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Indiana Adopts New Higher Education Funding Formula Focused on Student Outcomes and Alignment to Industry Needs

Shaped by stakeholder input, the improved Outcomes-Based Performance Funding Formula is designed to strengthen the value of higher education

(INDIANAPOLIS) — The [Indiana Commission for Higher Education](#) (Commission) today unanimously approved an [updated Outcomes-Based Performance Funding \(OBPF\) formula](#) for higher education institutions designed to better prioritize student outcomes and strengthen the connection between higher education and the state's talent needs. The updates reflect months of feedback and public comment from stakeholders including business and industry leaders, higher education partners, elected officials, educators, and students.

"This approach reflects our state's commitment to delivering stronger outcomes in higher education," said Governor Mike Braun. "It prioritizes efficiency, accountability, and measurable performance, ensuring Hoosier tax dollars are directed toward programs that demonstrate clear, long-term ROI. This model reinforces responsible stewardship and aligns funding with proven results and market demand."

Feedback received through stakeholder engagement and partner discussions highlighted key priorities for the new formula:

- Focusing on student outcomes by making credential and degree completion the primary metric;
- Incentivizing additional key outcomes that move the needle for students; and
- Keeping the formula simple and easy to understand.

The revised formula, which will be in place for the next two fiscal years, will award public institutions for completed degrees, with additional funding available when those degrees align to Indiana priorities, including:

- **Alignment** - Ensuring students graduate with the knowledge, skills, and experiences they need to be successful in an evolving workforce and positively contribute to our communities and state.
 - For example, institutions can earn additional outcomes-based funding if a credential includes meaningful, embedded work-based learning experience aligned with employer needs.
- **Affordability** - Making higher education more affordable for students and families.
 - For example, institutions can earn additional outcomes-based funding if the institution did not exceed the Commission's Recommendation for Tuition and Fees for the entirety of the intended program length.

- **Access** - Removing barriers (financial, informational, academic) that prevent students from enrolling in and completing postsecondary education.
 - For example, institutions can earn additional outcomes-based funding if the credential was earned in high school, such as the stackable Indiana College Core. Institutions can also earn additional outcomes-based funding if the credential includes an embedded stop-out credential, making it more likely that a student will finish a full degree later, thus improving overall outcomes.

“By refreshing Indiana’s Outcomes-Based Performance Funding formula, our goal was to align our investment to meaningful student outcomes,” said Dr. Katie Jenner, Indiana Secretary for Education. “This update ensures higher education is delivering the greatest value for students and is laser-focused on what matters most: completing a tangible credential or degree. Data consistently show that earning a credential or degree, especially in a high-demand field, opens doors to greater opportunity. This new formula intentionally incentivizes these proven results, giving more Hoosier students a clear path to a successful future.”

Per Indiana statute (IC-21-18-16), the OBPF formula must be reviewed and updated every two years to focus on mission differentiation for institutions, utilize recent data, allow institutions to be measured against themselves, and account for economic impact. Statute requires the Commission to develop two formulas, including a separate formula for Ivy Tech Community College; the Ivy Tech-specific formula will also apply to sub-associate and associate degrees completed at Vincennes University. This new formula would be in effect for two years beginning with the 2027-2028 fiscal year.

With the Commission’s unanimous approval of the updated formula, the new OBPF framework will be presented to the State Budget Committee later this fall for final approval.

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About the Indiana Commission for Higher Education

Created in 1971, the Indiana Commission for Higher Education (CHE, Commission) is the State's higher education coordinating agency, driven to improve economic and social mobility for fellow Hoosiers through postsecondary education and training, and is a part of Governor Mike Braun's Office of Education. The Commission also administers Indiana’s state financial aid programs, including [21st Century Scholars](#), which celebrated 35 years in 2025.