

OUTCOMES-BASED PERFORMANCE FUNDING

2027-2029 Biennium

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INDIANA COMMISSION for
HIGHER EDUCATION

TODAY'S AGENDA

- I.** Our Why
- II.** Outcomes-Based Performance Funding (OBPF) History & Context
- III.** Proposed Direction & Plan for 2027-2029 OBPF
- IV.** Opportunity for Stakeholder Feedback

OUR WHY

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OBPF IN STATE LAW

IC 21-18-16

IC 21-18-16 Chapter 16. Outcomes Based Funding Formula

21-18-16-1	"Outcomes based funding formula"
21-18-16-2	Duty to create formula; align with long range plan for postsecondary education
21-18-16-2.5	Expired
21-18-16-3	Funding formula subject to review by budget committee; funding formula report
21-18-16-4	Duty to present funding results for each state educational institution at budget hearing
21-18-16-5	Duty to measure and make findings on progress in meeting long range plan with regard to the funding formula; present findings
21-18-16-6	Audit of data submitted by educational institutions
21-18-16-7	Distributions to state educational institutions

IC 21-18-16-1 "Outcomes based funding formula"

Sec. 1. As used in this chapter, "outcomes based funding formula" refers to the higher educational operating funding outcomes based formula created by the commission under section 2(a) and 2(b) of this chapter.

As added by P.L.66-2022, SEC.4. Amended by P.L.201-2023, SEC.225.

IC 21-18-16-2 Duty to create formula; align with long range plan for postsecondary education

Sec. 2. (a) The commission shall create a higher educational operating funding outcomes based formula that aligns with the goals outlined in the commission's long range plan for postsecondary education under IC 21-18-8.

(b) The commission shall create a separate higher educational operating funding outcomes based formula for Ivy Tech Community College that:

(1) aligns with the goals outlined in the commission's long range plan for postsecondary education under IC 21-18-8; and

(2) focuses on employer needs, positive wage outcomes, and stackable credentials.

(c) An outcomes based funding formula must be created and approved by the commission at a meeting of the commission on or before October 1 of each even-numbered year prior to each odd-numbered year in which the general assembly will reconvene in a first regular session and consider a state budget bill.

(d) The commission shall approve the metrics used for an outcomes based funding formula created under this chapter.

As added by P.L.66-2022, SEC.4. Amended by P.L.201-2023, SEC.226.

- ▶ State statute requires the formula:
 - ▶ Be aligned to the Commission's long-range plan
 - ▶ Be approved by the Commission by Oct 1 of each even-numbered year, and by the State Budget Committee afterward
 - ▶ Consider employer needs, positive wage outcomes, and stackable credentials for Ivy Tech
 - ▶ Be audited at least every two years

PERFORMANCE FUNDING ACROSS STATES

- ▶ Performance funding is often seen as a key accountability measure
- ▶ Over half of states incorporate performance into their funding models for institutions
- ▶ Some states tie a majority of funding to performance, while others tie a small portion (less than 10%)

OUR PRIORITIES

Having an outcomes-based performance funding mechanism allows for better:

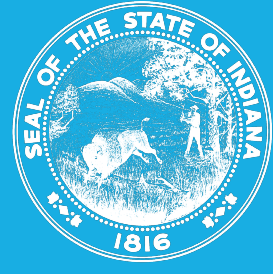
- ▶ **Affordability**: Reward practices that balance cost, quality, *and* return on investment
- ▶ **Access**: Encourage the removal of barriers to entry and timely completion
- ▶ **Attainment**: Hold institutions (and the state) accountable for delivering high-quality educational and work-based experiences that lead to completion
- ▶ **Alignment**: Recognize and celebrate the critical role higher education plays preparing students for success in in-demand roles

OBPF HISTORY & CONTEXT

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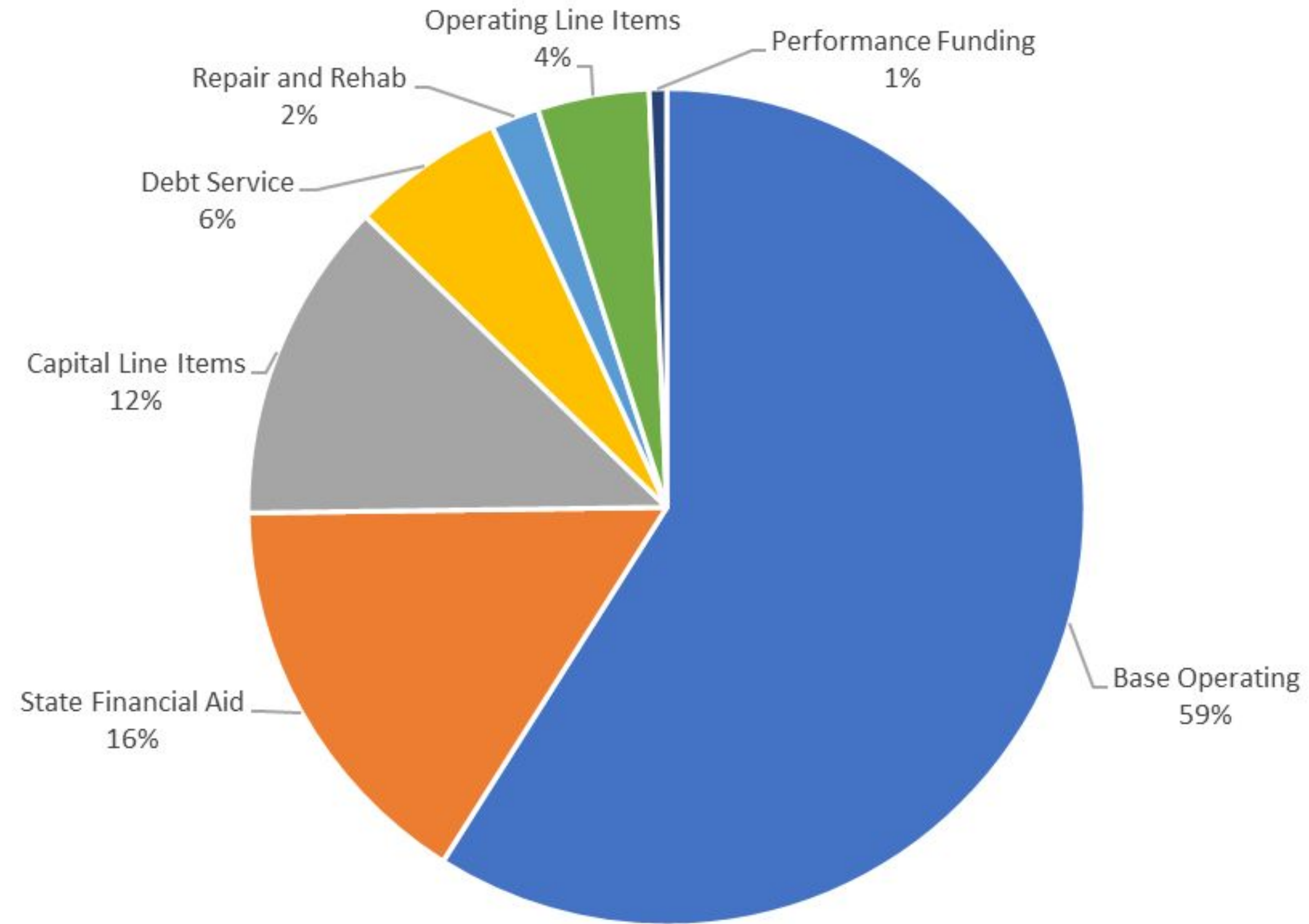


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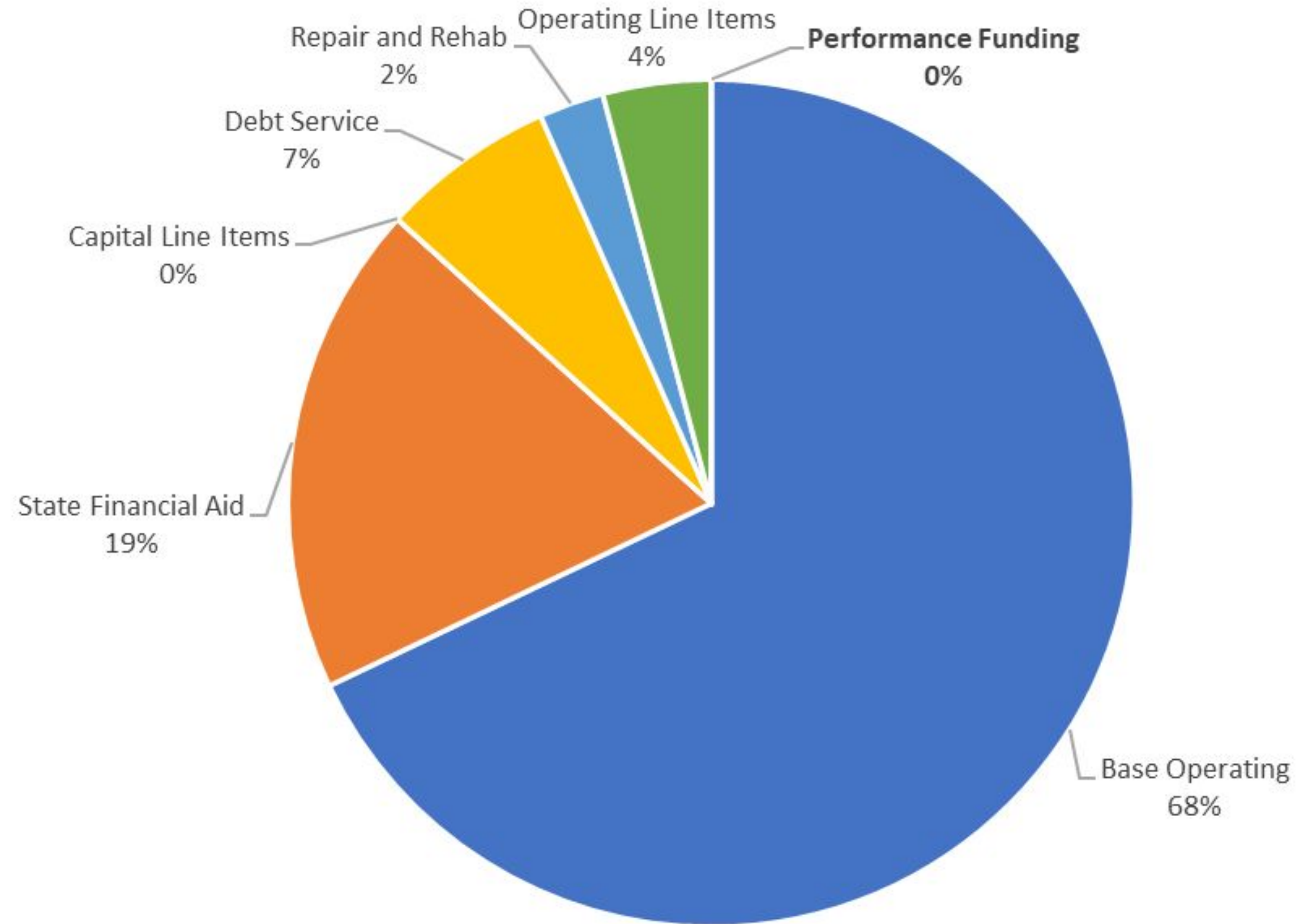
INDIANA HIGHER EDUCATION FUNDING (FY 24-25)





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INDIANA HIGHER EDUCATION FUNDING (FY 26-27)



Current Metrics:

- Low-Income Youth Enrollment
- Adult Enrollment
- On-Time Completion
- Overall Completion
 - Industry Certifications*
 - <30 credit Certificates*
 - >30 credit Certificates*
 - Associate Degrees*
- Low-Income Completion
- Adult Completion
- STEM Completion
- Graduate Retention
- Research Investment

*Ivy Tech Only

CURRENT OBPF FORMULA

- ▶ In place from 2023-2027
- ▶ A portion of appropriation could be earned by meeting or progressing towards goals
- ▶ **13 separate metrics**
 - ▶ 6-8 per institution
- ▶ Mission differentiation through different metrics and weights of metrics
- ▶ **OBPF was not funded in the 2025 Budget Bill due to an unprecedented tight budget.**

OVERWHELMING FEEDBACK ON CURRENT OBPF FORMULA



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Collected from stakeholders, including members of the General Assembly, business and industry leaders, and higher education leaders.

- ▶ “The formula **does not move the needle.**”
- ▶ “The formula does not focus enough on **outcomes.**”
- ▶ “The formula complexity makes it **difficult to understand and communicate.**”

PROPOSED DIRECTION & PLAN FOR 2027-2029 OBPF

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LOOKING AHEAD: 2027-2029 OBPF



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- ▶ Focus on **Earned Credentials**

- ▶ Funding is awarded for each credential conferred to Indiana in-state students each academic year.

- ▶ Emphasize Our **Priorities**

- ▶ Credentials earned in alignment with state educational priorities earn additional value in the formula.

- ▶ Recognition at the **Campus Level**

- ▶ Each campus still receives an individual calculation and appropriation.

HOW WOULD THIS WORK IN PRACTICE?

- ▶ **Introduction of Future OBPF Discussion** (May Commission Meeting)
- ▶ **Public Feedback Period** (Early Summer)
- ▶ **Formula Recommendation** (Summer/Fall)
- ▶ **Recommended Budget** (Winter)

CONSIDERATIONS FOR THE FUTURE OBPF FORMULA



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- ▶ **Additional Outcomes that Matter to Institutions, Employers, Families, and Students**
 - ▶ In addition to credential attainment, what (if any) outcomes should be considered?
- ▶ **Leveraging More Timely Data**
 - ▶ Currently, the OBPF formula uses data with a two year lag. How might we reduce this data lag?
- ▶ **Acknowledging Unique Campus Missions**
 - ▶ How might we better recognize each campus' unique mission?
- ▶ **Encouraging Educational Attainment in High School**
 - ▶ With more students earning a credential of value in high school, how might we better incorporate these attainment outcomes?

REVISIT OUR PRIORITIES



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- ▶ **Affordability**: Reward practices that balance cost, quality, *and* return on investment
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OPPORTUNITY FOR STAKEHOLDER FEEDBACK

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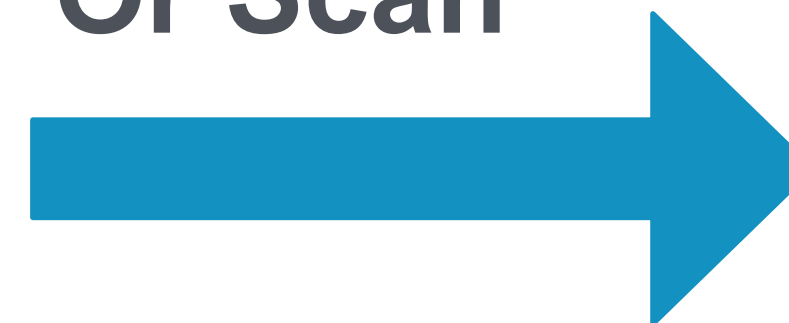
STAKEHOLDER FEEDBACK

- ▶ Submit feedback regarding Indiana's Outcomes-Based Performance Funding formula here:

<https://idoe.jotformgov.com/261316219606050>

- ▶ Submissions close Friday, July 3.

Or Scan





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