Ball State University

State Budget Committee Presentation

November 14, 2012
Ball State:

- Makes a positive impact in Indiana
  - Understands, and is acting on, the state’s priorities
  - Has seen significant cuts over the past several biennia
  - Is concerned about the long-term impact of the current funding approach

and...

Needs your help
A Distinctive Option For Hoosiers

Ball State University: An increasingly selective institution, focused primarily on a high-quality undergraduate experience for Hoosiers
Employers Value Immersive Learning

- **Hart Research Associates 2010 Study** – According to employers, the top two emerging educational practices that prepare college students for employment success:
  - A significant project that demonstrates their depth of knowledge.
  - An internship or community based field project to connect classroom learning with real world experience.

- **Battelle 2012 Study**
  - Indiana’s education issue is not quantity – Indiana places in the upper half of states both in college entry and completion and confers baccalaureate degrees at a rate higher than the national average.
  - Experience matters; internships and real world learning experiences create a better work-ready college graduate.
Ball State’s Quality Impacts Indiana

- **Immersive Learning** cited by peers in national publications
  - Often leads to career decisions and employment offers
- An **Entrepreneurial Focus** for all students
  - Indiana’s dependency on entrepreneurial businesses
- Recognized as a national leader in **New and Emerging Media**
  - A growing part of the Indiana economy

**U.S. News & World Report** ranks Ball State 8th among "up-and-coming" colleges and universities for 2011
A student team **designed and created an online native plant specification tool to aid in improving** the success rate of ecological restoration projects.

“I wanted to take a moment to share with you the tremendous value this program is delivering. “ Vice president – Strategy & Marketing

A student team conducted research and **delivered a marketing plan** for the division’s **national expansion** into a new testing service line.

“Utilizing these talented students is **a great way to accelerate our progress** in the Food & Micro Division.” President – Environmental and Microbiology Division

**PROJECTiONE.com**

An Indiana **design and fabrication studio** started by recent graduates, PROJECTiONE began as a collaborative architectural thesis at Ball State University.

Riley Sunrise: “Our installation for Riley Hospital for Children”.

**Ball State’s Center for Media Design** has worked with **ExactTarget** on several projects. Recently, the company asked Ball State to **develop and deliver training** for their employees. One more way BSU is **helping attract and develop talent** in one of Indiana’s growing industries...

**Over 135 immersive learning projects had a business as their partner**
Quality Experiences Lead to Employment
Alternatives that Impact Indiana

Growth in off-campus Education

- 57% growth in lower-cost options attractive to non-traditional students

4 top 20 rankings in U.S. News & World Report’s online program rankings, more than any other in Indiana
Impacting INdividuals

- **3 Rhodes finalists** and **50** other national scholarships and fellowships since 2006

- **54 nationally ranked** or recognized **academic** programs

- **16,416** students have participated in **1,019 immersive learning** projects impacting **74 Indiana counties**

- **U.S. News & World Report** listed Military 2 Market (M2M), a partnership with **Crane** that is part of our **entrepreneurship** program, **first** among “10 College Classes That Impact the Outside World”

- **Geothermal** project created **2,300 jobs**; redefined a declining **Hoosier industry**
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Aligned with ICHE’s Strategic Plan

- Ball State’s prior and current strategic plan each have over 100 measurable performance indicators
- Most are directly aligned with the Commission’s priorities
Completion Initiatives

- **Free tutoring** to all students
- **Removed** scheduling **impediments**
- **Reduced minimum credit hours** for degree from 126 to 120
- Degree in Three program – **graduate in three years**
- **Career counseling** starting at freshman orientation
- Restructured tuition – students can **take more hours for less money** with On-line and summer options
- Completion **Scholarship for graduating in four** or fewer years
- Financial penalty for credit hours over 144
- “**Think 15**” campaign
Chronicle of Higher Education recently reported that Ball State had the 6th highest long-term improvement in 6-year graduation rates of any public, research university in the nation:

San Diego State
Georgia State
Temple University
University of Pittsburgh
Ohio State University
Ball State University
Comparing Change in 4-Year Graduation Rates

Every Other Indiana 4-Year Institution of Higher Education

BSU

2000/2001 Average

2008/2009 Average

Average increase is 2.07 percentage points

Ball State is #1 with 12.64 percentage points
IPEDS Comparison of Graduation Rates

35 peers selected by the U.S. Department of Education
(based on research classification, size, selectivity, cost, etc.)

Productivity: Actions Taken to Cut Costs

- Implemented hiring freeze/delays
- **Limited salary increases**
- Reduced pension contributions
- **Restructured health care benefits**
- Reduced overtime costs
- Decreased maintenance costs
- Reduced funding for travel
- **Delayed repair/rehabilitation projects**
- Implemented geothermal project
- Joined several purchasing consortiums
- **Educated more students without adding additional space**
- Increased space utilization

- Generated additional external resources
- **Restructured tuition**
- Reduced minimum credit hours for most degrees
- Conducted academic program reviews
- Implemented print management policy
- Renegotiated labor contract
- Accelerated wellness initiative
- **Increased summer usage of campus**
- Reduced hardware and software licensing expenses
- **Reduced energy expenses through conservation and operations**
Actions Impact Affordability

FY 2011-12 Expenditures Per FTE
(actual and what we would have spent if we hadn’t taken the cost-cutting actions that make us more efficient than national/state peers)

Actions result in $2,648 in tuition savings for every student

External studies show that Ball State is well below national and state averages in expenses in these key areas

- Without staffing savings
- Without salary savings
- Without healthcare savings
- Without energy savings

Actual expenditures per full-time student
Example: Salary Comparisons

35 peers selected by the U.S. Department of Education
(based on research classification, size, selectivity, cost, etc.)

Ball State Spends Less Now than in 2002
(Adjusted for Inflation - CPI)

General Fund expenditures per FTE

General Fund expenditures per FTE adjusted for inflation
Ball State Expenditure Growth Compared to CPI and Hoosier Income

Percentage Increase 2001-02 to 2011-12

- Hoosier per capita income grew 31% more than Ball State expenditures.
Where We Spend Our Money

Core expenses per FTE enrollment, by function: Fiscal year 2011

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(based on research classification, size, selectivity, cost, etc.)

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Deep Cuts to Ball State Appropriations

- 2009-11 Biennium Cuts: $15.3M
- 2011-13 Biennium Cuts: $11.8M
- 2013-15 ICHE Proposed Biennium Cuts: $11.4M

- Ball State expenditures are already well below Indiana peers and national averages in areas like salaries, health care, administrative staffing, and energy consumption

- Lean organizations are harder to cut
Cumulative Impact on Operating Appropriations

Loss of $86.7M

FY 2014-15 appropriation would be lower than FY 1999-00 appropriation

Based on August 2012 ICHE preliminary recommendation
Cumulative Loss includes loss of ARRA appropriated funds
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## Current ICHE Proposal

### Ball State Operating Appropriations

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 Operating Base</td>
<td>$118,723,016</td>
<td>$118,723,016</td>
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<tr>
<td>Base Reduction</td>
<td>$(7,123,381)</td>
<td>$(8,310,611)</td>
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<tr>
<td>Performance Based Funding</td>
<td>$1,862,065</td>
<td>$2,172,409</td>
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<tr>
<td>Net Loss</td>
<td>$(5,261,316)</td>
<td>$(6,138,202)</td>
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<tr>
<td>ICHE Recommendation</td>
<td>$113,461,700</td>
<td>$112,584,814</td>
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<tr>
<td>Percent Cut to Base</td>
<td>-4.43%</td>
<td>-5.17%</td>
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Ball State has **the largest cut** on a percentage and dollar basis.
Funds Flowing to 2-Year Campuses

- Funding Increase
- Percent of Hoosier Degrees Awarded
- Weighted Graduation Rate

2-year Campuses: 53% Funding Increase, 25% Percent of Hoosier Degrees Awarded, 7% Weighted Graduation Rate
Growing Campuses: 32% Funding Increase, 8% Percent of Hoosier Degrees Awarded, 9% Weighted Graduation Rate
Statewide Average: 43% Funding Increase, 40% Percent of Hoosier Degrees Awarded, -5% Weighted Graduation Rate
Stable Campuses: -15% Funding Increase, 5% Percent of Hoosier Degrees Awarded, 15% Weighted Graduation Rate

Funding increase: FY 2003-04 to 2014-15
Percent of Hoosier Degree Awarded 2007 cohort (most recent data)
Weighted Graduation rate 2003-04 cohort (most recent data)
## How Much Are the Metrics Worth?

<table>
<thead>
<tr>
<th>ICHE Performance Funding Metrics</th>
<th>Certificate</th>
<th>Associates</th>
<th>Bachelors</th>
<th>Masters</th>
<th>Doctoral</th>
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</thead>
<tbody>
<tr>
<td>Overall Degree Completion</td>
<td>$2,274</td>
<td>$4,547</td>
<td>$9,094</td>
<td>$4,547</td>
<td>$2,274</td>
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<tr>
<td>On-Time Degree</td>
<td></td>
<td>$13,371</td>
<td>$26,741</td>
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<tr>
<td>At-Risk Degree (Pell Grant)</td>
<td>$1,605</td>
<td>$3,210</td>
<td>$6,420</td>
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<tr>
<td>High Impact Degree (STEM +/−)</td>
<td></td>
<td>$22,740</td>
<td>$16,372</td>
<td>$7,959</td>
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<tr>
<td>Ball State Total Possible (per graduate)</td>
<td></td>
<td>$64,995</td>
<td>$20,919</td>
<td>$10,233</td>
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<tr>
<td>Maximum Persistence</td>
<td></td>
<td>$2,468</td>
<td>$2,678</td>
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<tr>
<td>Maximum Remedial Success</td>
<td></td>
<td>$2,917</td>
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<tr>
<td>Institutionally Defined Productivity Metric</td>
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</table>

Ball State participates in the purple metrics; total available per graduate is in red.
Quantity Driven – Can’t Recover

- To return to our FY ‘09 appropriation level, BSU would need to increase their:
  - On-time graduation rate by 47%; and
  - Freshman class size by 2,000; and
    - Number of STEM degrees awarded by 525%; and
  - Number of degrees awarded to Pell recipients by 300%.

The funding model favors large and growing campuses
• Two additional factors impact an institution’s ability to increase their on-time rate:
  1. How high their current rate is; and
  2. How their current rate compares to appropriate peers.
• For a growing campus, a very small increase in percentage can be worth a lot!
Why Ball State Needs Your Help

The **metrics will not work** for institutions that are not large or growing and are **strategically focused** on increasing the **quality** of students and **learning experiences**

Yet

This strategy offers Hoosiers a **distinctive, affordable choice** and prepares them for a **lifetime of employment** in a changing economy
Capital Request

- Capital projects previous authorized
  - Remainder of Phase 2 of the Central Campus Academic Renovation and Utility Improvements project - $12.2 million
    - College of Applied Sciences and Technology
- Special Repair & Rehabilitation projects
  - Geothermal project - $33.3 million ($3.1 previously authorized)
  - STEM and Health Facilities Renovation and Expansion - Phase 1; $11 million
  - College of Architecture and Planning Building Renovation - $24 million
  - Expansion of Tunnel Utility Systems - $10.9 million
- Repair and Rehabilitation
  - Facilities and Infrastructure - $8.5 million