadership team examined the completion rates and financial unmet need gaps for students and conducted interviews and focus groups with students to determine if and how the ISA might assist their students to persist and complete. Examining data will drive the focus and ultimate vision of the ISA program. The University of Utah's ISA goal was to fill funding gaps so more students could complete their degree. There are a number of different ISA programs that address slightly different institutional and student challenges. Some of these include providing an alternative to loans (e.g. Parent PLUS or private loan); providing a financial option to undocumented students or students who have maxed out their federal aid; or to addressing institutional enrollment and financial pressures. Ultimately, the data should drive the focus and goals for an ISA program based on the specific issue and problem the ISA is attempting to address.

Ensure Presidential and Executive-Level Leadership.

Executive leadership — ideally the president or chancellor — should be the primary driver and executive sponsor of the ISA program. The complexity and multi-dimensional nature of an ISA program requires the engagement of many university departments, and executive leadership is critical to ensuring campus units prioritize the ISA program amid competing demands on staff and faculty time. The University of Utah's ISA program was a presidential initiative launched early in the President's term on a campus with an innovation culture. The President's leadership provided the energy, momentum, and vision to galvanize a cross-functional team to make the ISA initiative a reality. Strong executive leadership and a committed cross-functional project team (see next recommendation) also play a vital role in driving innovation and change on a campus, particularly in engaging and educating individuals who are less open to change. Broad campus buy-in and understanding are critical, and executive leadership must drive it.

Develop and Communicate a Clear Vision for the ISA Early.

The exploration and development of an ISA program must be driven by executive leadership who have examined the data, identified the challenge they are seeking to solve, and clearly communicated how the ISA will help to solve this problem. From the outset, the executive leader should clearly and frequently communicate the vision of the ISA program in order to align the leadership, board, faculty, and staff around a shared vision and goal for the program. Without vision and clarity for the ISA program — in the University of Utah's case, to fill funding gaps to increase completion rates — competing forces, such as risk of starting something new or an unclear regulatory landscape, can influence the program design and ultimately the program success.

Establish a Cross-Functional, Innovative Project Team.

- The executive leader driving the development of an ISA program should identify a relatively small, cross-functional leadership team (3-5 people) to lead the research, development, and implementation of the ISA program. This core project team should include at least one member(s) of the president's cabinet (e.g. the Chief Financial Officer), the enrollment management executive, the financial aid director, and a senior leader tasked with the leadership and project management to execute on the President's vision. This core leadership team should meet regularly and create a detailed project plan and timeline with deliverables. The core leadership team should also immediately engage the other leaders and staff on campus necessary to develop and implement such a program. The other important areas of campus to engage in the cross-functional project team should include:
 - General counsel for legal and risk assessment (establish a fund, ISA contract, etc)
 - The finance and accounting team to assist with the financial modeling (or outsource this function)
 - The development or advancement team (engage donors to secure resources)
 - Institutional research (provide data to inform program design and program evaluation)
 - Marketing and communications (develop website and materials)
 - Government relations (assess regulatory and policy landscape)

The core leadership team must all assess their internal capacity and determine when it is necessary to engage external expertise to develop and inform certain aspects of the ISA. This team should also convene regularly post-implementation to monitor success and adjust program design using real-time data and stakeholder feedback.

Assess Internal Capacity, Outsource Expertise when Needed, and Select ISA Service Provider.

Given the complex nature of ISA modeling, design, implementation, and servicing, institutions need to consider which capabilities are available in-house and which need to be outsourced to an ISA servicing provider. Evaluating these institutional capabilities and how an ISA program will interact with other internal systems, processes, and policies takes time and careful consideration. Many institutions that have launched ISA programs have contracted with an ISA provider, particularly to help with the long-term servicing of the ISA because they require customized, regular verification of incomes to service the contracts. Institutions also select an ISA service provider to mitigate potential risks. Planning for an RFP process as part of the project plan to adhere to institutional policy is an important element of ISA program design.

Engage Key Stakeholders Early and Often, Including Students.

The executive leader driving the development of an ISA program should start to socialize their vision for the ISA program early and often with key stakeholders to ensure clarity of purpose and buy-in from campus and community leaders broadly. Student input and perspective should be part of the program exploration and development. Testing the idea, communications, and program design elements with student input is critical to program success. For example, with the *Invest in U* program, students provided key perspectives in the early stages of program development, and they came up with the program name, "*Invest in U*". The institutional governing body (e.g. Board of Trustees) should be informed early on in the exploration process to determine any potential concerns. Engaging the executive leader of the enrollment management function is also essential so that they can help assess and develop the program from the beginning. Equally important is to get early input and buy-in from the financial aid director, so they feel ownership and "skin in the game". Faculty input early on is helpful and can help tap internal expertise to determine if and how the institution might want to use an ISA program. Senior leadership (cabinet, etc.) and the financial aid staff implementing the program must be aware of the ISA program – ideally, they are helping to build and provide input - from inception to the official launch of the program. Increased awareness of the ISA among campus leaders, faculty, and staff will help ensure more people can make students aware of the program and ensure it is implemented and adapted to best fit the students' needs.

Raise and Structure a Fund that Serves Program Needs and Goals.

It is important for institutions to establish the fundraising strategy and fund structure early to align with and drive the ISA program goals. The type of capital, structure of the capital stack, and fund structure drive key decisions in how the ISA program is ultimately designed and how well it serves students. ISA funds are typically made up of some combination of philanthropic/grant capital, impact investing capital, university capital, and/or outside investor capital. Leaders should carefully consider what type of capital they pursue and how they structure the capital to ensure it aligns to the goals of the program. For example, the most student-centric or student-friendly ISA funds will be funded solely or in part by philanthropic capital, or some combination of philanthropic and impact investments. On the other hand, ISAs funded primarily by venture capital outside institutional capital must meet certain financial returns and therefore tend to be less favorable to students in the long term. Universities should also consider investing their own capital into the fund to show they have skin in the game, believe in the ISA program, and the education they offer. In the case of *Invest in U*, the university set up a separate fund and raised philanthropic grants and impact investments, as well as invested their own university capital into the program. The *Invest in U* funding structure was also designed to be a sustainable evergreen fund with the goal to be able to fund future student ISAs.



Ultimately, the type of capital raised and the fund structure drives the ISA program design, ability to hit fund targets and goals, and program success and sustainability.

Establish a Pilot Program and Test, Learn, and Improve.

Because starting a new and innovative program on a campus can be a challenge, institutions should start with a pilot program. Establishing a “pilot” ISA program allows the institution and project team to start small, test, and learn if an ISA is a helpful tool for students. A pilot approach lessens the pressure and criticism that may come from individuals who might not agree with the approach. Institutions should create mechanisms for real-time feedback and process loops to learn what is working and what is not and use these data to inform modifications and improvements to the program. See the “*Invest in U* Evolution of Program Features and Design” table on page 24 for more details on how the pilot program evolved over time in response to student interests, feedback from research and evaluation, and insights and experience gained from running the program. A pilot approach is helpful as it ensures the ISA program can be launched and can be modified over time to improve the program.

Develop a Strategic and Comprehensive Communication Plan.

ISAs are a new and complex financial instrument to explain to students, families, and the broader campus community. The complexity of the instrument can be challenging given most stakeholders are unfamiliar with the terminology, features, and the concept of an ISA. Many stakeholders compare ISAs to loans, yet ISA features like an income share percentage, minimum income threshold, and payment cap slightly differ from other loan features. Plus, an ISA is offered and situated within the complex world of financial aid that already includes scholarships, grants, tuition waivers, and loans that come from a variety of institutional, state, federal, and private sources.

The complexity of the financial aid landscape, plus the complicated features of an ISA as a product, make ISAs difficult for institutions to explain and for students and families to understand. This complexity and lack of familiarity requires a deliberate effort to educate students, families, faculty, staff, and the broader public.

Students (and their families) need multiple outreach efforts and interactions with ISA information, whether this is an appointment with a financial aid counselor, a financial aid/ISA website, email communications, graphs, visual depictions, and/or videos to fully explore an ISA and determine if it is the best option for them. Institutions should prioritize how the new financial aid tool is presented on the university financial aid website, how it compares to other funding options, and what role it plays in that particular institution’s approach to helping students finance their education. Given this context, prioritizing the creation of a strategic communications and outreach plan is essential to an ISA program’s success.

Key communication considerations include language to describe the ISA program and goals, how it can help students fund their education, and how students can learn more. Students are inundated with information from various campus units, so determining what, when and how the communication on an ISA is delivered is critical. Institutions should be deliberate in using language that is accessible and clear to students, using compelling design elements, developing a robust website, and implementing multi-faceted outreach campaigns to students. Institutions should also make an intentional effort to educate advisors, faculty, and the broader campus community about the ISA.



Ensure Strategic Leadership in Financial Aid and Welcome Change.

Ensuring strategic leadership in the Financial Aid office and well-trained staff is fundamental to ISA program success. A Financial Aid office that is not open to change, has a strong compliance-driven culture, and/or is under-resourced is a challenging environment to introduce a new program like an ISA. This can be overcome by supportive, engaged, and strategic leadership in enrollment management and financial aid functions. The Financial Aid director's buy-in is essential to program implementation and sustainability. Other Financial Aid staffing considerations include whether to select one ISA expert advisor or to train all financial aid staff on the ISA. In addition to engaging Financial Aid advising staff, an ISA program necessitates a dedicated program manager staff role, ideally housed within the Financial Aid office, to ensure alignment with financial practices and policies, the execution of the various program elements, and support reporting and data analysis. Successful leadership of an ISA should also provide clarity around the process and the lines of authority for decision making. Continuity of leadership and knowledge of the program should also be considered and ensured.

Additionally, the introduction of an ISA can bring about new thinking to advance well-established financial practices. Leadership should be intentional and attentive to the opportunities to reexamine practices and engage in process improvement to enhance the overall student experiences in the Financial Aid office. Examples of process improvement may include improvement of outreach and education about financial aid options, setting up and delivery of counseling appointments, more flexible and data/technologically-driven ways to interact with students, etc. Institutional leaders should capitalize on the opportunity to improve existing financial aid processes and practices to better serve students in a more nimble, flexible, and customized way.

Build a Sustainable Data Infrastructure to Track Program Implementation, Participation, and Outcomes.

The implementation of new programs and policies such as ISAs should be coupled with a robust evaluation plan and data support to help institutional leaders, policymakers, and other stakeholders understand the roll-out and impact of the program. This is particularly important given the novelty of ISA programs and the need to understand process-related questions about program implementation and outcome-related questions about the program. Essential to this is a partnership with institutional research and evaluators to develop a database and data infrastructure that allows the University to track student participation and outcomes in real time and over the long term. It is also critical for institutions to develop a way to receive high-quality data from the ISA service provider that can connect to institutional data and the institution's student information system.

Ensure a Holistic Approach to Student Counseling for the ISA Program.

Introducing a new financial aid option like an ISA can create additional touch points and engagement (beyond just receiving an ISA) with students. Examples of beneficial student engagement include one-on-one appointments with the financial aid counselor, filing for FAFSA for the first time, learning about other scholarship and grant options, and/or receiving additional financial literacy education. Leaders should be proactive and track these added indirect benefits of student engagement and success from the ISA program as an important element to evaluating the overall success of the ISA program.



Continually Monitor the ISA Regulatory and Policy Landscape.

The state and federal landscape for policies and regulations related to ISAs is nascent, complex, and quickly changing. Institutional leaders should utilize internal and external legal and policy expertise to examine the potential risks associated with launching and sustaining an ISA program. Early engagement of legal counsel will help institutional leaders identify potential legal and policy issues, establish a mechanism to monitor regulatory and legal changes as they occur, and communicate issues and changes to the ISA leadership team.

Consider Post-Graduation Earnings and Employment Outcomes as a New Way to Define Success.

In addition to examining student data at the outset of developing an ISA program, leadership should prioritize post-graduation earnings and employment data. If not already in place, leadership should set up a process and mechanism to gather, track, and continually examine students' post-graduation earnings and employment data to inform the ISA program and broader academic and student success programs. If other state and federal data sources are not available, self-reported earning data can provide leaders with a good snapshot of earnings as other data systems advance to track and measure post-graduation employment outcomes.

Use the ISA to Generate Exploration and Implementation of More Student-Friendly Practices and New Ways to Approach Established Norms.

Part of the benefit of launching a new program or solution at an institution is the ability to examine how the new program fits within existing policies and practices and whether or not these existing practices best serve students. With implementing an ISA program, there is opportunity to re-examine financial aid. In the case of *Invest in U* (spurred by COVID-19), the University launched virtual advising that expands the Financial Aid office's reach. There is also the opportunity to develop new fundraising strategies to tap new donor sources and innovative fund structures that can provide the university more flexibility. Leaders should consider prioritizing innovation and process improvement as part of the development and implementation of a new program to advance better delivery of education and services.



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