

TUITION AND FEE RECOMMENDATION

Indiana Commission for Higher Education

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Business Solutions

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INDIANA COMMISSION for
HIGHER EDUCATION

2025-27 TUITION AND FEE SETTING: RESPONSIBILITIES & CONSIDERATIONS

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STATUTORY RESPONSIBILITIES



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IC 21-14-2-12.5

- (a) This section applies to tuition and mandatory fees that a board of trustees of a state educational institution votes to increase under section 7 of this chapter.
- (b) Not later than thirty (30) days after the enactment of a state budget, the Commission shall recommend nonbinding tuition and mandatory fee increase targets for each state educational institution.
- (c) The state educational institution shall submit a report to the state budget committee concerning the financial and budgetary factors considered by the board of trustees in determining the amount of the increase.
- (d) The state budget committee shall review the targets recommended under subsection (b) and reports received under subsection (c) and may request that a state educational institution appear at a public meeting of the state budget committee concerning the report.

KEY CONSIDERATIONS



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- ▶ HOPE Agenda Goals
 - ▶ Enrollment
 - ▶ Completion
- ▶ Affordability
- ▶ Economic Landscape

ENROLLMENT & COMPLETION LANDSCAPE



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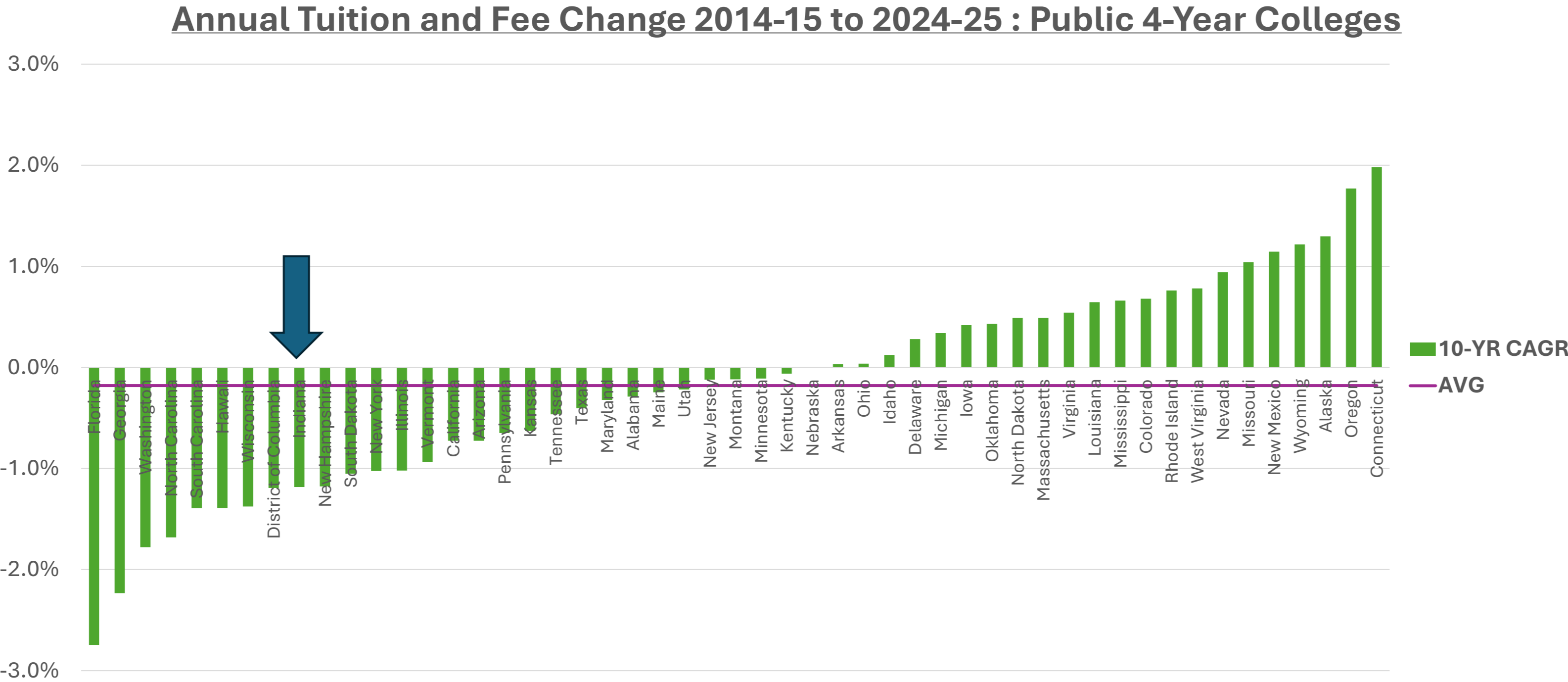
- ▶ Last fall, Indiana recorded 2.2% enrollment increase across its public institutions and 3.3% enrollment increase at its private non-profit institutions
- ▶ Indiana now 9th in nation for completion rates
- ▶ Considerable factors in our state's ability to increase enrollments and completion rates include our need-based financial aid programs and overall affordability

TUITION PRICING LANDSCAPE

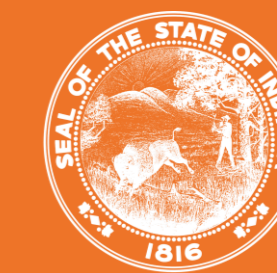


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- ▶ At Indiana's public four-year colleges, in-state tuition and mandatory fee rates fell by an average of **-1.2% annually** over the last decade (constant dollars); **the 8th largest decline in the nation**



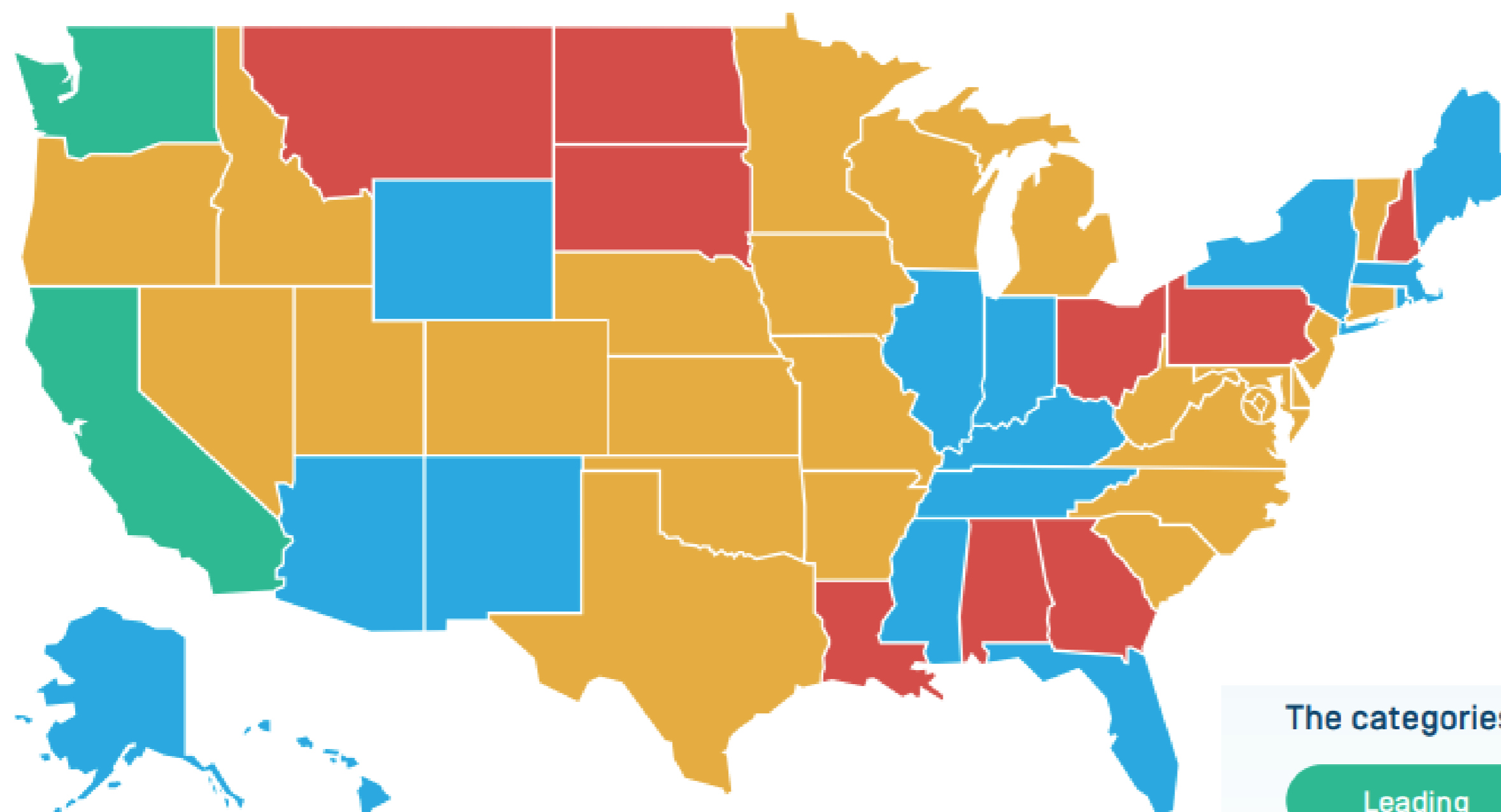
AFFORDABILITY LANDSCAPE: STRADA STATE OPPORTUNITY INDEX



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All Public Institutions

Figure 8:
Affordability of
post-high school
public education
by state



The categories for affordability are divided as follows:

Leading

Fewer than 10 hours
of work per week
during the school
year, full time during
the summer.¹⁴

Advanced

10-20 hours of work
per week during
the school year,
full time during
the summer.

Developing

20-30 hours of work
per week during
the school year,
full time during
the summer.

Foundational

More than 30 hours
of work per week
during the school
year, full time during
the summer.

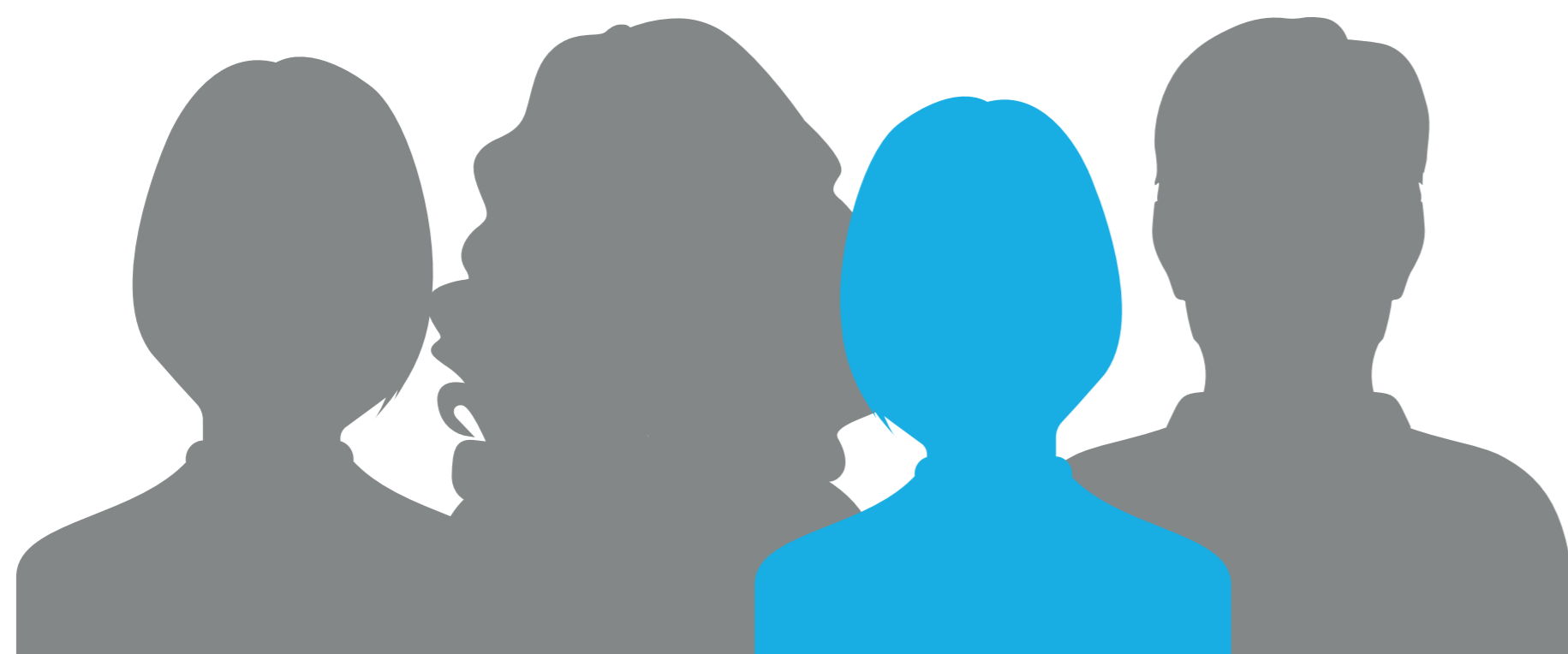


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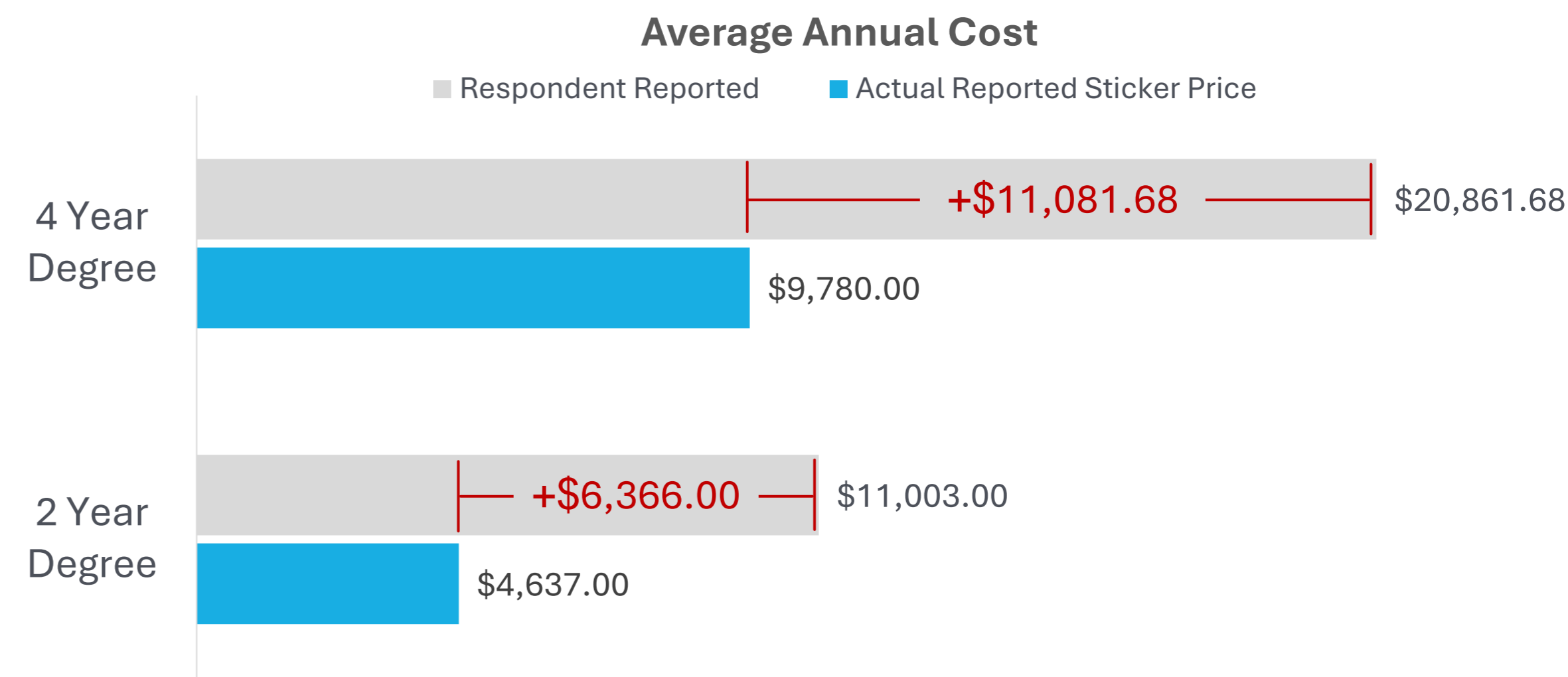
STICKER PRICE LANDSCAPE

Heart and Mind Strategies Research Findings

About 1 in 4 Hoosiers surveyed who report cost as a barrier do not believe reported tuition numbers.



Actual costs viewed with skepticism; all tend to over inflate the cost of annual in-state tuition.



Base: All Respondents

Weighted: HS Students (n=817); YA Students (n=497); Adult Learners (n=301); Parents of HS (n=798); Parents and Family of YA (n=298)

Q805A/B. Indiana has both public and private colleges and universities. What do you believe the annual cost of tuition and fees for in-state residents at an Indiana college or university is? This is the cost that someone who does not receive any financial aid would pay. Do not include books or room and board in your response.

Base: Believe Cost Is Barrier

Weighted: HS Students (n=320); YA Students (n=151); Adult Learners (n=71); Parents of HS (n=307); Parents and Family of YA (n=84)

Q810_A. How believable is this information to you? "As of 2021-22, the average annual cost of in-state tuition to a 4-year public college or university in Indiana was \$9,780. During the same year, it was \$4,637 at a public 2-year institution. This is the cost that someone who does not receive any financial aid would pay."



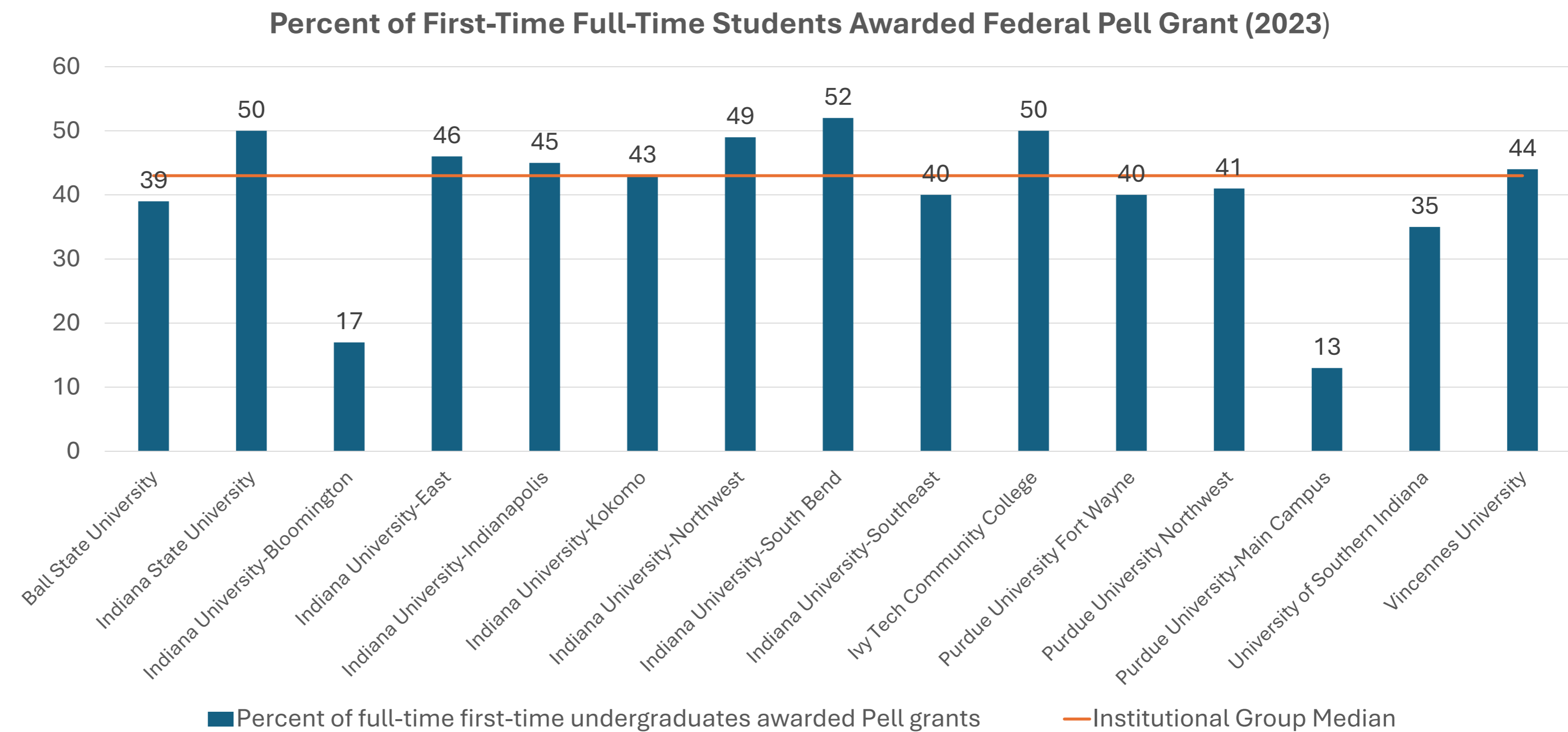
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NET PRICE LANDSCAPE

- ▶ At four-year publics (nationally)
 - ▶ Net price for families has declined since 2016-17 and hovered at \$17K last few years
- ▶ At two-year publics (nationally)
 - ▶ Net price for families has declined since 2020-21 and hovered at \$9K last few years

Bottom line: sticker/published prices contribute to misperceptions of actual cost

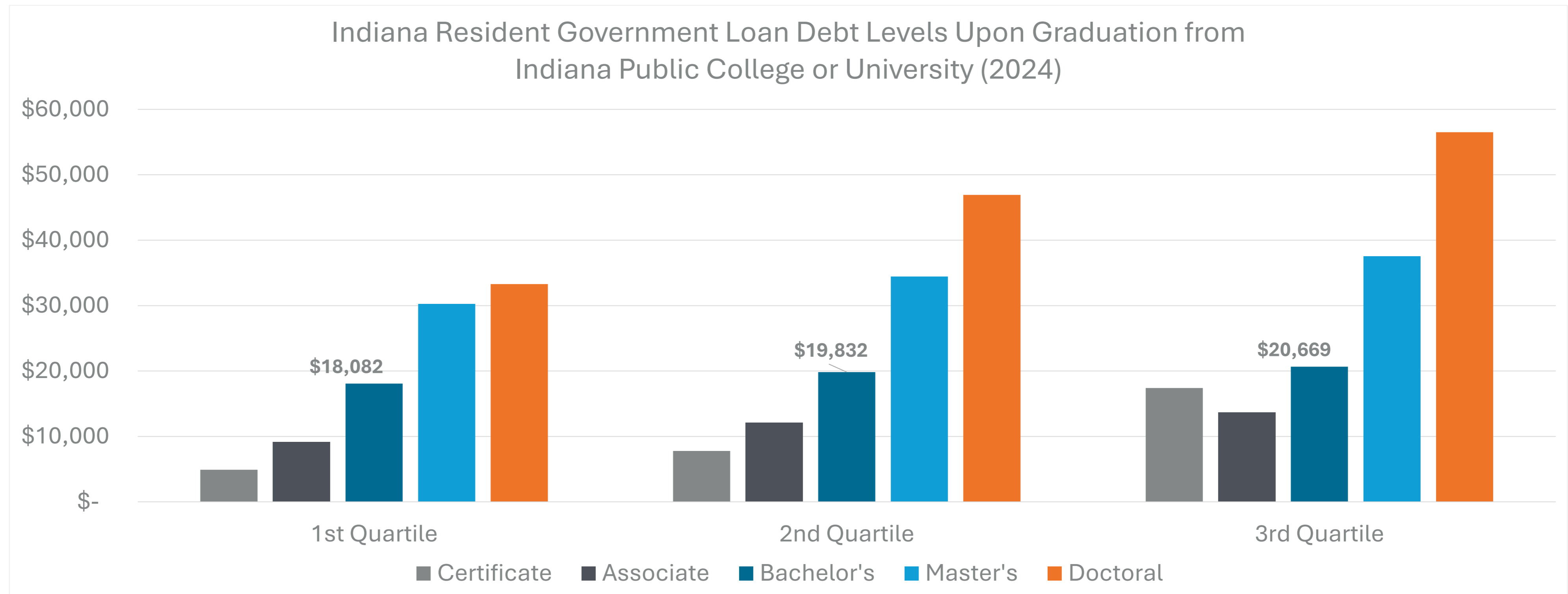
STUDENT NEED LANDSCAPE





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BORROWING LANDSCAPE



ECONOMIC LANDSCAPE: INFLATION INDICES



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- ▶ Higher Education Price Index (HEPI)
- ▶ Higher Education Cost Adjustment (HECA)
- ▶ Consumer Price Index – Urban (CPI-U)
- ▶ Consumer Price Index - Urban (Less Food and Energy) (CPI Core)
- ▶ Consumer Price Index - Midwest Region (CPI-MW)
- ▶ Consumer Price Index - Education and Communications (CPI-Ed&Com)

ECONOMIC LANDSCAPE



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Key Indiana Factors

- ▶ Alignment with priorities of Governor Braun
- ▶ Medicaid shortfall projection
 - ▶ \$1B shortfall
- ▶ April revenue forecast below expectations
 - ▶ \$2B shortfall

2025-27 TUITION AND FEE SETTING: RECOMMENDATION PROCESS

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CHE RECOMMENDATION DEVELOPMENT



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- ▶ Commission has historically considered each of the following in developing its recommendation:
 - ▶ Improving educational access and attainment
 - ▶ Affordability
 - ▶ National tuition-setting landscape
 - ▶ National and state economic landscape

CHE RECOMMENDATION HISTORY



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- ▶ Over last 8 biennia CHE maximum recommendation has ranged from **0% (floor) to 4.70% (ceiling)**
 - ▶ 2023 – up to 3.50% (3-year CAGR for 6 indices)
 - ▶ 2021 – up to 1.45% (3-year CAGR for Midwest CPI)
 - ▶ 2019 – up to 1.65% (3-year CAGR for 6 indices)
 - ▶ 2017 – up to 1.40% (3-year CAGR for 6 indices)
 - ▶ 2015 – up to 1.65% (3-year CAGR for Midwest CPI)
 - ▶ 2013 – up to 2.00% (3-year CAGR for 6 indices)
 - ▶ 2011 – up to 3.50% (varied by institution)
 - ▶ 2009 – up to 4.70% (varied by institution)

RECOMMENDATION



RECOMMENDATION



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- ▶ Governor Braun took office in January with the mindset of being efficient and finding savings in all levels of state government. The revenue forecast shows state must continue this effort with more vigor.
- ▶ The final state budget confirmed the Governor's direction: nearly all state agencies received at least a 5% operating reduction with an additional 5% held in reserve, including higher education institutions.
- ▶ Efficiencies and savings to be found in all levels of state government

RECOMMENDATION



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- ▶ Out of all state entities, our higher education institutions are in the best financial position to weather these cuts
- ▶ Institutions should address the reductions in the same way as other state entities: refocusing on their core missions and then finding efficiencies in accomplishing those, eliminating redundancies, and identifying ways to streamline the delivery of higher education
- ▶ For these reasons, the Governor Braun requests the Commission recommend institutions hold tuition and mandatory fees flat.

RECOMMENDATION



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- ▶ The Commissioner fully supports the Governor's recommendation
- ▶ Priority is to maintain Indiana's national leadership in affordability for students
- ▶ Access and affordability are critical to improving Indiana's educational attainment rates, leading to greater economic and social mobility and prosperity

DISCUSSION AND VOTE





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