

FY2023-25 Biennial Request Summary

Operating Request

Components of Operating Appropriations Submission

In accordance with the joint instructions issued by the Indiana Commission for Higher Education (ICHE) and the Indiana State Budget Agency, Indiana University has submitted its outcomes-based funding data. This data will enable ICHE to produce biennial funding recommendations in late 2022, rewarding IU for success in pursuing state higher education goals. In addition, IU's biennial operating request includes fee replacement appropriations necessary to make debt service payments on state approved facility bonds. Finally, IU's request includes a request for a 2.5% annual increase in existing special line items for each fiscal year of the 2023-25 biennium. IU also requests that dual credit funding be reinstated to \$50 per credit hour.

Outcomes-based Funding (OBF)

For the past several biennia, Indiana University has raised various concerns with the implementation of the state's performance funding formula, even while remaining supportive of the general concept of such a funding mechanism. Primarily, our concern has centered around the so-called "large, high-performing campus" problem. In short, large campuses with sustained levels of success on the formula's metrics both provide the most money to the funding pool via reallocation, but simultaneously have little opportunity to earn money through the formula because they little upward room left to demonstrate incremental growth. This has resulted in campuses like IU Bloomington facing decreases in their operational appropriation for several years in a row, virtually by default and despite sustained success.

Similarly, while IU's regional campuses have performed very well under the formula for the past decade, they have also achieved levels of success on the metrics that leave less room for upward growth in the future and face a similar prospect to Bloomington in coming years. We have also asked for restoration of a metric that rewards research gains, and for more mission differentiation in the metrics.

We were very appreciative, then, that in the fall of 2021 the Indiana General Assembly convened a Higher Educational Operating Funding Working Group, which included representatives of each public institution and delivered a set of proposals for future formulas. We have been similarly appreciative of the efforts of new Commissioner for Higher Education Chris Lowery to act on these proposals and incorporate them into the funding model.

While many details around such a funding model, as well as how it might be handled in a transitional biennium, are left to be determined, we are generally supportive of a wholesale reimagining of this funding mechanism. In particular, we support any model that is more transparent; that incentivizes collaboration between institutions; that allows individual institutions or campuses to be rewarded for achieving missions-specific goals; and that recognizes the contributions of higher education institutions to the health of the state economy in varied ways beyond degree completion. We look forward to continued partnership with the Commission for Higher Education, our sister institutions, and the state legislature on this initiative as we work through the current state budgeting process.

IU Performance on Metrics

	BL	IUPUI	EA	KO	NW	SB	SE
Overall Degree Completion							
Bachelor's Degree	48	135	-9	3	-37	-8	2
Master's Degree	80	87	10	25	24	24	17
Doctoral Degree	-16	3					
STEM Degree Completion							
Bachelor's Degree	-30	106	1	2	-7	-7	-5
Master's Degree	36	50	4			-1	
Doctoral Degree	5	1					
At Risk	66	-86	-38	-29	-14	-29	0
At-Risk, On-Time	6.9%	10.3%	3.0%	5.4%	8.2%	4.1%	7.7%
At-Risk Composite Value	89	150	5	12	20	16	24
On-Time	205	338	13	26	29	39	42
Student Persistence	30		-17	30	8	-27	-20
	60		12	49	18	41	46
	90		8	30	28	41	55

Schools of Medicine and Dentistry

Because enrollment in IU’s Schools of Medicine and Dentistry is dominated by graduate students and the metrics are primarily related to undergraduate students, the state funds these schools “outside” the performance funding formula. Specifically, the combined appropriation for the schools was increased by the same percentage increase in total new state operating funds appropriated under the performance funding formula in the last few biennia. IU requests that this precedent and funding mechanism again be applied for the FY 2023-2025 biennium, or—in the event a new funding formula is adopted—a manner that approximates this past mechanism.

Fee Replacement Appropriations

Working in collaboration with ICHE and the Indiana Finance Authority, IU has submitted updated fee replacement data. For the FY 2023-2025 biennium, changes in fee replacement appropriations are determined by additional fee replacement amounts required for any capital projects authorized by the General Assembly for funding by the state

Special State Appropriations

In addition to its general operating appropriation, IU also receives state appropriations for several special line items for programs that provide a unique service to the state. IU requests an annual increase of 2.5% to existing line-item appropriations (except Dual Credit). This increase will be used to support inflationary increases in operating expenses. For Dual Credit, IU requests funding of per \$50 per credit hour for the 2023-25 biennium.

Existing Special State Appropriations	FY2023	FY2024			FY2025		
	Appropriation	Request	Amount Change	Percent Change	Request	Amount Change	Percent Change
Clinical and Translational Science Institute	\$ 2,500,000	\$ 2,562,500	\$ 62,500	2.5%	\$ 2,626,563	\$ 64,063	2.5%
Dual Credit*	\$ 4,253,715	////////////////////////////////////					
Global Network Operations Center	\$ 721,861	\$ 739,908	\$ 18,047	2.5%	\$ 758,405	\$ 18,498	2.5%
I-Light Network Operations	\$ 1,508,628	\$ 1,546,344	\$ 37,716	2.5%	\$ 1,585,002	\$ 38,659	2.5%
Indiana Geological and Water Survey	\$ 2,783,782	\$ 2,853,377	\$ 69,595	2.5%	\$ 2,924,711	\$ 71,334	2.5%
Indiana GigaPoP	\$ 672,562	\$ 689,376	\$ 16,814	2.5%	\$ 706,610	\$ 17,234	2.5%
Indiana Institute on Disability and Community	\$ 2,105,824	\$ 2,158,470	\$ 52,646	2.5%	\$ 2,212,431	\$ 53,962	2.5%
Spinal Cord and Head Injury Research	\$ 553,429	\$ 567,265	\$ 13,836	2.5%	\$ 581,446	\$ 14,182	2.5%
Total	\$ 15,099,801	\$11,117,238	\$ 271,152		\$11,395,169	\$ 277,931	

* Calculation based on per credit hour formula

Capital Request

- Wells Quad-Public Health renovation:** This project will renovate portions of Wells Quad and School of Public Health facilities on the Bloomington campus, including Sycamore Hall, Sarah Parke Morrison Hall, Music Addition and Public Health, totaling approximately 572,000 gross square feet. Student spaces will be updated with the latest technologies to support learning, teaching and research, including classrooms in all buildings and music practice rooms and rehearsal spaces in the Music Addition. Work will also include installation of new, energy-efficient building systems in all buildings, and façade repairs and installation of new windows as needed. The cost of this project is estimated to be \$89.5 million.
- IU School of Nursing Infrastructure Renovation:** Will renovate the School of Nursing located on the IUPUI campus, totaling approximately 140,000 gross square feet. Classrooms, the auditorium and learning spaces will be updated; new energy-efficient building systems will be installed; windows replaced, and restrooms will be renovated. This project is estimated to be \$27 million.
- Research laboratory infrastructure renovation:** This project will renovate research laboratories in four STEM-focused buildings -- science, technology, engineering and math -- and install a combined heat and power system, all on the Bloomington campus. Lab facilities and related infrastructure will be updated in Biology Hall, Chemistry, Multidisciplinary Engineering and Science Hall, and Psychology. A combined heat and power system also will be installed at the Central Heating Plant to provide emergency backup electrical power to critical student residences and science and research facilities. This project is estimated to be \$65 million.
- Regional campus deferred maintenance:** This will continue the university's commitment to addressing repairs and renovations of facilities and infrastructure through projects impacting 16 buildings on five campuses. Work will include upgrades or replacements to mechanical and heating systems, elevators, roofs, skylights, lighting, labs, restrooms, and hardscapes. This project is estimated to cost \$25 million.