

2023-2025 Higher Education Biennial Budget Recommendation

Indiana Commission for Higher Education

October 27, 2022

1816

INDIANA'S BIG GOAL AND AREAS TO IMPROVE

- ▶ **60%:** Indiana's Big Goal of Hoosiers with credentials beyond high school
- ▶ Current rate: **48.3%**; Indiana ranks **39th out of 52** states and territories
 - ▶ Includes industry certifications, workforce credentials, two- and four-year degrees
- ▶ **Areas of focus to improve:**
 - ▶ K-12 college-going rate
 - ▶ Adult attainment rate
 - ▶ College grad retention

COLLEGE-GOING RATE

Strategies to combat the declining college-going rate in Indiana:

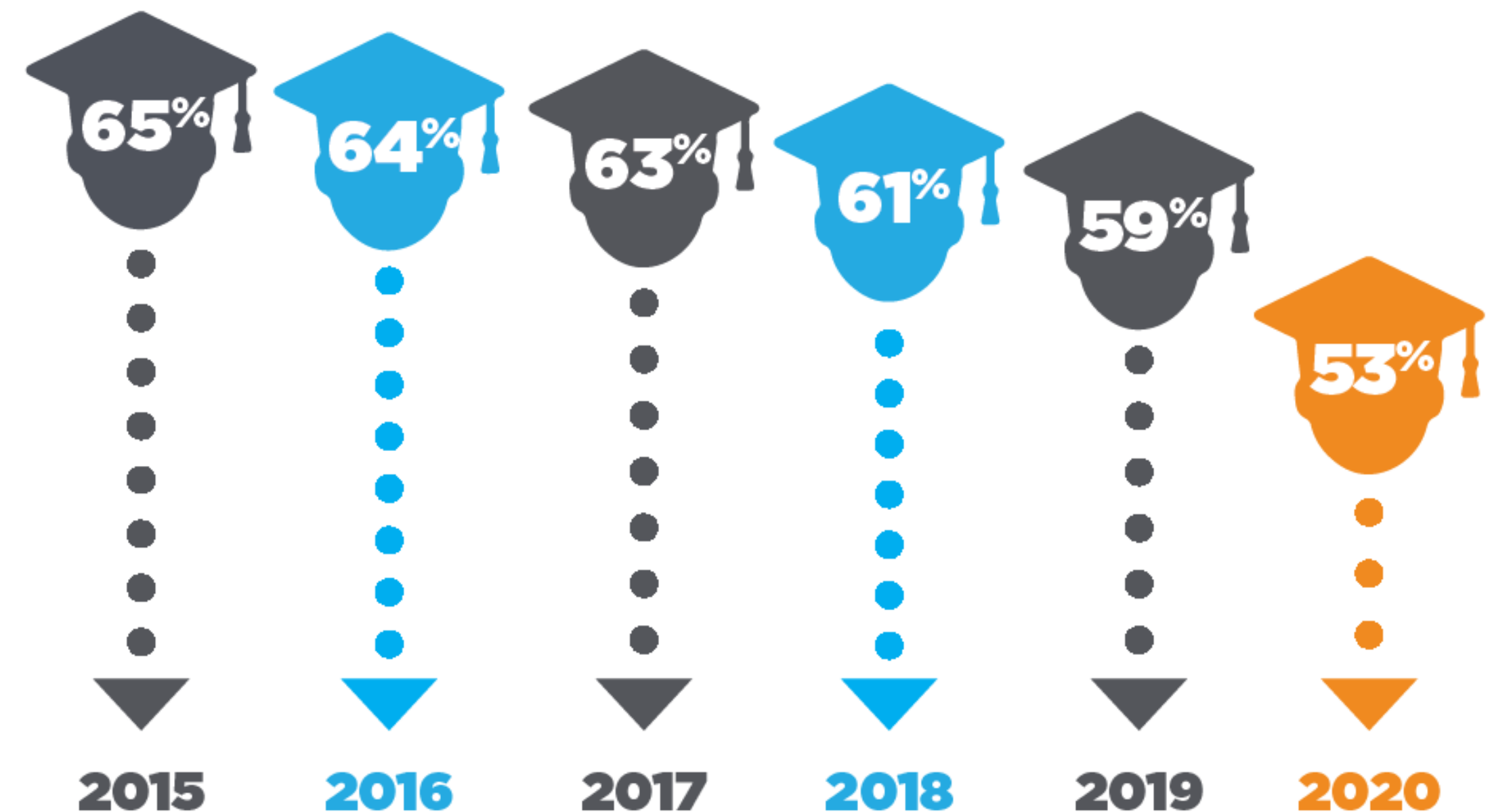
- ▶ New, dedicated K-12 Strategy focus
- ▶ Broader adoption of Indiana College Core
- ▶ Auto-enrolling all eligible students into 21st Century Scholarship program
- ▶ Increasing communications and marketing efforts around the value of higher education
- ▶ Returning the Frank O’Bannon Grant award amounts to pre-Great Recession rates

53%

**College-Going Rate
High School to College**

High Schoolers Going Straight to College

The rate of high school students enrolling in college continues to drop.



ADULT CREDENTIAL ATTAINMENT

Strategies to increase adult attainment:

- ▶ New, dedicated Adult Strategy focus
- ▶ Maintaining strong financial aid programs for adults: Workforce Ready Grant and Adult Student Grant
- ▶ Since 2017: WRG Enrollments: 65,594; WRG Completions: 38,646



GRADUATE RETENTION

Retention of Grads (attraction v. retention):

 **14th**
in attracting
people to come
to Indiana for college

40th
in
retaining
college graduates 



Strategies to increase retention:

- ▶ Working with the IEDC and IDDC to focus on improving graduate retention
- ▶ New funding formula will prioritize graduate retention by Indiana institutions
- ▶ Creating data spotlight on graduate production and Indiana's retention of graduates (by type and field)
- ▶ Maintaining the investment and momentum of the EARN Indiana high school work study pilot and efforts with Work and Learn Indiana (Indiana Chamber)

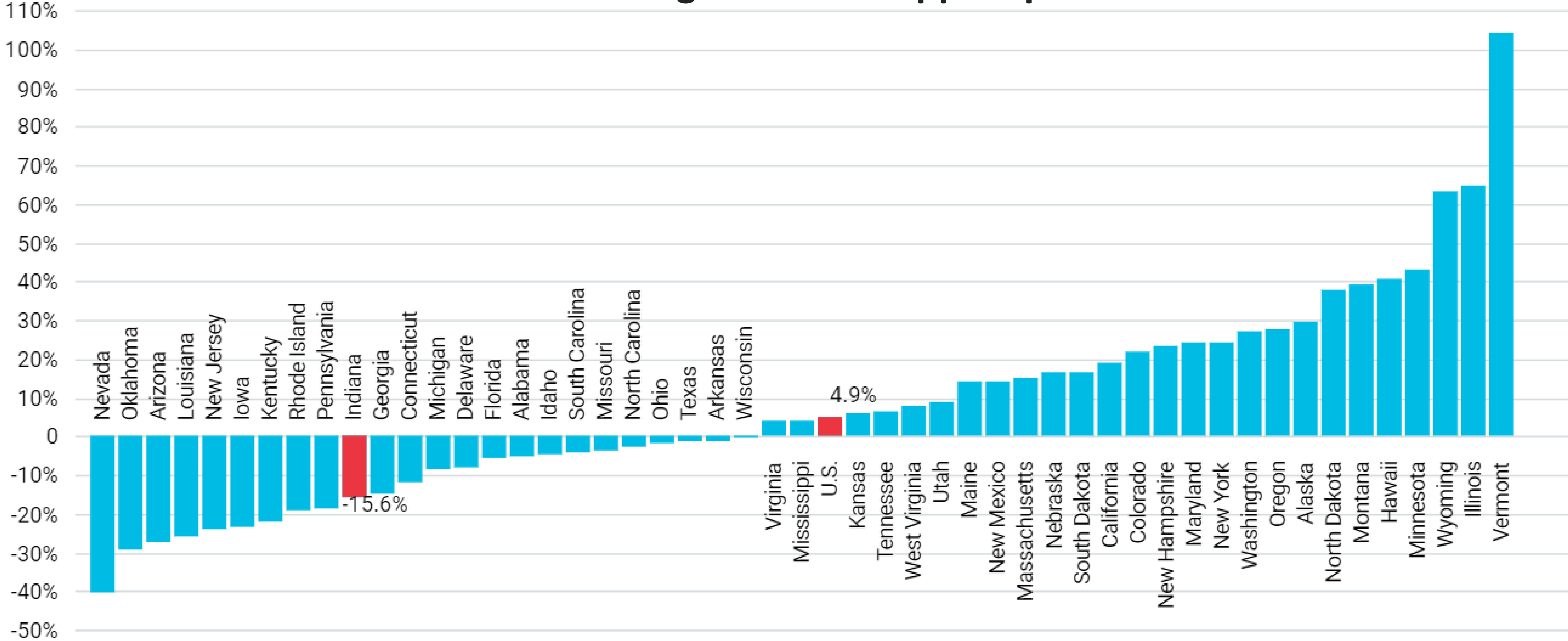
2023-2025 BUDGET RECOMMENDATION

NATIONAL LANDSCAPE



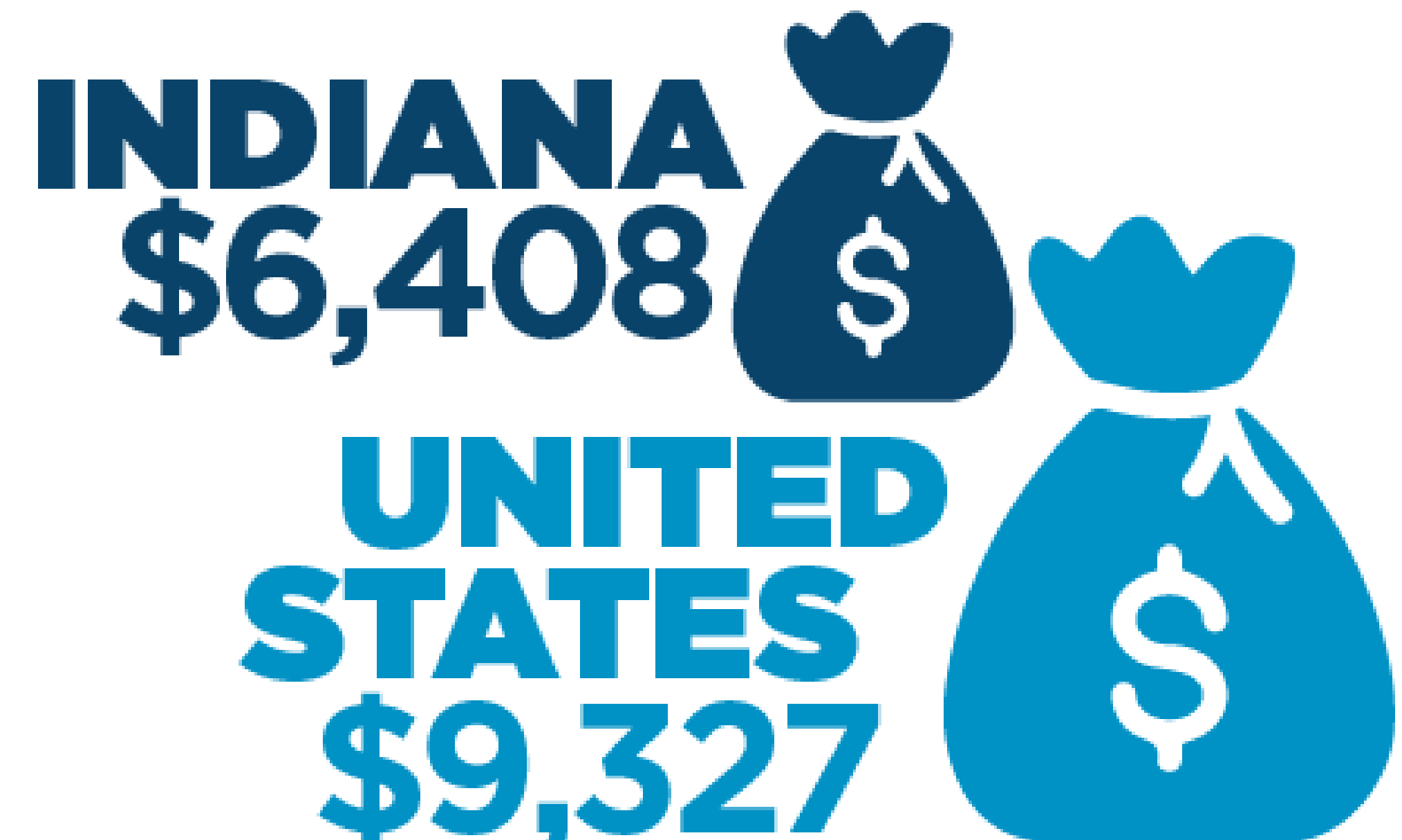
DECLINING STATE SUPPORT

15-Year % Change in State Support per FTE



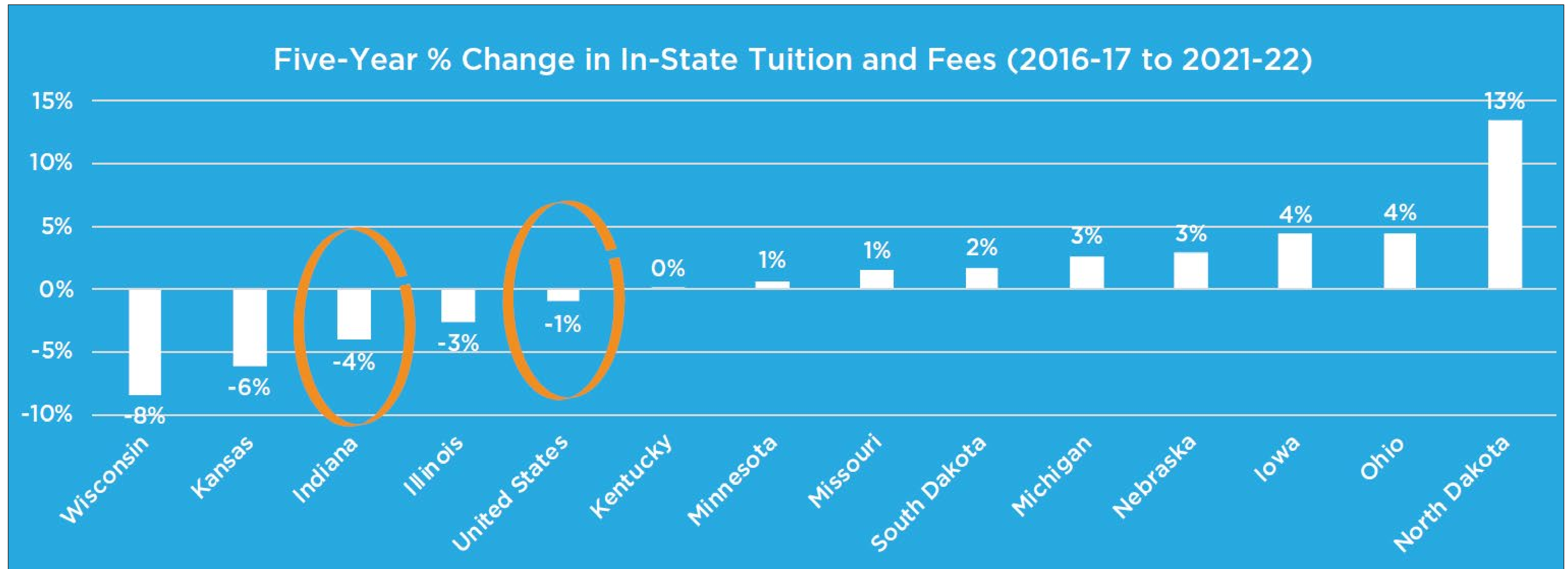
INDIANA RANKS 42ND IN HIGHER ED FUNDING

- ▶ Indiana ranks **42nd** in the nation for higher education funding
- ▶ State provides nearly **\$3,000 less** funding per full-time student (2021), compared to the rest of the United States
- ▶ Indiana's institutions have kept the rate of tuition increases at or below the rate of inflation



HIGHER ED IS A GOOD VALUE FOR HOOSIERS

- ▶ When adjusted for inflation, Indiana's public college tuition and fees have **decreased 4%** over the past five years; a **larger decrease** than the national average



2023-2025 BUDGET RECOMMENDATION

POST-SECONDARY IMPACT



ECONOMIC METRICS BY EDUCATION LEVEL

EDUCATION LEVEL	UNEMPLOYMENT RATE	INDIANA LABOR PARTICIPATION RATE	WAGES – MEDIAN INCOME (U.S.) (2019)	WEALTH – AVERAGE NET WORTH (U.S.) (2019)
LESS THAN A HIGH SCHOOL DIPLOMA	6.4%	42.3%	\$30,950	\$137,800
HIGH SCHOOL DIPLOMA	4.4%	57.0%	\$39,050	\$305,200
SOME COLLEGE OR ASSOCIATE DEGREE	2.6%	65.3%	\$44,850	\$376,400
BACHELOR’S DEGREE + UP	0.9%	73.0%	\$72,000	\$1,519,900

SOCIAL METRICS BY EDUCATION LEVEL

EDUCATION LEVEL	Percent of Hoosiers	Percent of Hoosiers using WIC Benefits (2020)	Infant Mortality (per 100,000 births) (U.S.)	Life Expectancy (U.S.)
LESS THAN A HIGH SCHOOL DIPLOMA	11%	19%	7.3	72 years
HIGH SCHOOL DIPLOMA	33%	50%	6.7	79 years
SOME COLLEGE OR ASSOCIATE DEGREE	29%	21%	5.2	80 years
BACHELOR'S DEGREE + UP	27%	8%	3.6	84 years

2023-2025 BUDGET RECOMMENDATION

STAFF RECOMMENDATIONS



BUDGET COMPONENTS

- ▶ **Operating**—Largest portion of higher education funding; direct state support to institutions
- ▶ **Student Financial Aid** —State tuition and fee support to students attending postsecondary institutions in Indiana
- ▶ **Debt Service/Capital** —State support for academic/administrative buildings bonded through student fees
- ▶ **Institution Line Items**—Specific line items housed within institutions for programs and services outside of the general operations (includes dual credit)
- ▶ **Repair and Rehabilitation** —State support for maintenance and upkeep of academic/administrative buildings
- ▶ **Other Higher Education Line Items** —State support for higher education functions, such as CHE, Medical Education Board, leases, Statewide Transfer Website, Budget Agency, etc.

RECOMMENDATION SUMMARY

- ▶ **Operating Funding: \$79M & \$105M**
(6% and 8%)
 - ▶ Base Adjustment: 2% & 3%
 - ▶ Legacy Performance Model: 1% & 1%
 - ▶ Prospective Performance Model: 3% & 4%
- ▶ **Repair and Rehabilitation**
 - ▶ Fully fund formula at 0.5%
 - ▶ \$10.3M/year increase
- ▶ **Dual Credit:**
 - ▶ Fully fund formula at \$50 per credit hour
 - ▶ \$2.9M/year increase
- ▶ **Capital Projects:**
 - ▶ Fund #1 priority project for each institution
 - ▶ \$476M or \$38M/year

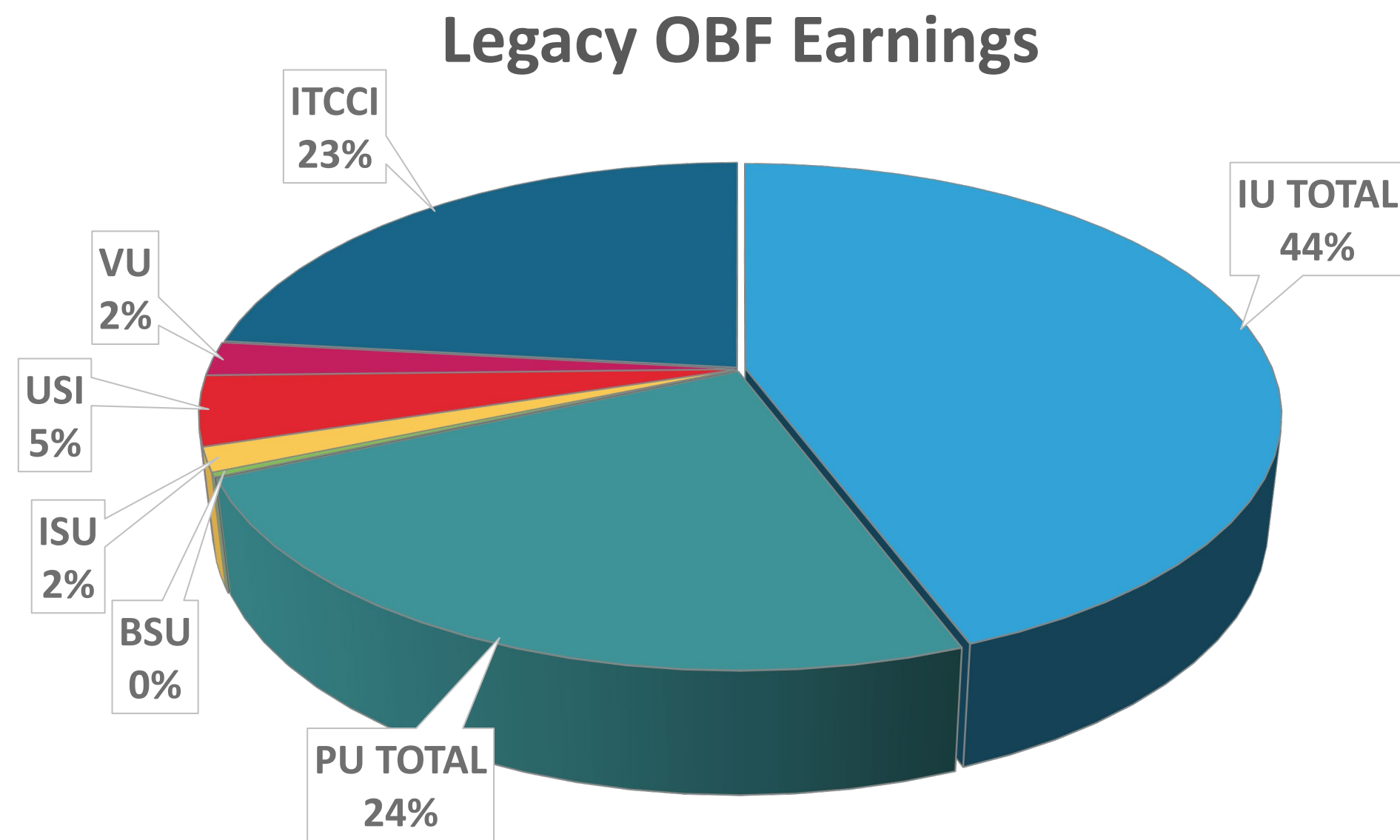
OPERATING: BASE ADJUSTMENT

- ▶ 2% base adjustment in FY 2024: \$28M
- ▶ 3% base adjustment in FY 2025: \$43M
- ▶ Includes IU Schools of Medicine and Dentistry, IU Fort Wayne programs, Purdue College of Veterinary Medicine, and Purdue land grant MOE



OUTCOMES-BASED FUNDING (LEGACY)

- ▶ Legacy Outcomes-Based Funding:
 - ▶ 1%, or \$12.5M new money in each year
 - ▶ No reallocation
 - ▶ Maintain 2021 budget weights for each of 5 metrics
 - ▶ Maintain degree level weights within each metric
 - ▶ Excludes IU Schools of Medicine and Dentistry, IU Fort Wayne programs, Purdue College of Veterinary Medicine, and Purdue land grant MOE



	Total Units	FY 2024			FY 2025		
		Per Unit Value	Metric Total	% of TOTAL	Per Unit Value	Metric Total	% of TOTAL
Overall Degree Completion Metric							
18-29 Cr Cert	3282	\$ 192	\$ 629,101	5.50 %	\$ 190	\$ 622,188	5.50 %
1 Yr Cert	2808	\$ 256	\$ 717,659	6.28 %	\$ 253	\$ 709,772	6.28 %
Associate	0	\$ 511	\$ 0	0.00 %	\$ 506	\$ 0	0.00 %
Bachelor	391	\$ 1,022	\$ 399,722	3.50 %	\$ 1,011	\$ 395,329	3.50 %
Master	629	\$ 511	\$ 321,515	2.81 %	\$ 506	\$ 317,982	2.81 %
Doctoral	24	\$ 256	\$ 6,134	0.05 %	\$ 253	\$ 6,066	0.05 %
			\$ 2,074,131	18.15 %		\$ 2,051,338	18.15 %
At-Risk Degree Completion Metric							
18-29 Cr Cert	386	\$ 481	\$ 185,740	1.63 %	\$ 476	\$ 183,699	1.63 %
1 Yr Cert	319	\$ 642	\$ 204,645	1.79 %	\$ 634	\$ 202,397	1.79 %
Associate	156	\$ 1,283	\$ 200,155	1.75 %	\$ 1,269	\$ 197,955	1.75 %
Bachelor	489	\$ 2,566	\$ 1,254,816	10.98 %	\$ 2,538	\$ 1,241,027	10.98 %
			\$ 1,845,356	16.15 %		\$ 1,825,078	16.15 %
STEM Degree Completion Metric							
18-29 Cr Cert	460	\$ 186	\$ 85,527	0.75 %	\$ 184	\$ 84,587	0.75 %
1 Yr Cert	753	\$ 248	\$ 186,671	1.63 %	\$ 245	\$ 184,620	1.63 %
Associate	126	\$ 496	\$ 62,472	0.55 %	\$ 490	\$ 61,785	0.55 %
Non-Research Institution Bachelor	41	\$ 992	\$ 40,656	0.36 %	\$ 981	\$ 40,209	0.36 %
Non-Research Institution Master	18	\$ 496	\$ 8,925	0.08 %	\$ 490	\$ 8,826	0.08 %
Non-Research Institution Doctoral	0	\$ 248	\$ 0	0.00 %	\$ 245	\$ 0	0.00 %
Research Institution Bachelor	330	\$ 2,479	\$ 818,081	7.16 %	\$ 2,452	\$ 809,091	7.16 %
Research Institution Master	103	\$ 1,240	\$ 127,670	1.12 %	\$ 1,226	\$ 126,267	1.12 %
Research Institution Doctoral	6	\$ 620	\$ 3,719	0.03 %	\$ 613	\$ 3,678	0.03 %
			\$ 1,333,720	11.67 %		\$ 1,319,063	11.67 %
Student Persistence Metric							
15 CH	134	\$ 41	\$ 5,525	0.05 %	\$ 41	\$ 5,464	0.05 %
30 CH (2 YR)	587	\$ 82	\$ 48,402	0.42 %	\$ 82	\$ 47,871	0.42 %
30 CH (4 YR)	38	\$ 82	\$ 3,133	0.03 %	\$ 82	\$ 3,099	0.03 %
45 CH	479	\$ 165	\$ 78,994	0.69 %	\$ 163	\$ 78,126	0.69 %
60 CH	283	\$ 165	\$ 46,671	0.41 %	\$ 163	\$ 46,158	0.41 %
90 CH	305	\$ 330	\$ 100,598	0.88 %	\$ 326	\$ 99,492	0.88 %
			\$ 283,323	2.48 %		\$ 280,210	2.48 %
On-Time Graduation Rate Metric							
2 Year	295	\$ 2,422	\$ 714,437	6.25 %	\$ 2,395	\$ 706,586	6.25 %
4 Year	1069	\$ 4,844	\$ 5,177,853	45.31 %	\$ 4,790	\$ 5,120,953	45.31 %
			\$ 5,892,290	51.56 %		\$ 5,827,540	51.56 %
TOTAL			\$ 11,428,820			\$ 11,303,229	

OUTCOMES-BASED FUNDING (LEGACY)

▶ Per Unit Values:

- ▶ Maintain 2021 metric weights
- ▶ Maintain 2021 degree-level weights
- ▶ Adjusted to 1% spend

2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (successfully completed credit hours)	Enrollment Change (successfully completed credit hours)					
Inflation Adjustments	Inflation Adjustments	Inflation Adjustments		Enrollment Change Dual Credit (successfully completed credit hours)					
					Student Persistence Incentive	Student Persistence Incentive	Student Persistence Incentive	Student Persistence Incentive	Student Persistence Incentive
					Remediation Success Incentive	Remediation Success Incentive	Remediation Success Incentive		
Equity Adjustment	Equity Adjustment	Equity Adjustment							
Plant Expansion/Leases									
Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive					
		Change in Number of Degrees	Change in Number of Degrees	Change in Number of Degrees	Change in Number of Degrees/Certificates	Change in Number of Degrees/Certificates	Change in Number of Degrees/Certificates	Change in Number of Degrees/Certificates	Change in Number of Degrees/Certificates with added overall degree completion bonus
			Low-Income Degree Completion	Low-Income Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion
					High-Impact Degree Completion	High-Impact Degree Completion	High-Impact Degree Completion	STEM Degree Completion (Science, Technology, Engineering, Math)	STEM Degree Completion (Science, Technology, Engineering, Math)
		Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate
					Institution Defined Productivity Metric	Institution Defined Productivity Metric			
		Two-Year Transfer Incentive	Two-Year Transfer Incentive						
			Workforce Development Incentive (funding non-credit coursework)						

EVOLUTION OF PERFORMANCE FUNDING



OUTCOMES-BASED FUNDING (PROSPECTIVE)

- ▶ Legislative Working Group and HCM Report
 - ▶ Mission differentiation: research, non-research, and two-year institutions
 - ▶ Utilizing more recent data
 - ▶ Allow State Educational Institutions to be measured against themselves

OUTCOMES-BASED FUNDING (PROSPECTIVE)

- ▶ Prospective Outcomes-Based Funding:
 - ▶ Up to 3%, or \$37.7M in FY 2024
 - ▶ Up to 4%, or \$50.2M in FY 2025
 - ▶ Total amount earned, up to \$50.2M, will be added to base for 2025-2027 budget
 - ▶ Excludes IU Schools of Medicine and Dentistry, IU Fort Wayne programs, Purdue College of Veterinary Medicine, and Purdue land grant MOE



OUTCOMES-BASED FUNDING (PROSPECTIVE)

		Base Appropriations	Prospective Appropriations	Prospective Paid	Total Paid	Prospective Carryforward
	FY 2023	100				
2023 Budget	FY 2024	100	10	2	102	
	FY 2025	100		5	105	3
2025 Budget	FY 2026	10 7	10 + 3 = 13	3	110	
	FY 2027	10 7		9	116	1
2027 Budget	FY 2028	1 19	10 + 1 = 11	5	134	
	FY 2029	1 19		4	133	2
2029 Budget	FY 2030	1 28	0 + 2 = 2	2	140	
	FY 2031	1 28		0	138	0

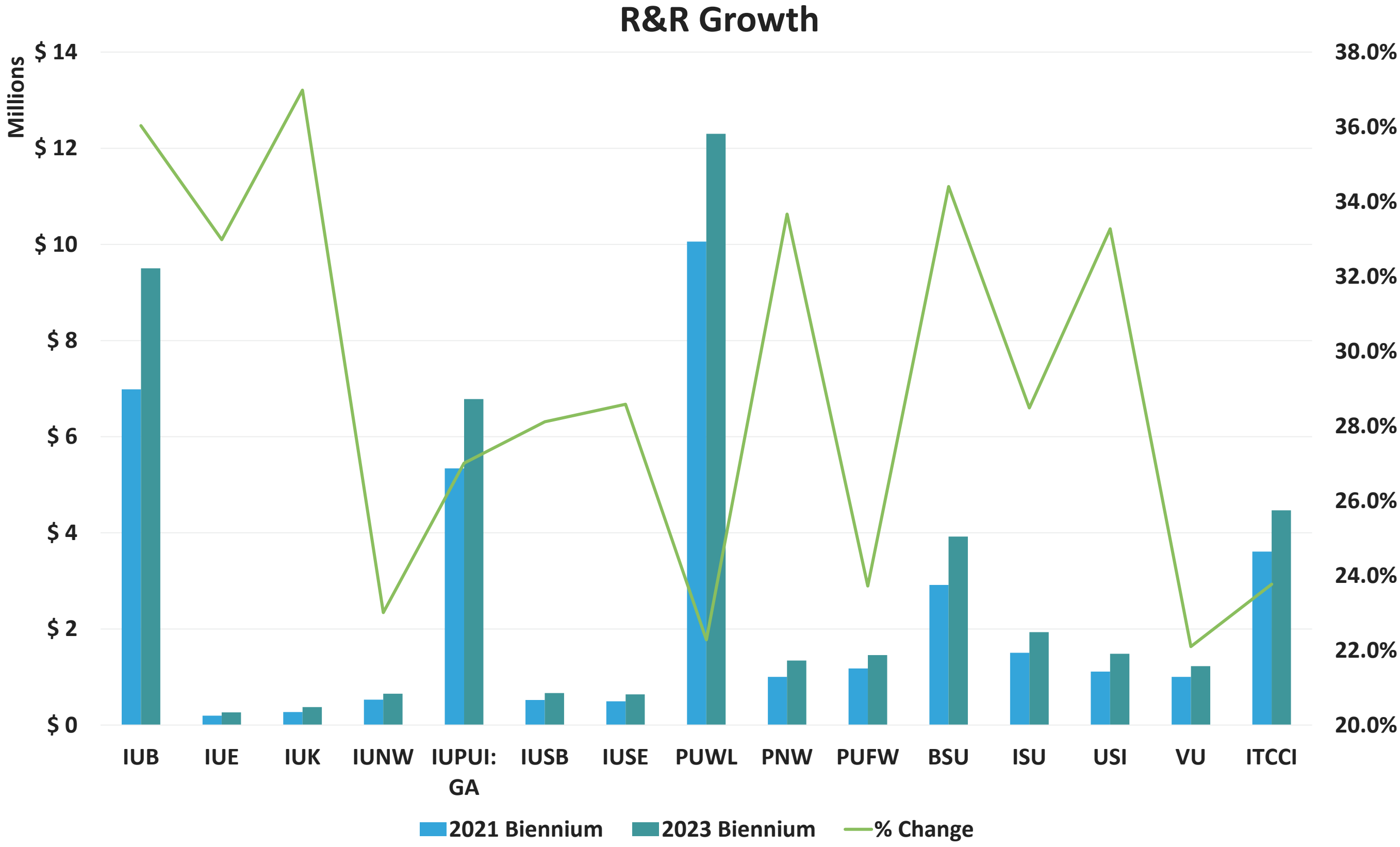
OUTCOMES-BASED FUNDING (PROSPECTIVE)

	2023 Budget					→	2025 Budget		
	Base Appropriations	Proportion	Potential Earnings	Amount Earned	Unearned Amount		New Base Appropriations	New Proportion	Change in Proportion
SEI 1 (university)	450	45%	45	+15	(30)	465	44.30%	-1.60%	
SEI 2 (university)	350	35%	35	+15	(20)	365	34.80%	-0.70%	
SEI 3 (university)	200	20%	20	+20	-	220	21.00%	4.80%	
Totals	1,000	100%	100	+50	(50)	1,050			

OPERATING TOTAL: NEW MONEY

	FY 2023			FY 2024				FY 2025			
	FY 2023 Approp	Excluded from OBF	OBF Base	1% Legacy	2% Base Adjustment	3% Prospective	Total New Funding	1% Legacy	3% Base Adjustment	4% Prospective	Total New Funding
IUB	\$ 198,962,890		\$ 198,962,890	2,045,271	3,979,258	5,968,887	\$ 11,993,415	2,153,907	5,968,887	7,958,516	\$ 16,081,310
IUE	\$ 15,042,686		\$ 15,042,686	83,658	300,854	451,281	\$ 835,792	82,739	451,281	601,707	\$ 1,135,727
IUK	\$ 16,526,185		\$ 16,526,185	195,006	330,524	495,786	\$ 1,021,315	192,863	495,786	661,047	\$ 1,349,696
IUNW	\$ 19,608,142		\$ 19,608,142	216,918	392,163	588,244	\$ 1,197,325	214,535	588,244	784,326	\$ 1,587,105
IUPUI: GA	\$ 122,110,562		\$ 122,110,562	2,462,874	2,442,211	3,663,317	\$ 8,568,402	2,435,810	3,663,317	4,884,422	\$ 10,983,549
IUSB	\$ 25,266,685		\$ 25,266,685	262,512	505,334	758,001	\$ 1,525,846	259,627	758,001	1,010,667	\$ 2,028,295
IUSE	\$ 21,181,815		\$ 21,181,815	296,636	423,636	635,454	\$ 1,355,727	293,377	635,454	847,273	\$ 1,776,104
IU SOMD	\$ 124,683,650	\$ 124,683,650			2,493,673		\$ 2,493,673		3,740,510		\$ 3,740,510
IUFW	\$ 4,971,250	\$ 4,971,250			99,425		\$ 99,425		149,138		\$ 149,138
IU TOTAL	\$ 548,353,865	\$ 129,654,900	\$ 418,698,965	5,562,875	10,967,077	12,560,969	\$ 29,090,922	5,632,857	16,450,616	16,747,959	\$ 38,831,431
PUWL	\$ 223,527,695	\$ 17,600,000	\$ 205,927,695	2,255,888	\$ 4,470,554	\$ 6,177,831	\$ 12,904,273	2,237,999	\$ 6,705,831	\$ 8,237,108	\$ 17,180,937
PNW	\$ 48,297,564		\$ 48,297,564	339,144	\$ 965,951	\$ 1,448,927	\$ 2,754,022	335,417	\$ 1,448,927	\$ 1,931,903	\$ 3,716,247
PU COVM	\$ 18,417,653	\$ 18,417,653			\$ 368,353		\$ 368,353		\$ 552,530		\$ 552,530
PUFW	\$ 44,856,416		\$ 44,856,416	424,721	\$ 897,128	\$ 1,345,692	\$ 2,667,542	420,054	\$ 1,345,692	\$ 1,794,257	\$ 3,560,003
PU TOTAL	\$ 335,099,328	\$ 36,017,653	\$ 299,081,675	3,019,753	\$ 6,701,987	\$ 8,972,450	\$ 18,694,190	2,993,469	\$ 10,052,980	\$ 11,963,267	\$ 25,009,716
BSU	\$ 133,010,951		\$ 133,010,951	35,781	\$ 2,660,219	\$ 3,990,329	\$ 6,686,328	35,388	\$ 3,990,329	\$ 5,320,438	\$ 9,346,154
ISU	\$ 74,498,951		\$ 74,498,951	192,992	\$ 1,489,979	\$ 2,234,969	\$ 3,917,939	190,871	\$ 2,234,969	\$ 2,979,958	\$ 5,405,797
USI	\$ 51,038,023		\$ 51,038,023	559,161	\$ 1,020,760	\$ 1,531,141	\$ 3,111,062	553,016	\$ 1,531,141	\$ 2,041,521	\$ 4,125,678
VU	\$ 44,475,375		\$ 44,475,375	270,878	\$ 889,508	\$ 1,334,261	\$ 2,494,647	267,902	\$ 1,334,261	\$ 1,779,015	\$ 3,381,178
ITCCI	\$ 235,110,368		\$ 235,110,368	2,917,704	\$ 4,702,207	\$ 7,053,311	\$ 14,673,222	2,885,641	\$ 7,053,311	\$ 9,404,415	\$ 19,343,367
TOTAL	\$ 1,421,586,861	\$ 165,672,553	\$ 1,255,914,308	12,559,143	\$ 28,431,737	\$ 37,677,429	\$ 78,668,310	\$ 12,559,143	\$ 42,647,606	\$ 50,236,572	\$ 105,443,321

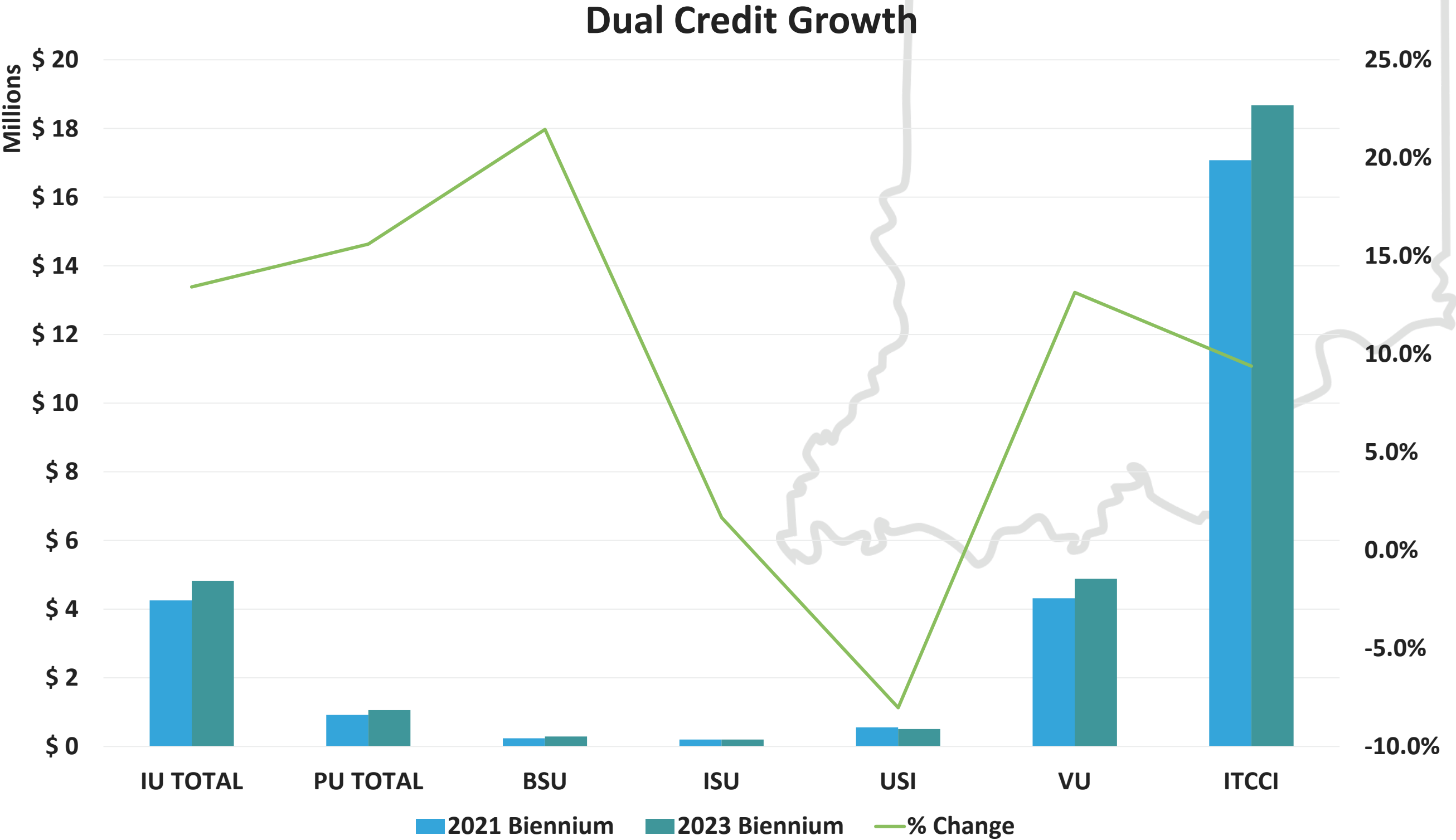
R&R



- ▶ Fully fund formula:
 - ▶ 0.5% of academic capital asset value
 - ▶ Unfreeze appropriations from 2019 levels
 - ▶ \$10.3M/year increase

DUAL CREDIT

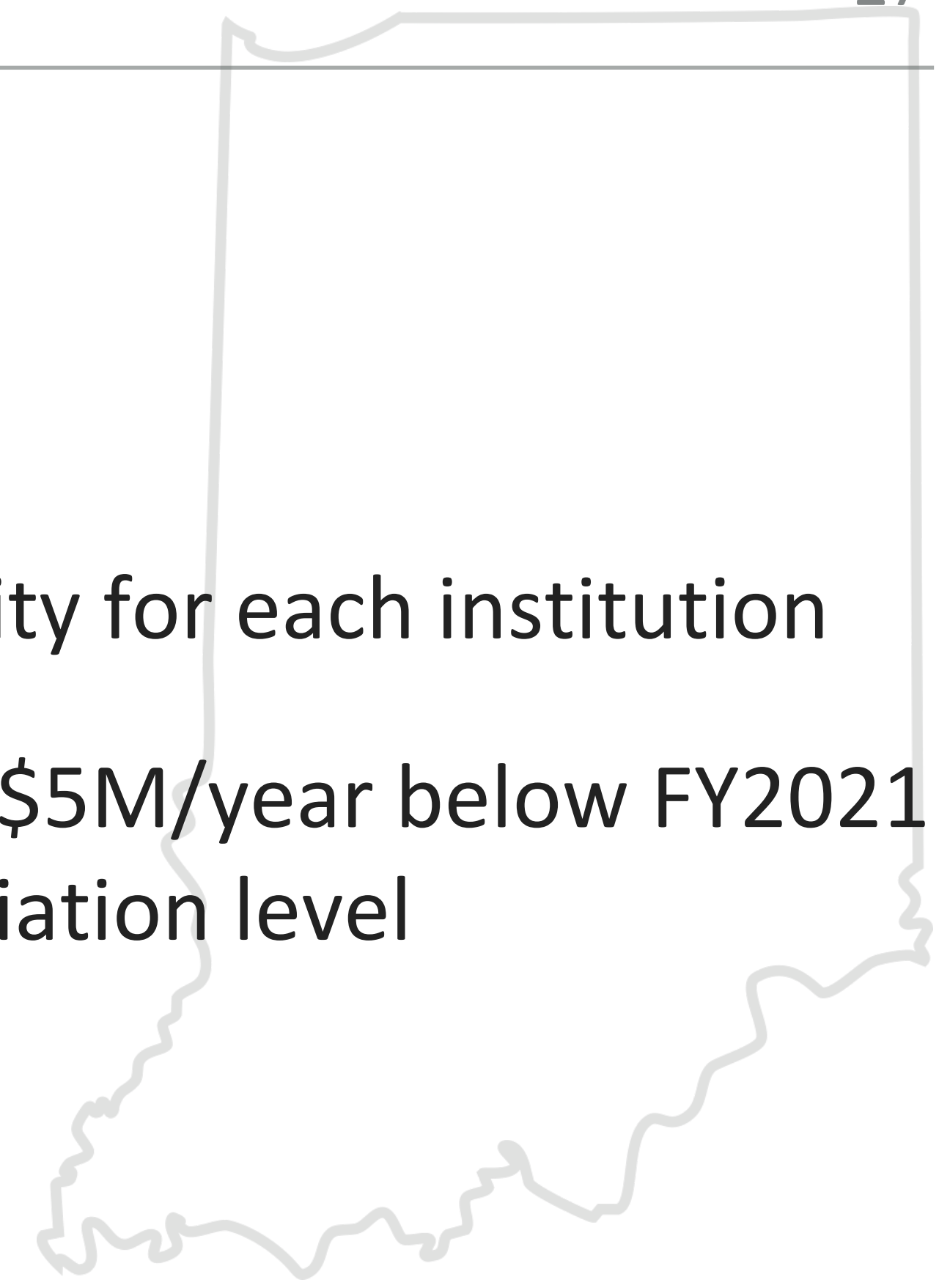
- ▶ Fully Fund Formula:
 - ▶ \$50 per credit hour in Technical + High Priority credits earned in 2020-2021 AY
 - ▶ \$2.9M/year increase



CAPITAL

	Requested State Funding	Est. Annual Payment
Ball State University		
North Campus Building Renovation	\$81,600,000	\$6,547,795
Indiana State University		
Center for Technology, Engineering & Design	\$66,000,000	\$5,296,011
Indiana University System		
Wells Quad – Public Health Renovation	\$89,500,000	\$7,181,712
Ivy Tech Community College		
Indianapolis Restructure	\$33,001,450	\$2,648,122
Purdue University System		
Nursing and Pharmacy Education Building	\$89,000,000	\$7,141,590
University of Southern Indiana		
Academic Renovation Phase I	\$83,000,000	\$6,660,135
Vincennes University		
Center for Health Sciences and Active Learning	\$33,900,000	\$2,720,224
TOTAL	\$ 476,001,450	\$ 38,195,588

- ▶ #1 Priority for each institution
- ▶ Remain \$5M/year below FY2021 appropriation level



CAPITAL REVIEW - 366

- ▶ SEA 366 requires the Commission to develop a model for evaluating capital projects for the 2025-2027 biennium
- ▶ Commission Staff will work over the next year to review national best practices, confer with institutional partners, and national experts

LINE ITEMS

- ▶ No changes
- ▶ Working with institutional partners to review existing line items



TOTAL FUNDING

	FY 2023 Appropriation	FY 2024				FY 2025		
		Appropriation	\$ Change from FY 2023	% Change from FY 2023		Appropriation	\$ Change from FY 2023	% Change from FY 2023
IHE Operating	\$ 1,421,586,861	\$ 1,500,255,171	\$ 78,668,310	5.53 %		\$ 1,527,030,182	\$ 105,443,321	7.42 %
IHE Debt Service	\$ 160,024,816	\$ 189,351,949	\$ 29,327,133	18.33 %		\$ 184,901,045	\$ 24,876,229	15.55 %
IHE Repair and Rehab	\$ 36,741,725	\$ 47,020,852	\$ 10,279,127	27.98 %		\$ 47,020,852	\$ 10,279,127	27.98 %
Dual Credit	\$ 27,553,320	\$ 30,446,950	\$ 2,893,630	10.50 %		\$ 30,446,950	\$ 2,893,630	10.50 %
Total	\$ 1,645,906,722	\$ 1,767,074,922	\$ 121,168,200	7.36 %		\$ 1,789,399,030	\$ 143,492,308	8.72 %



INDIANA COMMISSION *for*
HIGHER EDUCATION