

2023-2025 Higher Education Biennial Budget Recommendation

Indiana Commission for Higher Education

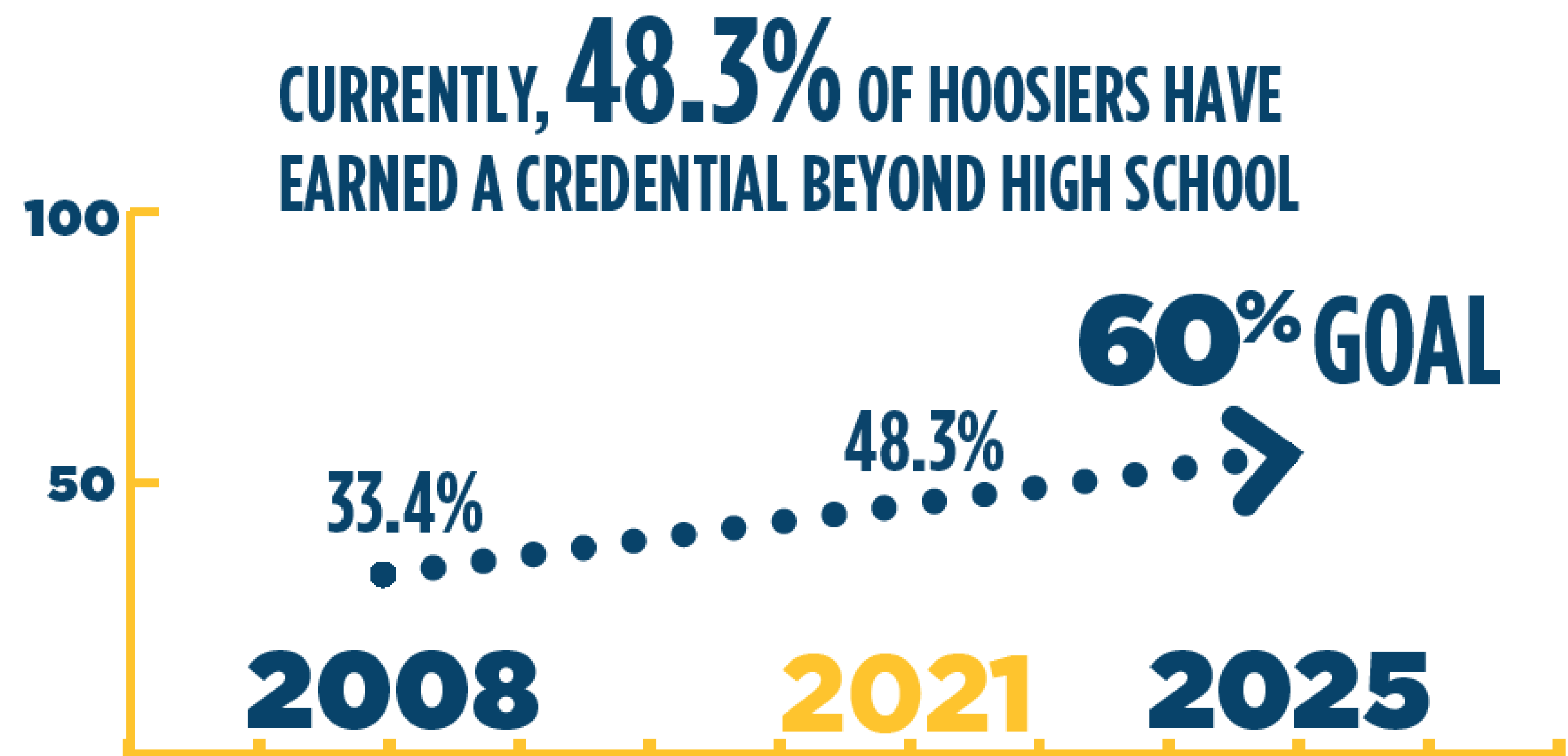
December 7, 2022

FUNDING FORMULA: WE'RE LISTENING

- ▶ **Interim Study Working Group**
- ▶ **Senate Enrolled Act 366 (2022)**
 - ▶ Codified the creation and implementation of an outcomes-based performance funding formula for State Educational Institutions (SEI)
 - ▶ Required the creation of a report detailing the formula, methodologies and metrics used to create the formula
 - ▶ Invited CHE to present the report and formula to the State Budget Committee prior to the biennial budget hearings
- ▶ **College and University Feedback**

INDIANA’S BIG GOAL FOR EDUCATION ATTAINMENT

- ▶ **60%:** Indiana’s Big Goal of Hoosiers with credentials beyond high school
- ▶ Current rate: **48.3%**
 - ▶ Includes industry certifications, workforce credentials, two- and four-year degrees
- ▶ Indiana ranks **39th out of 52** states and territories

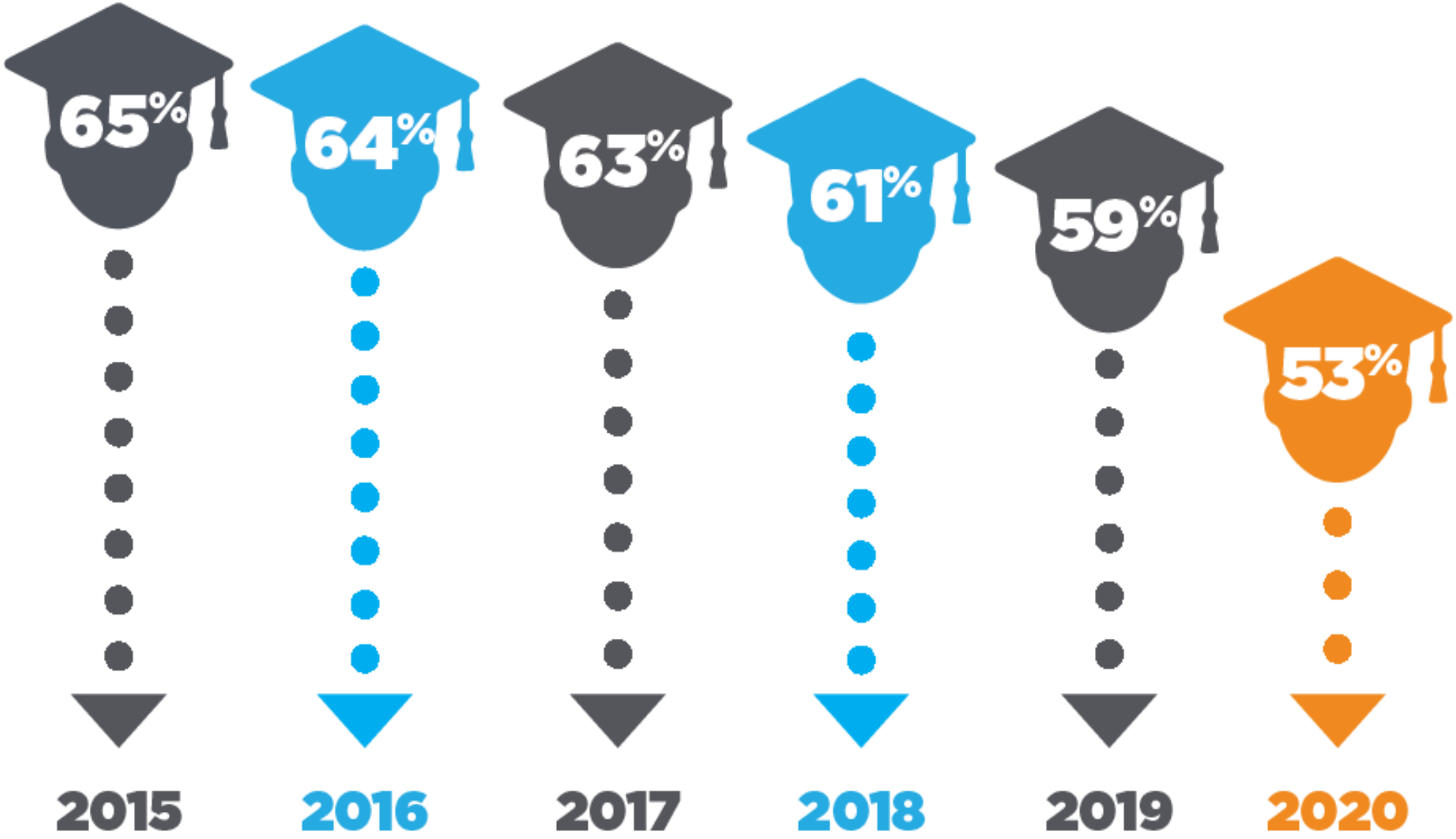


AREAS OF FOCUS

College-Going Rates

High Schoolers Going Straight to College

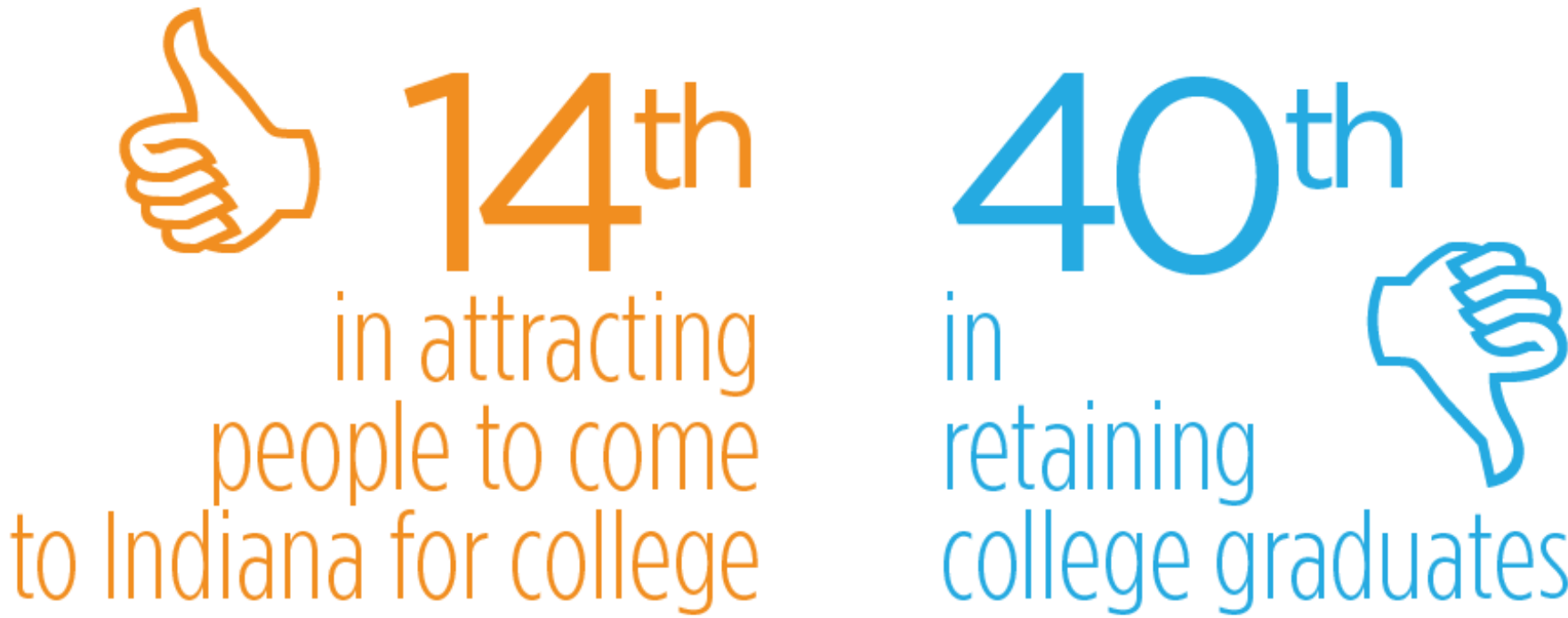
The rate of high school students enrolling in college continues to drop.



Adult Education Attainment



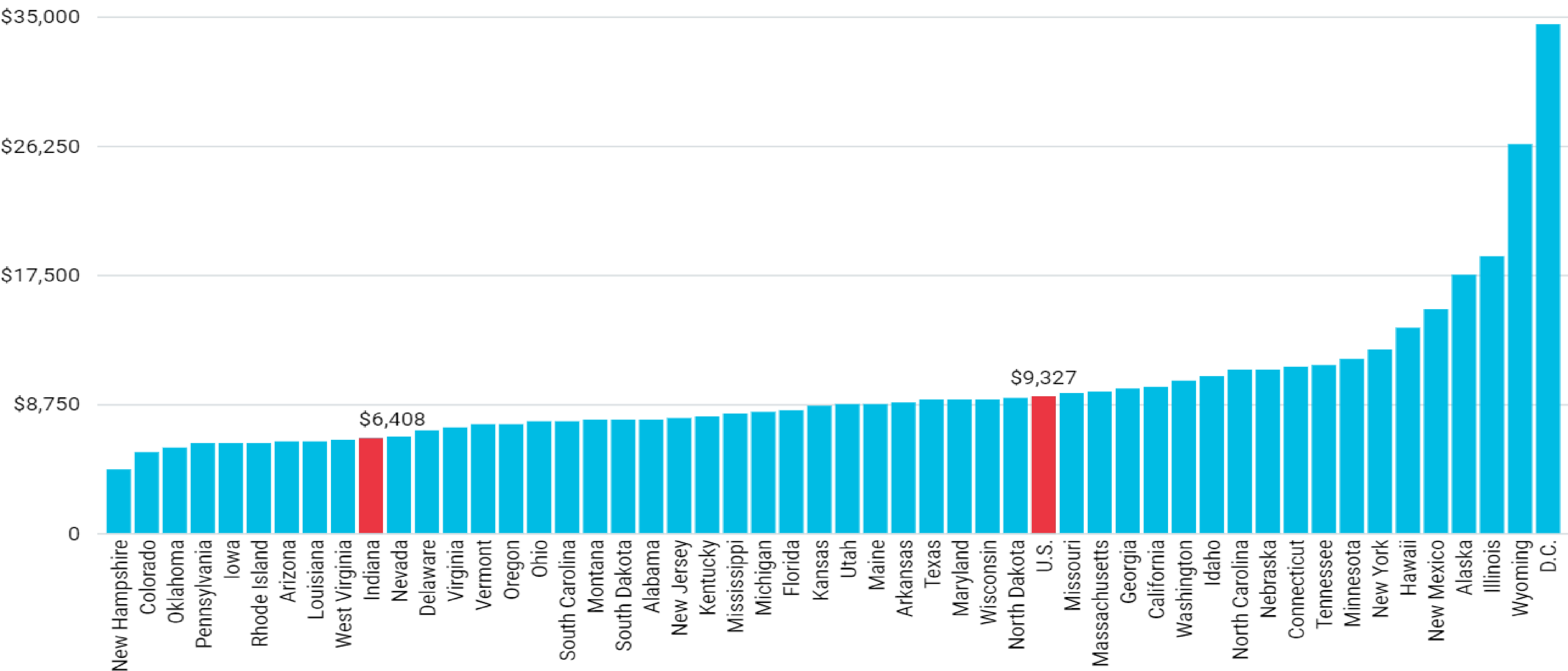
Indiana Graduate Retention



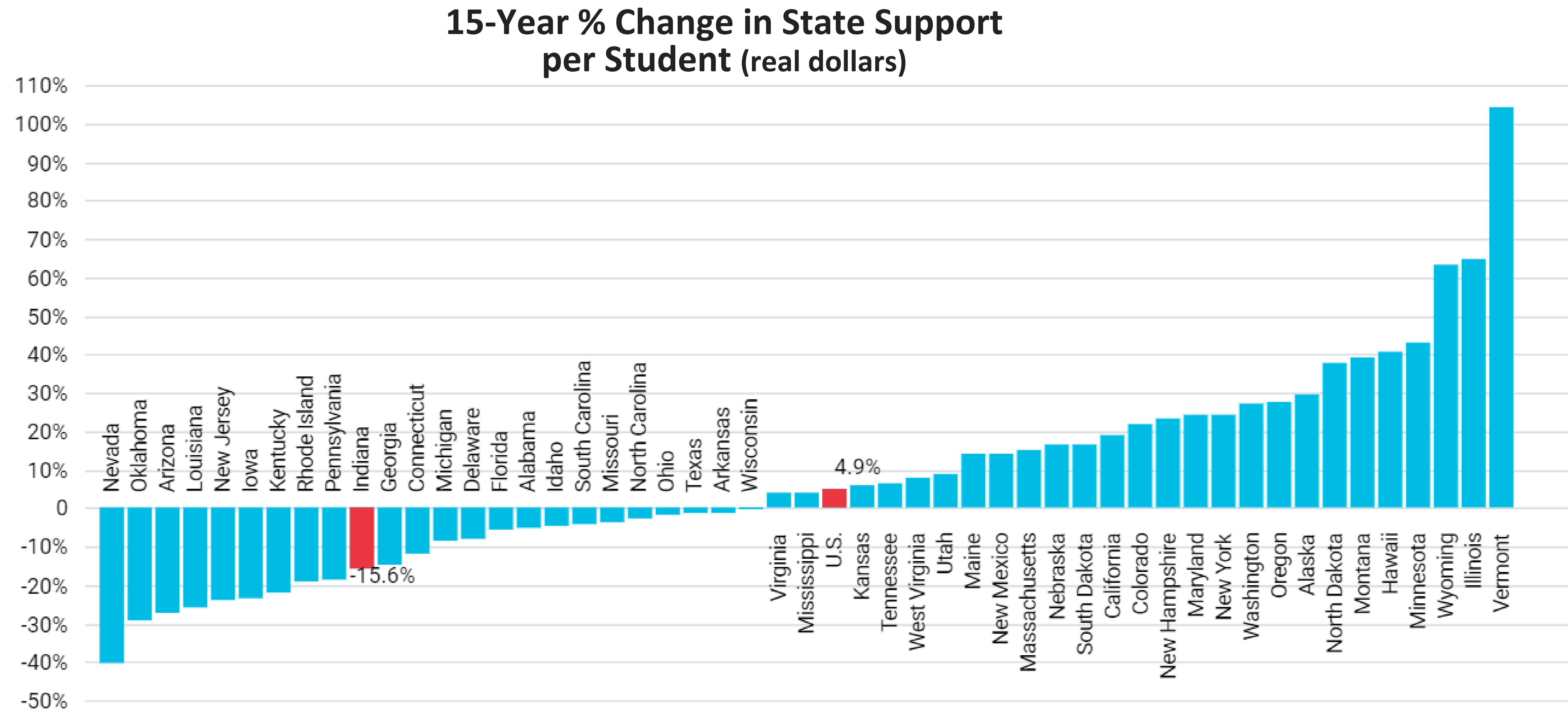
ECONOMIC METRICS BY EDUCATION LEVEL				
EDUCATION LEVEL	UNEMPLOYMENT RATE	INDIANA LABOR PARTICIPATION RATE	WAGES – MEDIAN INCOME (U.S.) (2019)	WEALTH – AVERAGE NET WORTH (U.S.) (2019)
LESS THAN A HIGH SCHOOL DIPLOMA	6.9%	43.3%	\$30,950	\$137,800
HIGH SCHOOL DIPLOMA	3.0%	56.1%	\$39,050	\$305,200
SOME COLLEGE OR ASSOCIATE DEGREE	1.6%	67.4%	\$44,850	\$376,400
BACHELOR’S DEGREE + UP	1.9%	72.8%	\$72,000	\$1,519,900

INDIANA RANKS 42ND IN HIGHER ED FUNDING

State Support per Student

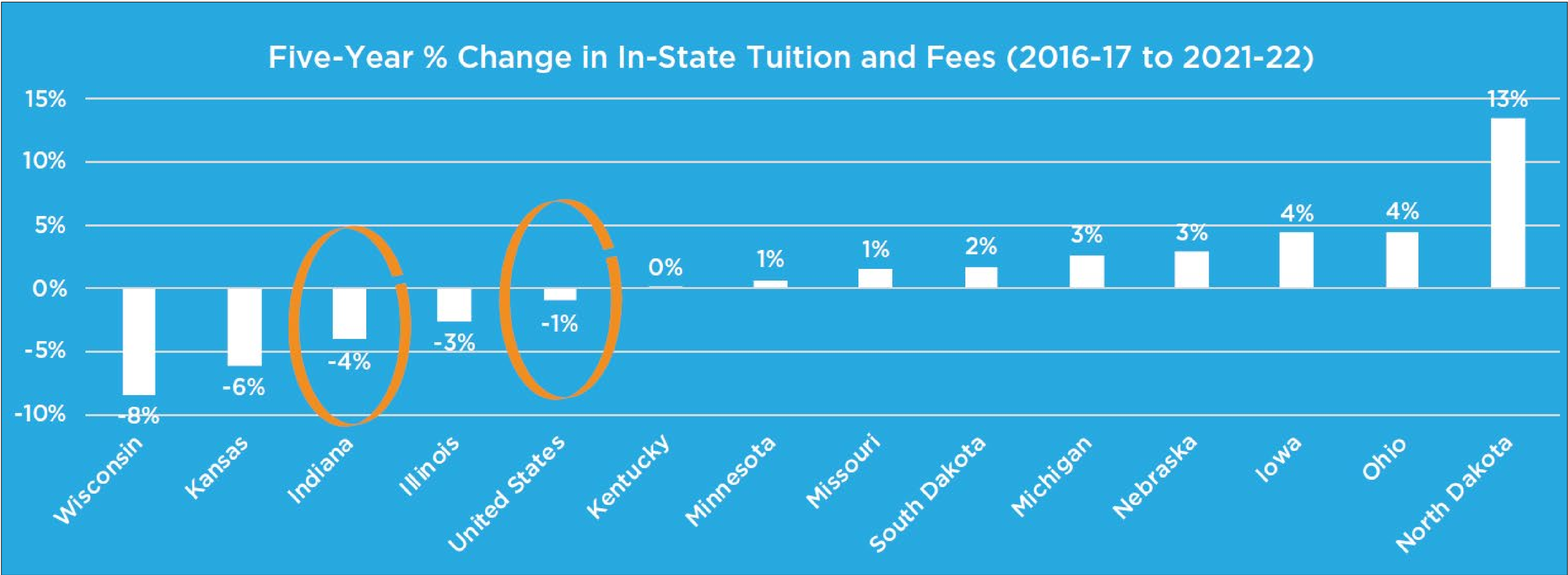


STATE SUPPORT HAS DECLINED OVER TIME



INSTITUTIONS KEEP TUITION INCREASES IN CHECK

- ▶ 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

INSTITUTION SUMMARY



INSTITUTION SUMMARY

▶ 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

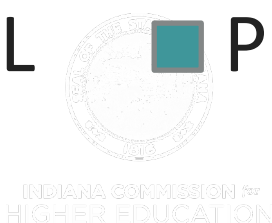
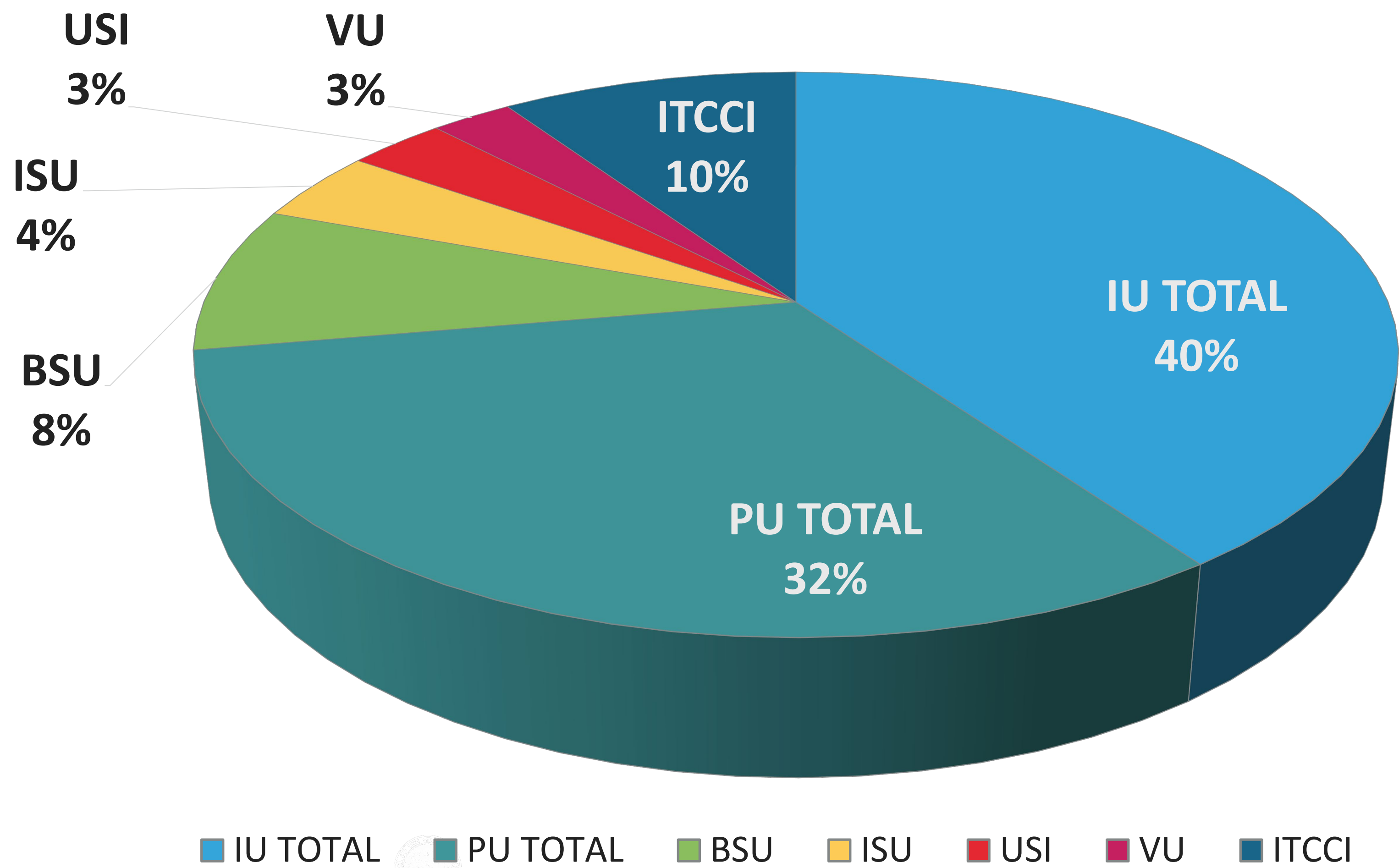
▶ Operating Funding: \$79M & \$105M (6% and 8%)

- ▶ Previous Performance Model: 1% & 1%
- ▶ Proposed Performance Model: 3% & 4%
- ▶ Base Adjustment: 2% & 3%

REPAIR AND REHAB

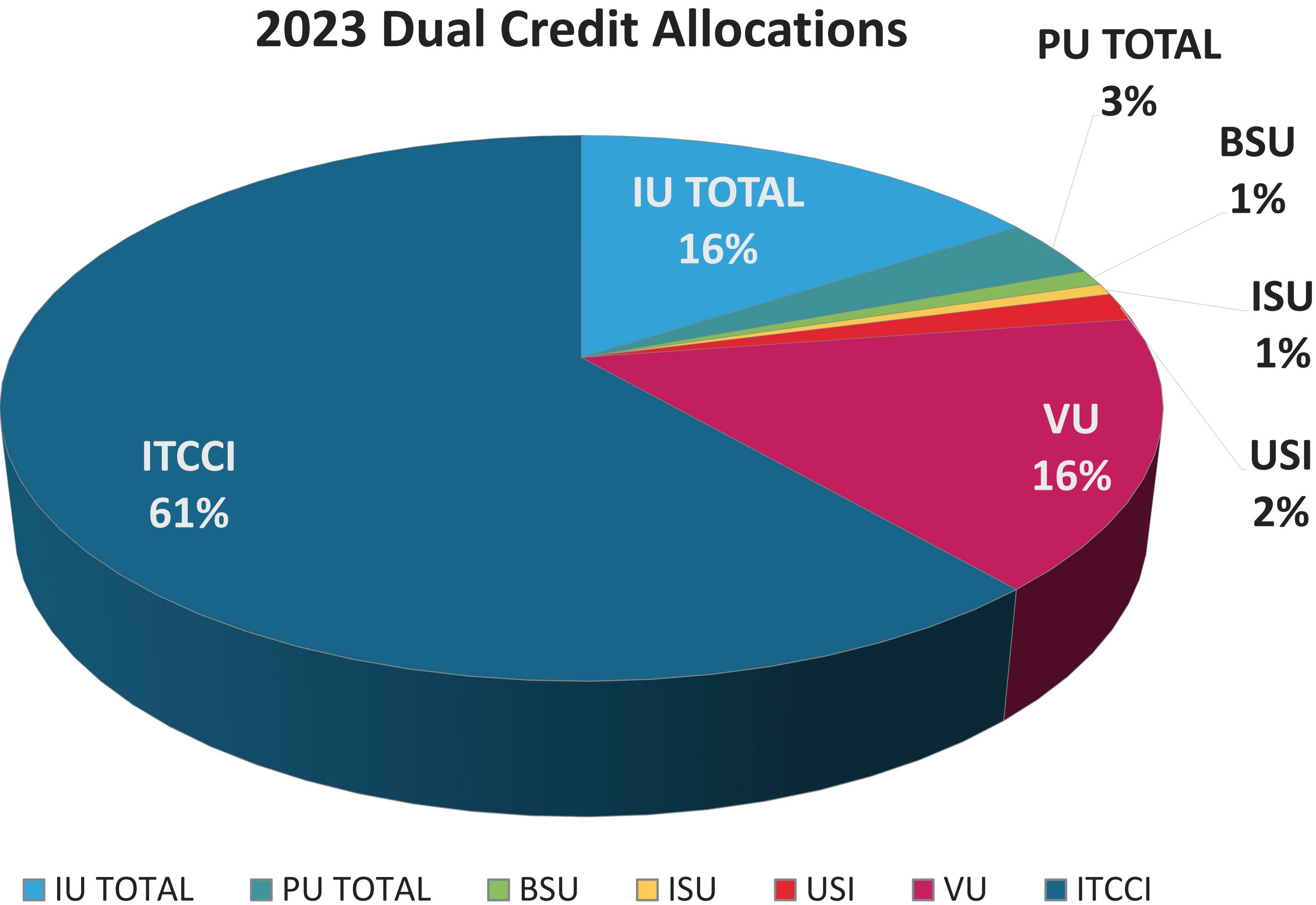
- ▶ **Fully fund formula:**
 - ▶ 0.5% of academic capital asset value
 - ▶ Unfreeze appropriations from 2019 levels
 - ▶ \$10.3M/year increase

2023 R&R Allocations



DUAL CREDIT

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



CAPITAL PROJECTS

- ▶ Fund #1 priority for each institution
- ▶ FY 2025 remain \$5M/year below FY2021 appropriation level

	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



2023-2025 BUDGET RECOMMENDATION

OUTCOMES-BASED PERFORMANCE FUNDING



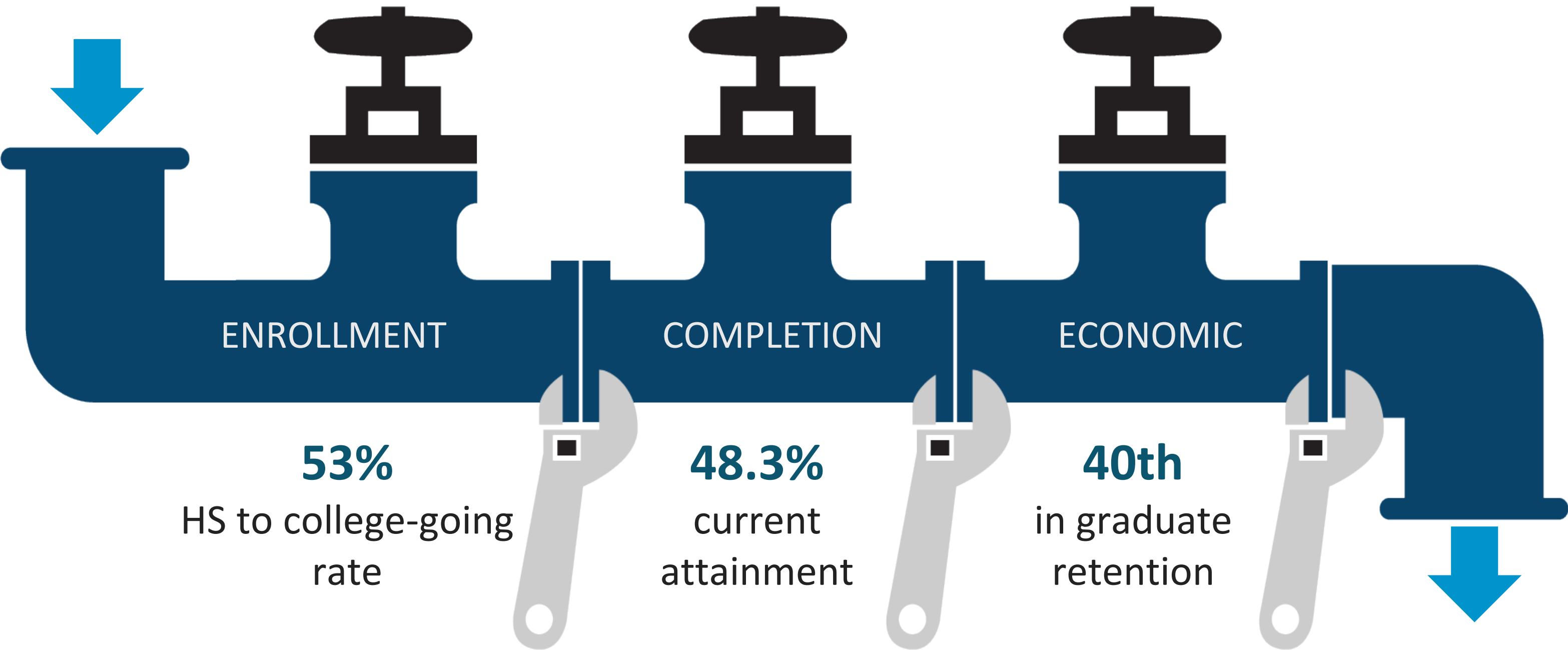
PRINCIPLES FOR PROPOSED MODEL

- ▶ **Areas of focus for proposed model:**
 - 1. Focusing on institutional mission differentiation**
 - 2. Condensing timeframe to utilize more recent data**
 - 3. Measuring individual institutional improvement**
 - 4. No reallocation**

RESPONDING TO STATE CHALLENGES AND SEA 366

- ▶ **March-May:** Reviewed output from previous funding model using newest data set
- ▶ **April-July:** Met with university presidents and stakeholders to listen and receive feedback (over 20 one-on-one meetings with presidents since April)
- ▶ **June:** Publicly presented output from previous model and identified need for change
- ▶ **August:** Commission voted to move forward with a hybrid model transitioning from the former to the future model
- ▶ **October-November:** Presented budget recommendations
- ▶ **November-December:** Commission voted to approve; received further institution feedback and discussed goals
- ▶ **January:** Commission vote on final goals

FUNDING THE TALENT AND ECONOMIC PIPELINE



ENROLLMENT	COMPLETION	ECONOMIC
• GOING-RATE • ADULT	• ON-TIME • OVERALL • ADULT • LOW-INCOME	• GRADUATE RETENTION • RESEARCH

OUTCOMES-BASED PERFORMANCE FUNDING

▶ Previous Model Funding:

- ▶ 1%, or \$12.5M new money in each year
- ▶ No reallocation
- ▶ Excludes IU Schools of Medicine and Dentistry, IU Fort Wayne programs, Purdue College of Veterinary Medicine, and Purdue land grant MOE

▶ Proposed Model Funding:

- ▶ Up to 3%, or \$37.7M in FY 2024
- ▶ Up to 4%, or \$50.2M in FY 2025
- ▶ No reallocation
- ▶ 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

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



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 (Science, Technology, Engineering, Math) Degree Completion	STEM (Science, Technology, Engineering, Math) Degree Completion
		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						

2023-2025 BUDGET RECOMMENDATION

AGENCY SUMMARY



COMMISSION SUMMARY

- ▶ **Programs:** \$7,036,567 to maintain and enhance three financial aid programs:
 - ▶ Adult Student Grant
 - ▶ Workforce Ready Grant
 - ▶ EARN Indiana Work Study
- ▶ **Marketing & Communications:** \$5,000,000 to launch grassroots, statewide campaign
 - ▶ Will promote the value of higher education to individuals and Indiana's economy
- ▶ **Staffing:** \$400,000 to fund new and necessary positions in three departments:
 - ▶ \$200,000 for Adult Strategy
 - ▶ \$100,000 for Marketing & Communications
 - ▶ \$100,000 for Business Intelligence and Research
- ▶ **Administrative:** \$656,156 to restore funding from 2021 cuts
 - ▶ Will enable CHE to move personnel costs and other administrative funding off grant sources
 - ▶ Will help with increasing costs from inflation, etc.

2023-2025 BUDGET RECOMMENDATION

TOTAL FUNDING REQUEST



	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 %		\$ 1,527,030,184	\$ 105,443,323	7.42 %
IHE Debt Service	\$ 160,024,816	\$ 189,351,930	\$ 29,327,114	18.33 %		\$ 184,901,046	\$ 24,876,230	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 %
IHE Line Items	\$ 88,186,617	\$ 91,179,672	\$ 2,993,055	3.39 %		\$ 91,229,385	\$ 3,042,768	3.45 %
Financial Aid	\$ 388,435,673	\$ 395,655,104	\$ 7,219,431	1.86 %		\$ 395,655,104	\$ 7,219,431	1.86 %
Other Higher Ed Line Items	\$ 14,686,617	\$ 20,559,909	\$ 5,873,292	39.99 %		\$ 20,559,909	\$ 5,873,292	39.99 %
Dedicated Funds	\$ 9,152,698	\$ 9,719,130	\$ 566,432	6.19 %		\$ 9,719,130	\$ 566,432	6.19 %
Total	\$ 2,118,815,007	\$ 2,253,741,767	\$ 134,926,760	6.37 %		\$ 2,276,115,609	\$ 157,300,602	7.42 %

2023-2025 BUDGET RECOMMENDATION

APPENDIX



OPERATING TOTAL: NEW MONEY

				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

* Prospective funding represents the maximum amount institutions may earn by year of the total funding pool (3% and 4%).





INDIANA COMMISSION *for*
HIGHER EDUCATION