

The background of the slide features a large, faint, circular seal of the State of Indiana. The seal contains the text "THE STATE OF INDIANA" at the top and "1816" at the bottom. In the center of the seal is a figure of a Native American man holding a bow and arrow, with a star above his head. The seal is rendered in a light gray color against a dark gray background.

2025-2027

Indiana Commission for Higher Education

Budget Recommendation

Chris Lowery, Commissioner

Seth Hinshaw, Senior Associate Commissioner & CFO

November 12, 2024

2025-2027 CHE BUDGET RECOMMENDATION

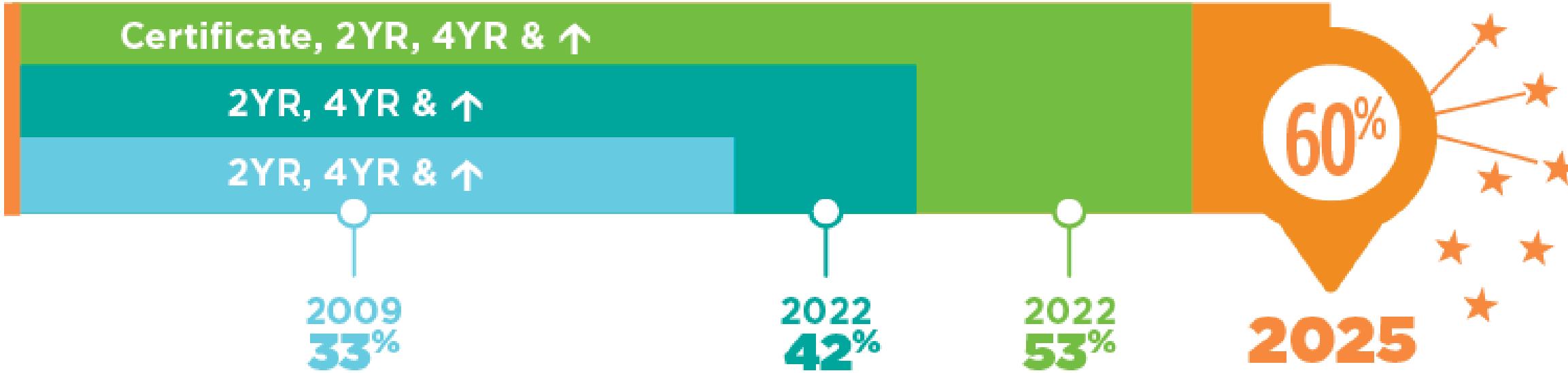
THE HIGHER EDUCATION LANDSCAPE



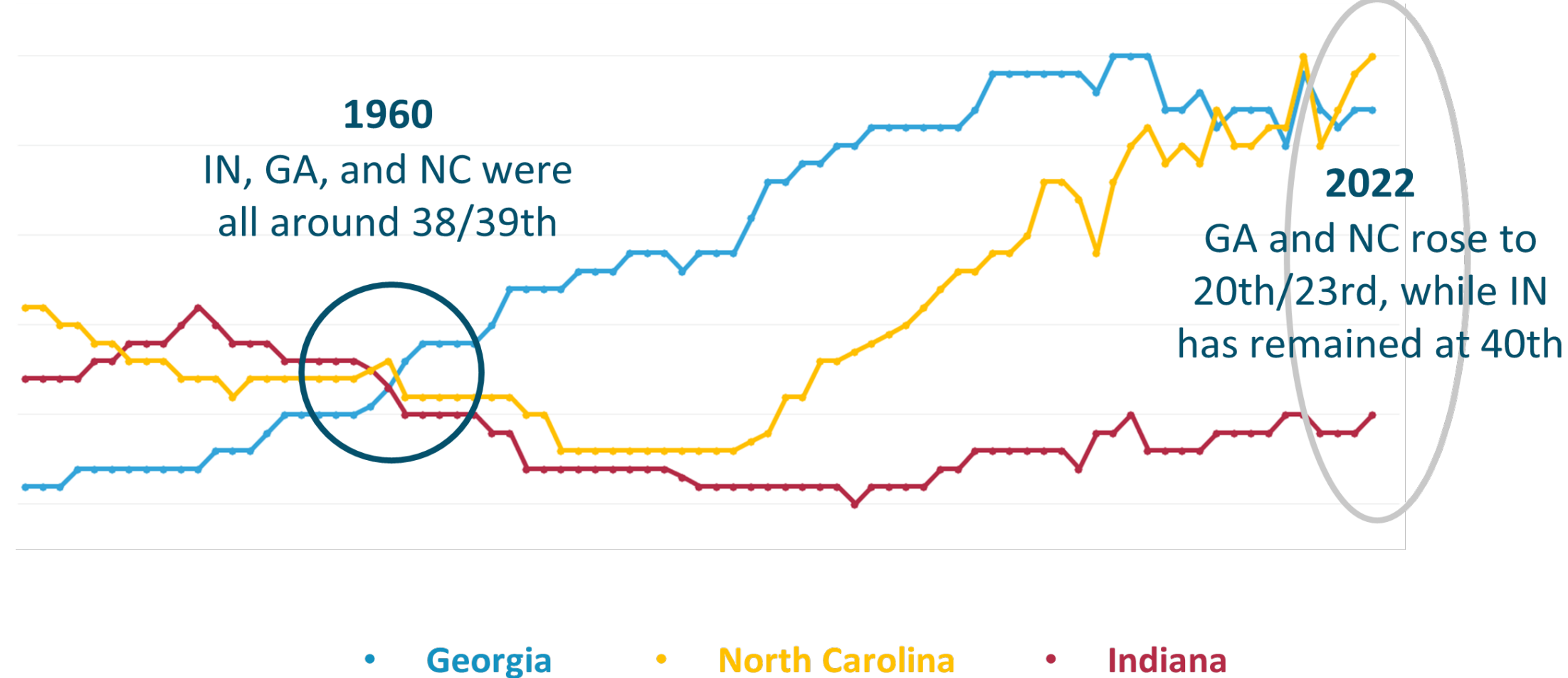
INDIANA COMMISSION *for*
HIGHER EDUCATION

INDIANA'S BIG GOAL

60% OF HOOSIERS WILL HAVE A DEGREE OR CREDENTIAL BEYOND HIGH SCHOOL BY 2025

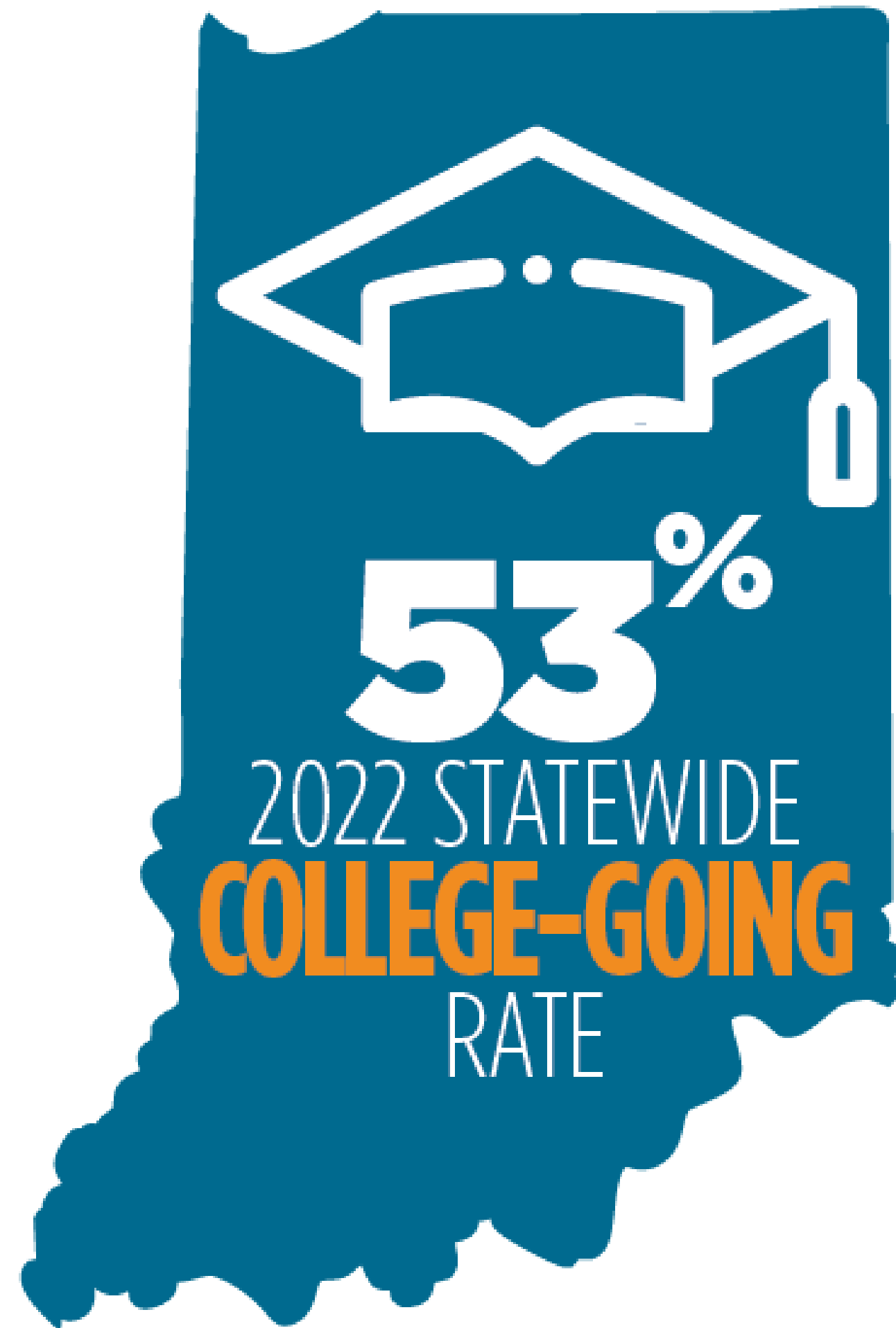


Bachelor's Degree or Higher Attainment Ranking



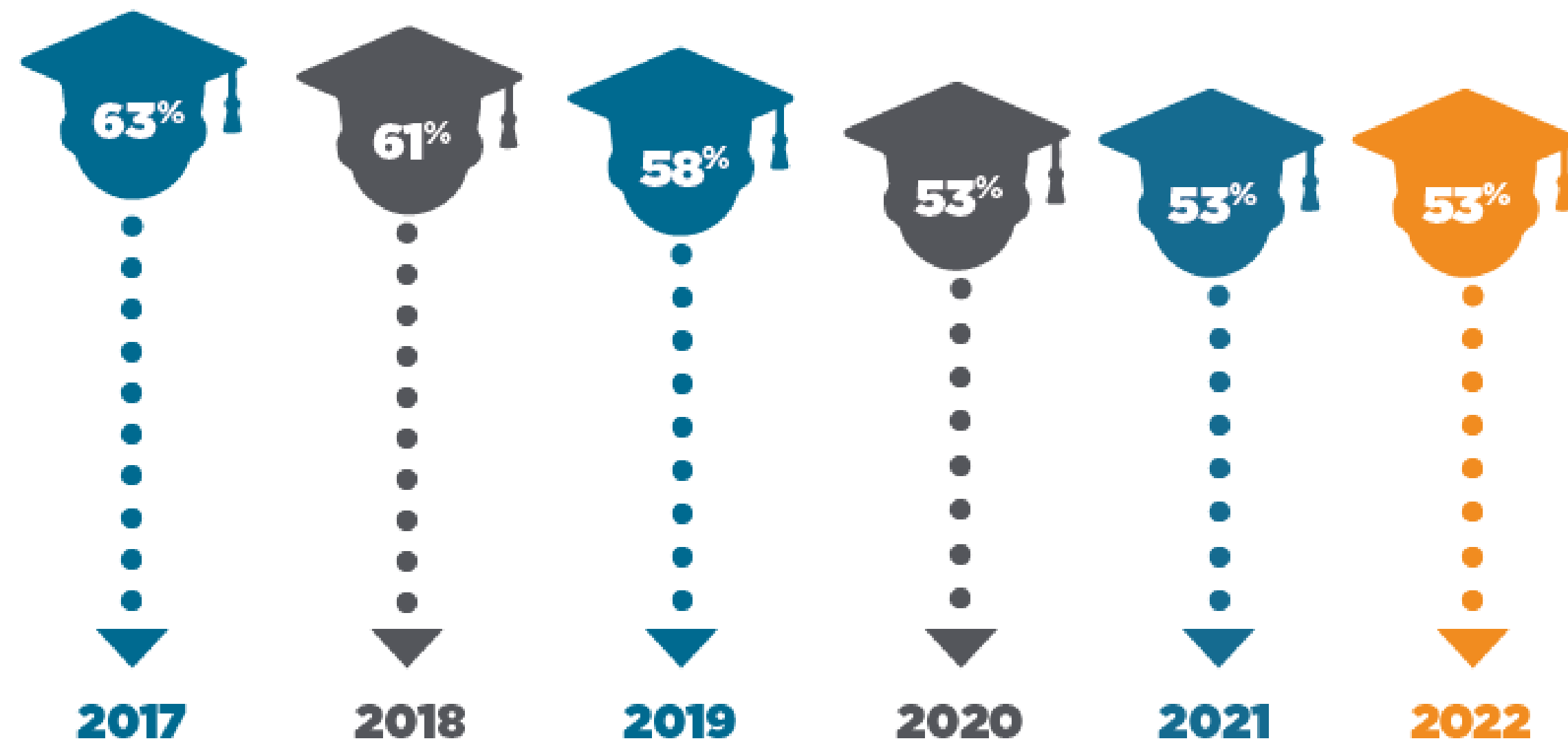
In 1960, Indiana ranked **39th** in bachelor's degree attainment, and our most recent data from 2022 shows Indiana is **40th** in bachelor's degree attainment.

INDIANA'S COLLEGE-GOING RATE



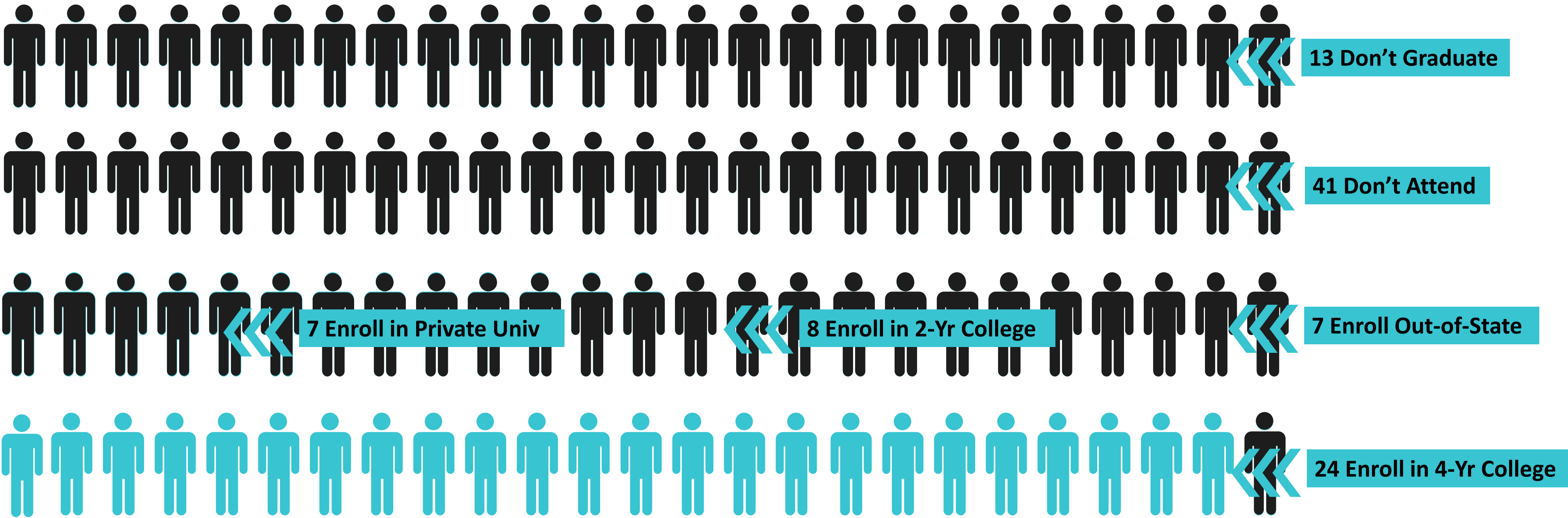
HIGH SCHOOLERS GOING STRAIGHT TO COLLEGE

Since 2020, Indiana's college-going rate held steady at 53%.

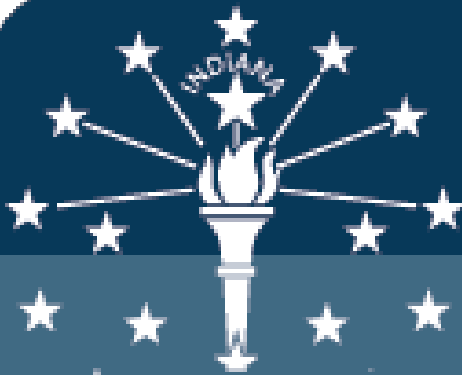


PUTTING IT IN PERSPECTIVE

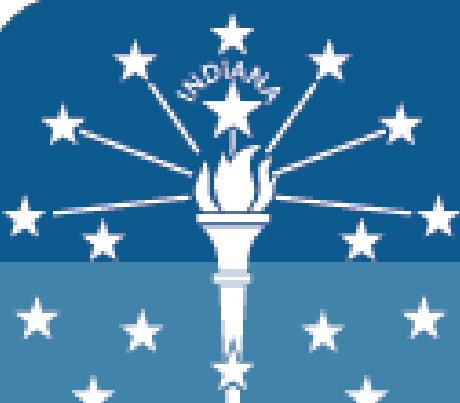
Out of 100 High School Freshman...



WHY IT MATTERS

 ECONOMIC METRICS by EDUCATION LEVEL 11-07-24				
EDUCATION LEVEL	INDIANA UNEMPLOYMENT RATE (2024)	INDIANA LABOR PARTICIPATION RATE (2024)	WAGES – MEDIAN INCOME (U.S.) (2022) (AGES 25+)	WAGES - AVERAGE NET WORTH (U.S.) (2022)
LESS THAN A HIGH SCHOOL DIPLOMA	9.5%	44.1%	\$37,240	\$175,627
HIGH SCHOOL DIPLOMA	3.2%	56.4%	\$46,640	\$413,275
SOME COLLEGE OR ASSOCIATE DEGREE	3.2%	65.9%	\$53,650	\$540,873
BACHELOR'S DEGREE + UP	1.9%	72.9%	\$83,570	\$1,929,335

WHY IT MATTERS

 SOCIAL METRICS by EDUCATION LEVEL 11-07-24				
EDUCATION LEVEL	INDIANA EDUCATIONAL ATTAINMENT (2022) (AGES 25+)	PERCENT OF WORKING-AGE ADULTS USING SNAP BENEFITS (U.S.) (2021)	INFANT MORTALITY (PER 1,000 BIRTHS) (U.S.) (2021)	LIFE EXPECTANCY (U.S.) (2005)
LESS THAN A HIGH SCHOOL DIPLOMA	10%	21%	11.7	72 years
HIGH SCHOOL DIPLOMA	32%	15%	7.0	79 years
SOME COLLEGE OR ASSOCIATE DEGREE	29%	11%	6.6	80 years
BACHELOR'S DEGREE + UP	30%	2%	4.1	85 years

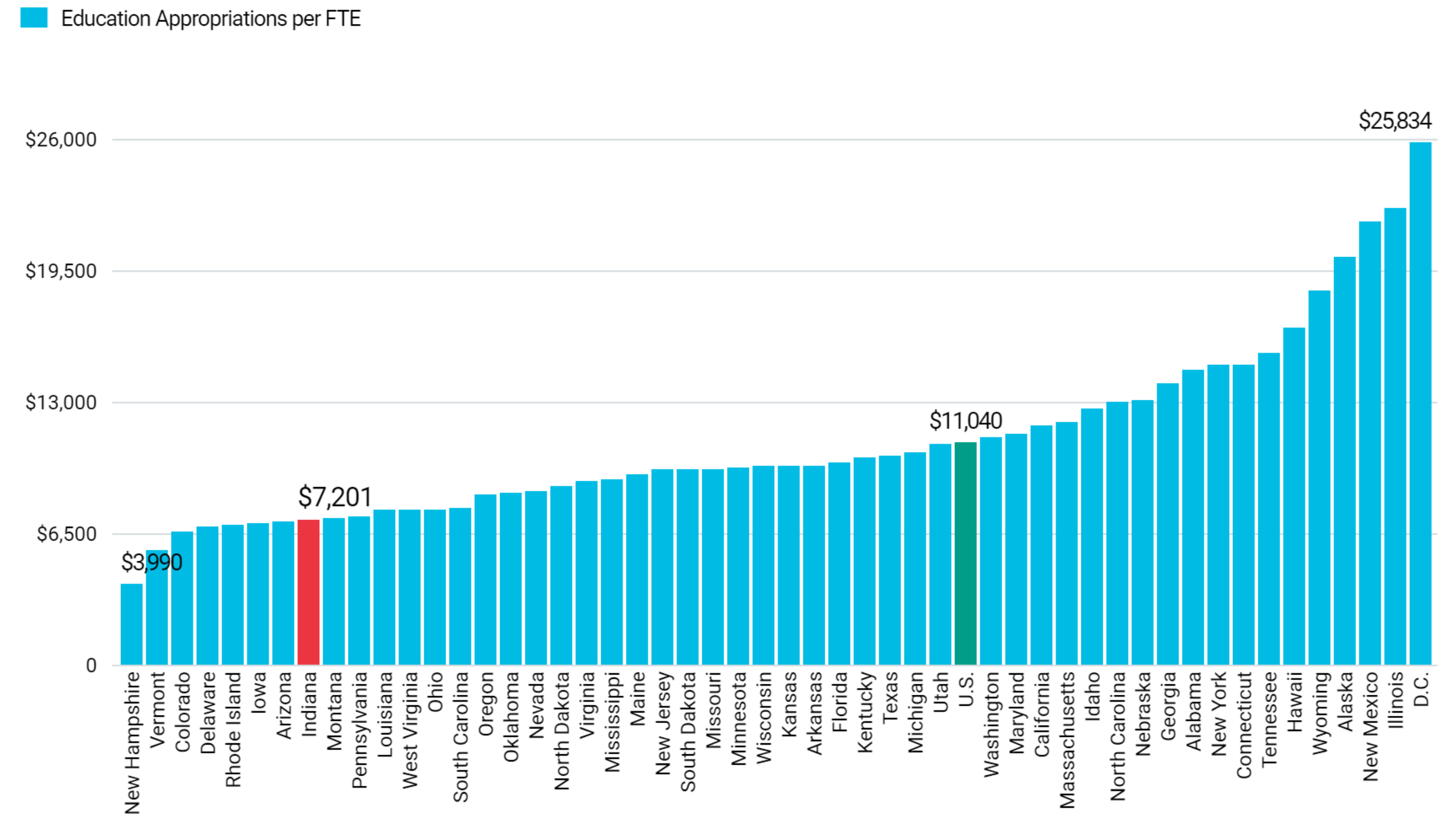
INDIANA'S ENROLLMENT RATE

- ▶ 2024 public enrollment increased over **2%** from 2023
 - ▶ This is the second year to see an increase, reversing an over decade-long decline.
 - ▶ This is the largest one-year percent increase since Fall 2010.
- ▶ Both resident and non-resident enrollment has increased, as well as both undergraduate and graduate enrollment.
- ▶ Enrollment at both 2-year and 4-year institutions increased.
- ▶ Enrollment for private colleges/universities is also up from the previous year at nearly **5%**.

FUNDING PICTURE

- ▶ Ranked **6th** in the nation for holding down tuition for the last decade (4 year)
- ▶ Ranked **43rd** in the nation for state support per FTE
- ▶ Students pay the **5th** highest share of educational costs in the nation

Public Higher Education Appropriations per FTE by State, FY 2023 (Adjusted)



BUDGET PRIORITIES

1. Operating Funding

- ▶ Holding down costs for students

2. Formulaic Line Items

- ▶ Maintain policy commitments and priorities (dual credit & R&R)

3. Capital

- ▶ Focus on deferred maintenance and renovation of existing facilities

4. R&R Enhancement

- ▶ Grow state commitment to maintaining what we have

2025-2027 CHE BUDGET RECOMMENDATION

UNIVERSITY BUDGETS



INDIANA COMMISSION *for*
HIGHER EDUCATION

#1. OPERATIONS

- ▶ Base Adjustment: 1% & 2%

- ▶ FY26: \$13.6M

- ▶ FY27: \$27.2M

- ▶ Performance Funding: 2% & 3%

- ▶ FY26: \$27.3M

- ▶ FY27: \$40.9M

- ▶ Excluded Entities: 3% & 5%

- ▶ FY26: \$4.6M

- ▶ FY27: \$7.6M

- ▶ Total Operating Increase: 3% & 5%

- ▶ FY26: \$45.5M

- ▶ FY27: \$75.7M

#1. OPERATIONS CONT'D

- ▶ Outcomes-Based Performance Funding
 - ▶ FY 2025 – \$16.7M of \$22.6M earned, or 74%
 - ▶ Seek statutory amendment to IC 21-18-16 allowing for competitive student success grant
 - ▶ Funded by unearned performance funding monies
 - ▶ One-time money, not base building
 - ▶ Must support efforts to improve completion for 21st Century Scholars or other low-income and first-generation students

#2. LINE ITEMS - FORMULAS

- ▶ Dual Credit: @ \$50/credit hour
 - ▶ \$6.4M increase
 - ▶ 24% increase in credit hours taken from FY21 to FY23
 - ▶ Largely driven by Ivy Tech (\$5.2M, or 30.5%)
- ▶ R&R: @ 0.05% over biennium
 - ▶ \$5.7M, or 12% increase
 - ▶ 10.6% average increase
 - ▶ Largely driven by inflationary cost increase

LINE ITEMS - OTHER

- ▶ New requests total \$13M/year
- ▶ Increases for existing requests total \$11.6M (FY26) & \$10.1M (FY27)
- ▶ Recommendation:
 - ▶ Consolidate various operating-adjacent line items based on SEI feedback
 - ▶ 8 requested (Entrepreneurial College, Degree Link, Nursing Program, Testing Centers, Rural Education Initiative, Early College Bridge, Purdue Polytechnic, and TAP-IN-MaC)
 - ▶ \$16.6M in total
 - ▶ Line-item agnostic

#3. CAPITAL

- ▶ New:

- ▶ PU Interdisciplinary Life Sciences Research Building: 140,000 GSF (\$70M in gift funding, 45%)

- ▶ Renovation:

- ▶ ITCC Terre Haute Campus Restructure: 2 buildings
- ▶ VU Automotive & Welding Technology Training Center: 1 building
- ▶ USI Academic Renovation Phase II: 4 buildings
- ▶ BSU Bracken Learning Commons: 1 building
- ▶ ISU Holmstedt Hall: 1 building
- ▶ IU Biology Building and Central Heating Plant: 2 buildings

#3. CAPITAL CONT'D

- ▶ Fund **#1 capital priority** for each institution: **\$464M** (**\$39.6M** – fee replacement)
 - ▶ \$10.8M of fee replacement expires in FY27
 - ▶ Net new funding: \$28.8M
 - ▶ \$12M below FY21 fee replacement appropriation
- ▶ Focus on renovation and maintenance of existing facilities
 - ▶ \$212M, or 40% of funds spent on mechanical and electrical improvements
 - ▶ \$36.5M, or 7% of funds spent on equipment
- ▶ Significant operation savings by replacing outdated electrical, mechanical, HVAC

CAPITAL PLANNING

- ▶ CHE held four public meetings to discuss capital planning
 - ▶ Two states have presented their models and processes
- ▶ Draft capital scoring rubric to release this year
 - ▶ Final rubric provided to SEIs by June 30, 2025
- ▶ Rubric will establish forced ranking system
- ▶ Seek to raise CHE capital review threshold to \$4M
 - ▶ 19, or 24% of reviewed capital projects in past two years were below \$4M

#4. REPAIR AND REHABILITATION

- ▶ Increase R&R Formula from 0.5% to 1%
 - ▶ \$52.7M increase
 - ▶ Maintain current buildings and infrastructure
 - ▶ Provide funding discretion to campus leadership
 - ▶ Reduce backlog of deferred maintenance

2025-2027 CHE BUDGET RECOMMENDATION

COMMISSION BUDGET



INDIANA COMMISSION *for*
HIGHER EDUCATION

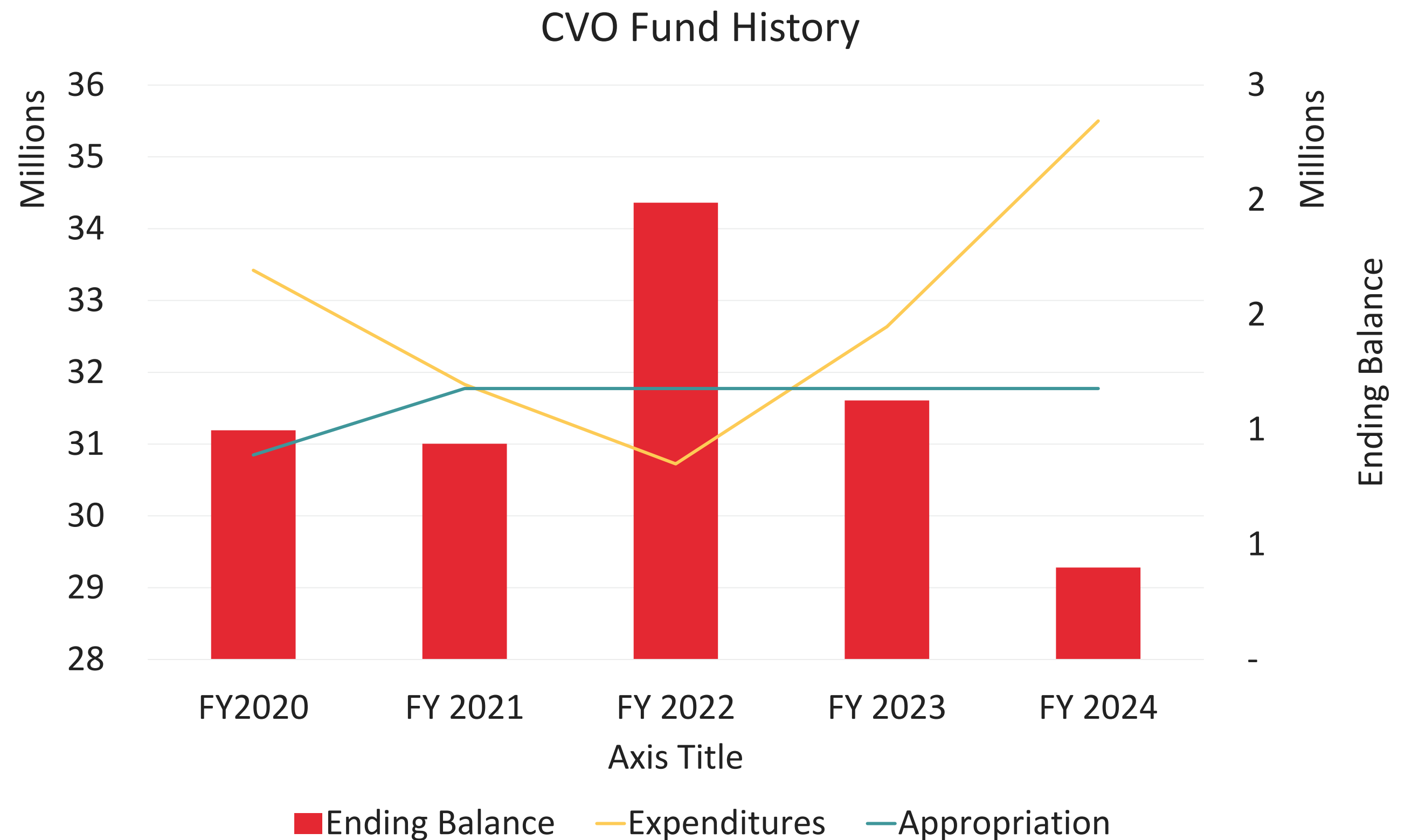
FINANCIAL AID

- ▶ 21st Century Scholars:
 - ▶ FY24 expenditures: \$145M
 - ▶ \$21M below appropriation
 - ▶ June 30, 2024 fund balance: **\$82M**
- ▶ Frank O'Bannon
 - ▶ FY24 expenditures: \$173M
 - ▶ \$5M above appropriation (planned)
 - ▶ June 30, 2024 fund balance: **\$125M**
- ▶ Request no change to appropriations

FINANCIAL AID

▶ Children of Deceased or Disabled Veterans and Public Safety Officers (CVO)

- ▶ Increasing demand driving spend
- ▶ FY24: \$3.7M over budget
- ▶ FY25: **\$4.2M** increase
- ▶ FY26 & FY27: **\$4.2M** increase



OPERATIONS

- ▶ IT Contract
 - ▶ New long-term software vendor
 - ▶ ScholarTrack, CHEDSS, etc.
 - ▶ FY26 & FY27: **\$500K** increase
- ▶ 27th Pay & Benefits
 - ▶ FY26: **\$55K** increase
 - ▶ FY27: **\$278K** increase

2025-2027 CHE BUDGET RECOMMENDATION

HIGHER EDUCATION SUMMARY



INDIANA COMMISSION *for*
HIGHER EDUCATION

COMBINED REQUEST

- ▶ FY26: **\$59.1M** new funding
 - ▶ Operating: \$45.5M
 - ▶ Line Items: \$12.1M
 - ▶ CHE: \$4.8M
 - ▶ Capital: (\$3.3M)

- ▶ FY27: **\$121M** new funding
 - ▶ Operating: \$75.8M
 - ▶ Line Items: \$12.1M
 - ▶ CHE: \$5M
 - ▶ Capital: \$28.8M



INDIANA COMMISSION *for*
HIGHER EDUCATION

2025-2027 CHE BUDGET RECOMMENDATION

APPENDIX



INDIANA COMMISSION *for*
HIGHER EDUCATION

2025-2027 CHE BUDGET RECOMMENDATION

2023-2025 Outcomes-Based Performance Funding Distributions

	FY 2024			FY 2025		
	Available	Earned	% Earned	Available	Earned	% Earned
Indiana University						
Bloomington	1,989,629	1,989,629	100%	3,979,258	2,387,555	60%
East	150,427	150,427	100%	300,854	172,991	58%
Kokomo	165,262	165,262	100%	330,524	214,211	65%
Northwest	196,081	196,081	100%	392,163	272,420	69%
Indianapolis	-	-		-	-	
South Bend	252,667	252,667	100%	505,334	333,520	66%
Southeast	211,818	211,818	100%	423,636	370,682	88%
Fort Wayne	-	-		-	-	
IU TOTAL	\$ 2,965,884	\$ 2,965,884	100%	\$ 5,931,768	\$ 3,751,379	63%
Purdue University						
West Lafayette	2,059,277	2,059,277	100%	4,118,554	3,500,320	85%
Northwest	482,976	482,976	100%	965,951	579,571	60%
Indianapolis	-	-		-	-	
Fort Wayne	448,564	448,564	100%	897,128	816,387	91%
PU TOTAL	\$ 2,990,817	\$ 2,990,817	100%	\$ 5,981,634	\$ 4,896,277	82%
Ball State University	1,330,110	1,330,110	100%	2,660,219	1,915,358	72%
Indiana State University	744,990	744,990	100%	1,489,979	1,035,535	70%
University of Southern Indiana	510,380	510,380	100%	1,020,760	709,429	70%
Vincennes University	444,754	444,754	100%	889,508	711,606	80%
Ivy Tech Community College	2,351,104	2,351,104	100%	4,702,207	3,722,975	79%
TOTAL	\$ 11,338,037	\$ 11,338,037	100%	\$ 22,676,075	\$ 16,742,558	74%

Of all 2022 High School Seniors...

13% Did not graduate high school

41% Did not enroll in college after high school

7% Enrolled in an out of state college

7% Enrolled in an Indiana Private institution

8% Enrolled in an Indiana public two-year institution

24% Enrolled in an Indiana public four-year institution

CAPITAL RECOMMENDATION

SEI	Project Title	Requested State Funds	Fee Replacement
BSU	Bracken Learning Commons	88,420,000	7,553,146
ISU	Holmstedt Hall Renovation	47,000,000	4,014,904
ITCC	Terre Haute Restructure	67,140,311	5,735,360
IU	Biology Building Renovation and Utility Upgrades	96,000,000	8,200,656
PU	Interdisciplinary Life Sciences Research Building	90,000,000	7,688,115
USI	Academic Renovation Phase II	43,000,000	3,673,210
VU	Automotive and Welding Technology Center	32,000,000	2,733,552
		\$ 463,560,311	\$ 39,598,944
			\$ (10,787,662)
			\$ 28,811,282