



EMBARGOED UNTIL 2 P.M. (EST):
Tuesday, December 22, 2009

MEDIA CONTACT: Jason Bearce
317.464.4400 x. 19
jasonb@che.in.gov

Commission drives for efficiency, performance through recommended budget reductions

Indiana Higher Education Commissioner Teresa Lubbers formally responded to Governor Mitch Daniels' request today with a recommendation for distributing a \$150 million reduction in higher education funding among the state's public colleges and universities. The Commission's recommendation represents an average statewide reduction of nearly 6 percent over the remainder of this biennium.

"Our commission greatly valued the input of university leadership in reaching this decision, and we appreciate how they have accepted their role in helping Hoosiers face an economic crisis while sustaining one of the strongest higher education systems in the nation," Lubbers said.

Consistent with the Commission's priorities on degree production and operating efficiency, the recommended funding cuts consider three main factors for each college: 1) state funding per student; 2) student progress toward degree completion; and 3) availability of federal stimulus funds.

Under the original budget bill passed by the Indiana General Assembly this year, colleges were slated to receive federal stimulus dollars to offset cuts in state funding based on a performance formula designed by the Commission. Now under the Commission's recommendation, a portion of the budget cuts are tied to the amount of federal dollars that were slated to be distributed next year.

"This recommendation attempts to strike a balance between what is equitable with the recognition that a uniform, across the board cut for all universities would not be in the best interest of Indiana students or our system as a whole," Lubbers noted.

Ensuring long-term efficiency and effectiveness

Lubbers emphasized that the current fiscal climate combined with the state's emerging workforce needs demand an ongoing effort to increase the efficiency and effectiveness of Indiana's higher education system.

"The challenges we face in reducing costs underscore an opportunity and a responsibility to find better ways of delivering higher education, both today in a time of scarce resources and in the future," said Lubbers. "We believe this is an ideal time to explore greater long-term efficiencies and to realize permanent cost savings."

The Commission's funding reduction recommendation was accompanied by a list of statewide priorities and guidelines for achieving greater efficiencies in Indiana's higher education system.

Priorities for greater STATEWIDE efficiency

- 1) Emphasize instruction as the central priority and mission of each campus and ensure that resources are directed toward this priority.

- MORE -

- 2) Prioritize and reallocate resources to high-demand academic programs that are critical to Indiana's economy.
- 3) Reinvest savings generated through collaboration and consolidation into efforts that promote degree completion, particularly on-time degree completion.

Ensuring greater SYSTEM efficiency

- 1) Develop a system-wide consortium of campus leaders to guide savings initiatives and create opportunities for collaboration and consolidation.
- 2) Review opportunities for program consolidation, particularly in Northwest Indiana where campuses are located in close proximity to each other.
- 3) Form agreements to share facilities and campus maintenance costs, particularly in areas where community college and four-year institutions are located in close proximity.
- 4) Explore opportunities for campus consolidation, bringing existing centers of excellence together under one administration.

Ensuring greater ACADEMIC efficiency

- 1) Review and prioritize academic, athletic and student service programs with an eye toward the needs of the economy, student demand, and the institution's mission.
 - a. Reduce or eliminate the lowest-priority programs and services.
 - b. Explore the outsourcing or consolidation of programs that are not critical to the campus mission.
- 2) Increase online course offerings and deliver those courses at a reduced price to encourage students to complete more credits in this medium while reducing the burden on campus resources and personnel.
- 3) Incorporate technology into course curriculum, particularly large entry-level courses, reducing personnel needs and improving student learning.
- 4) Ensure that remedial education and two-year degrees are offered at the lowest-cost institution, resulting in lower costs for the state and students.
- 5) Explore the implementation of an incentive to students who complete degree programs in the fewest possible credit hours.
- 6) Examine a reduction in state funding to institutions for students who complete more than two extra semesters worth of credit but do not earn a degree.

Ensuring greater OPERATING efficiency

- 1) Streamline administrative structure and personnel functions, including the elimination of redundant or unnecessary positions.
- 2) Expand joint purchasing agreements with other Indiana institutions, particularly in the areas of health insurance and energy.
- 3) Review the institution's contribution to employee retirement and health care plans, and seek alignment with the private sector.
- 4) Explore options for consolidating and/or outsourcing all back-office and non-academic operations, including payroll, purchasing, marketing and technology.
- 5) Consider partnerships with non-higher education entities, including the state, K-12 school districts, and city/county governments, to achieve economies of scale and eliminate duplication.

The Commission's recommended funding cuts and efficiency guidelines are based on *Reaching Higher*, the agency's strategic plan for higher education in Indiana. Visit www.che.in.gov to learn more.