

Higher Education Funding

A Budget Primer

Seth Hinshaw, Sr. Assoc. Commissioner & CFO

July 25, 2024

1816

HIGHER ED FUNDING

SOURCES OF REVENUE



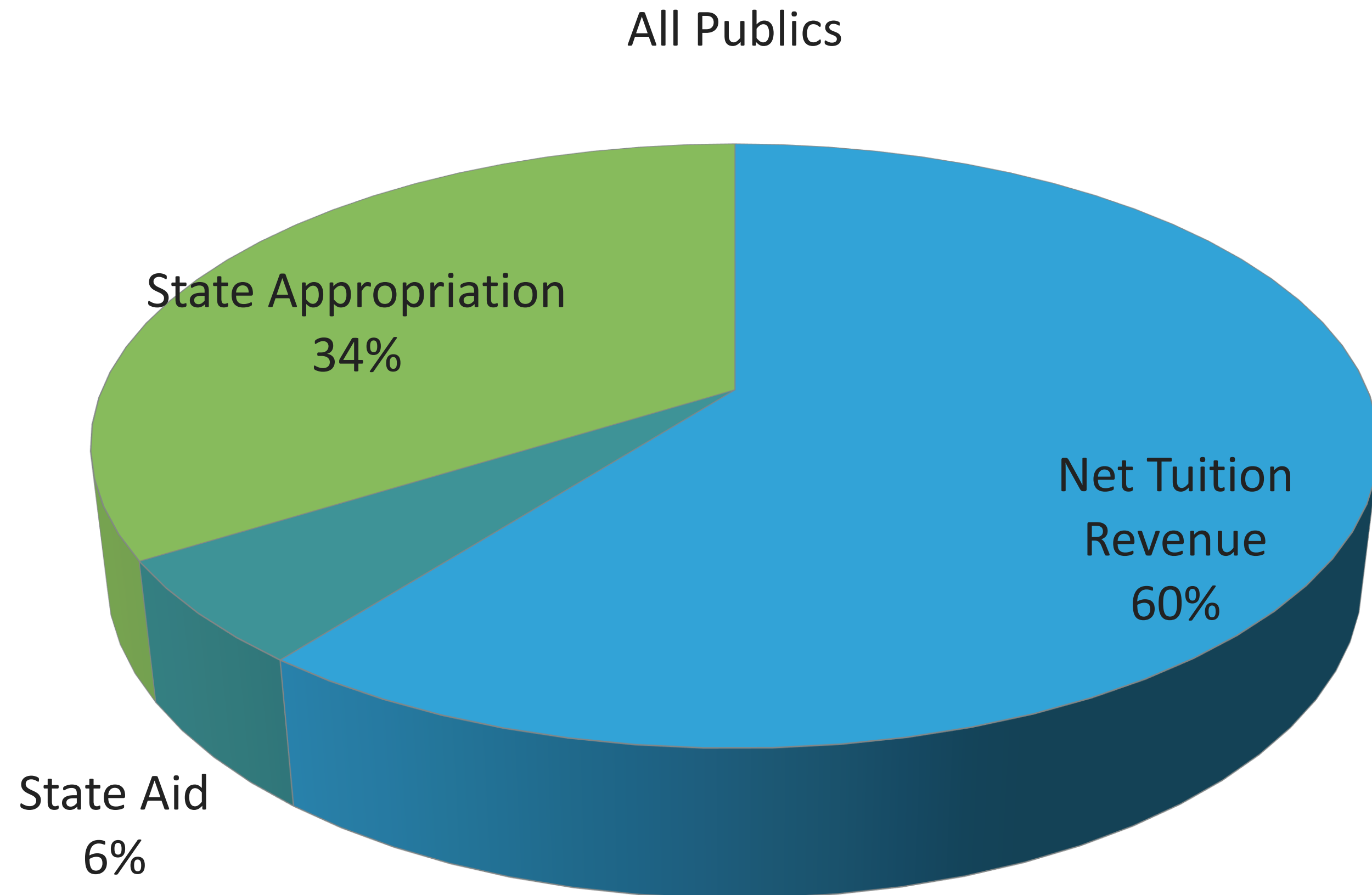
REVENUE SOURCES

- ▶ Major Revenues

- ▶ Tuition & Fees
- ▶ Financial Aid (state & federal)
- ▶ State Appropriation

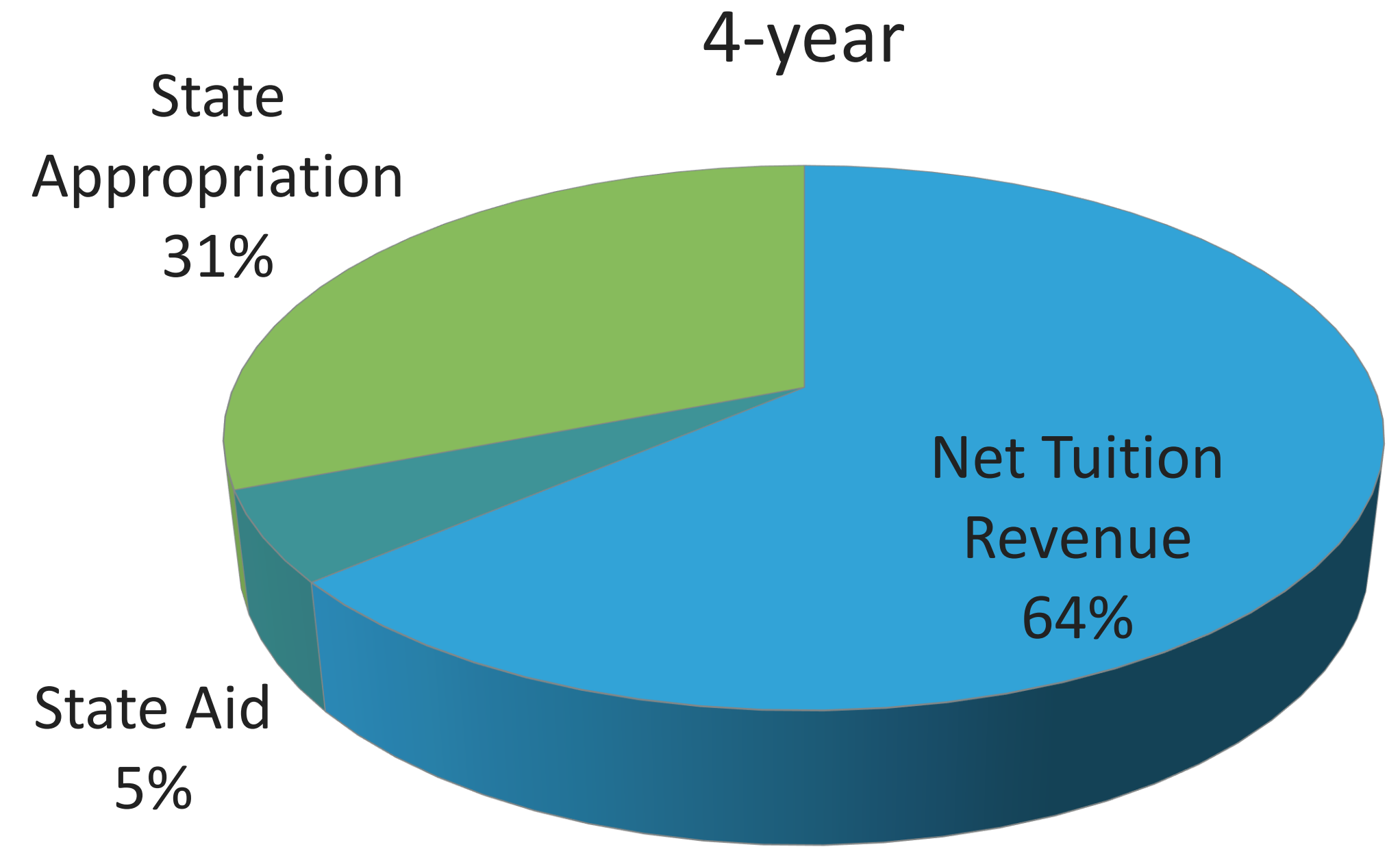
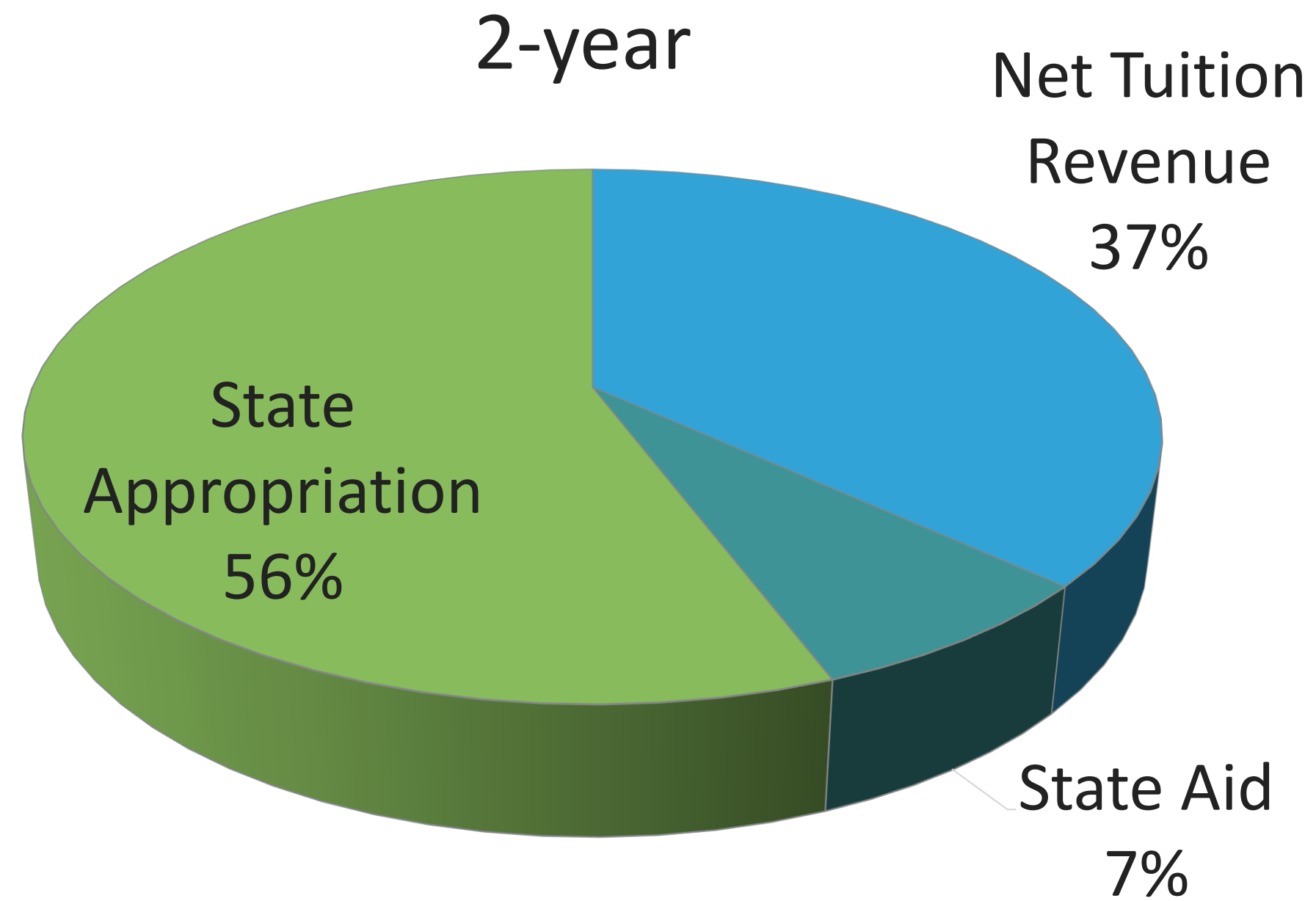
- ▶ Other Revenues

- ▶ Grants
- ▶ Gifts



REVENUE SOURCES

- ▶ State Reliance Varies



TUITION AND FEES

- ▶ National Landscape:
 - ▶ 6th lowest growth in decade (4-year institutions)
 - ▶ -11.5% (2023 dollars)
 - ▶ 22nd in static ranking
 - ▶ 32nd lowest growth in decade (2-year institutions)
 - ▶ 6% (2023 dollars)
 - ▶ 33rd in static ranking

TUITION AND FEES

- ▶ Non-Binding Tuition and Fee Recommendation
 - ▶ IC 21-14-2-23.5
 - ▶ Formula utilizing several related and distinct measures for inflation
 - ▶ Biennial recommendation
 - ▶ 2023: 0-3.5%



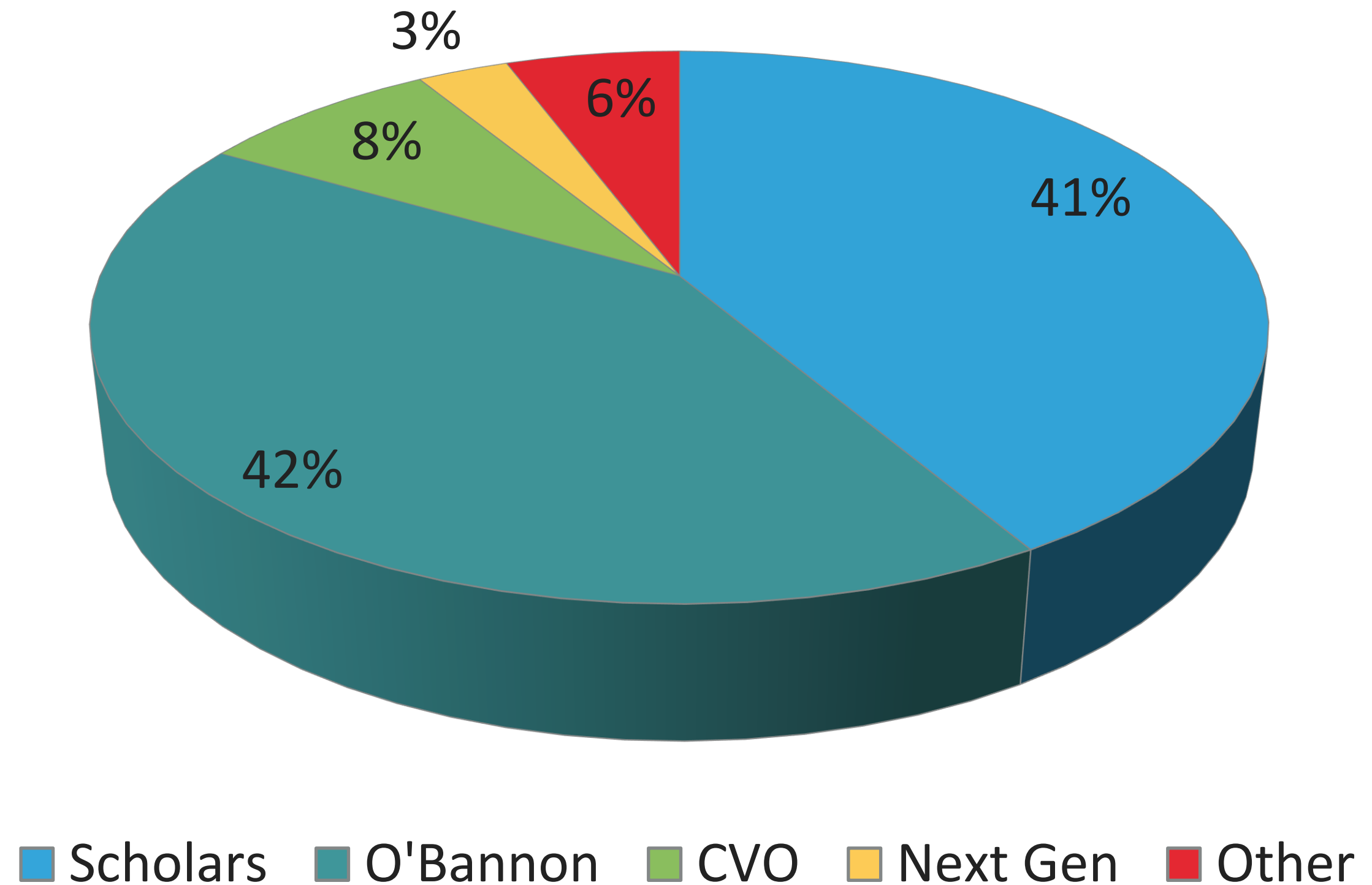
STATE AID

- ▶ National Landscape:
 - ▶ 8th for need-based aid per undergraduate enrollment
 - ▶ 8.4% average share of state funding
 - ▶ 16.7% in Indiana
 - ▶ State support shifting to financial aid



STATE AID

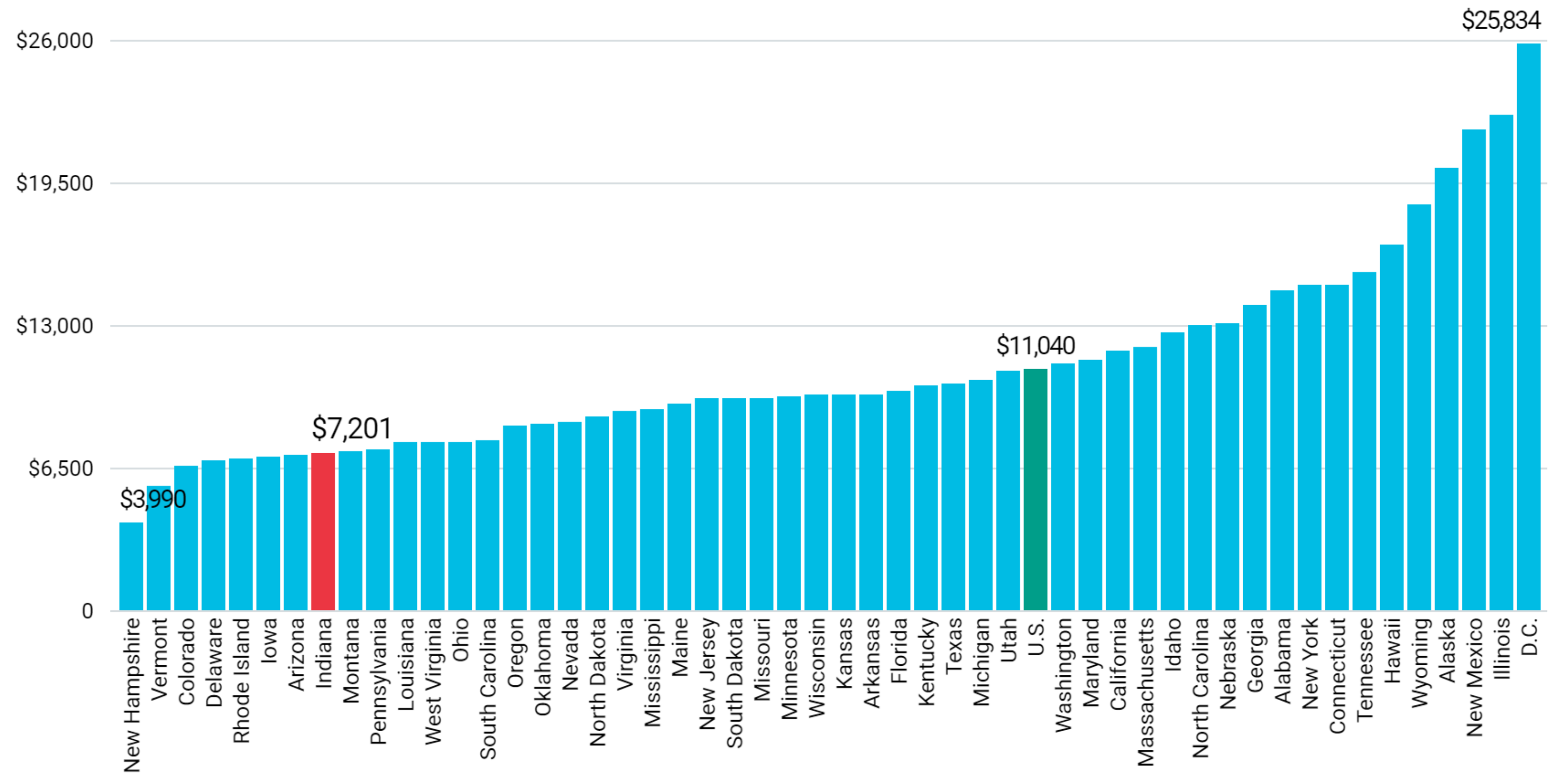
- ▶ Indiana:
 - ▶ Over \$400M in financial aid
 - ▶ 21st Century Scholars: \$166M
 - ▶ Frank O'Bannon Grant: \$167M
 - ▶ Fee Remission (CVO): \$32M
 - ▶ Next Gen Hoosier Educator: \$12M



STATE APPROPRIATION

▶ National Landscape:

- ▶ 43rd in funding per FTE in FY23
- ▶ 4th lowest growth since 2001

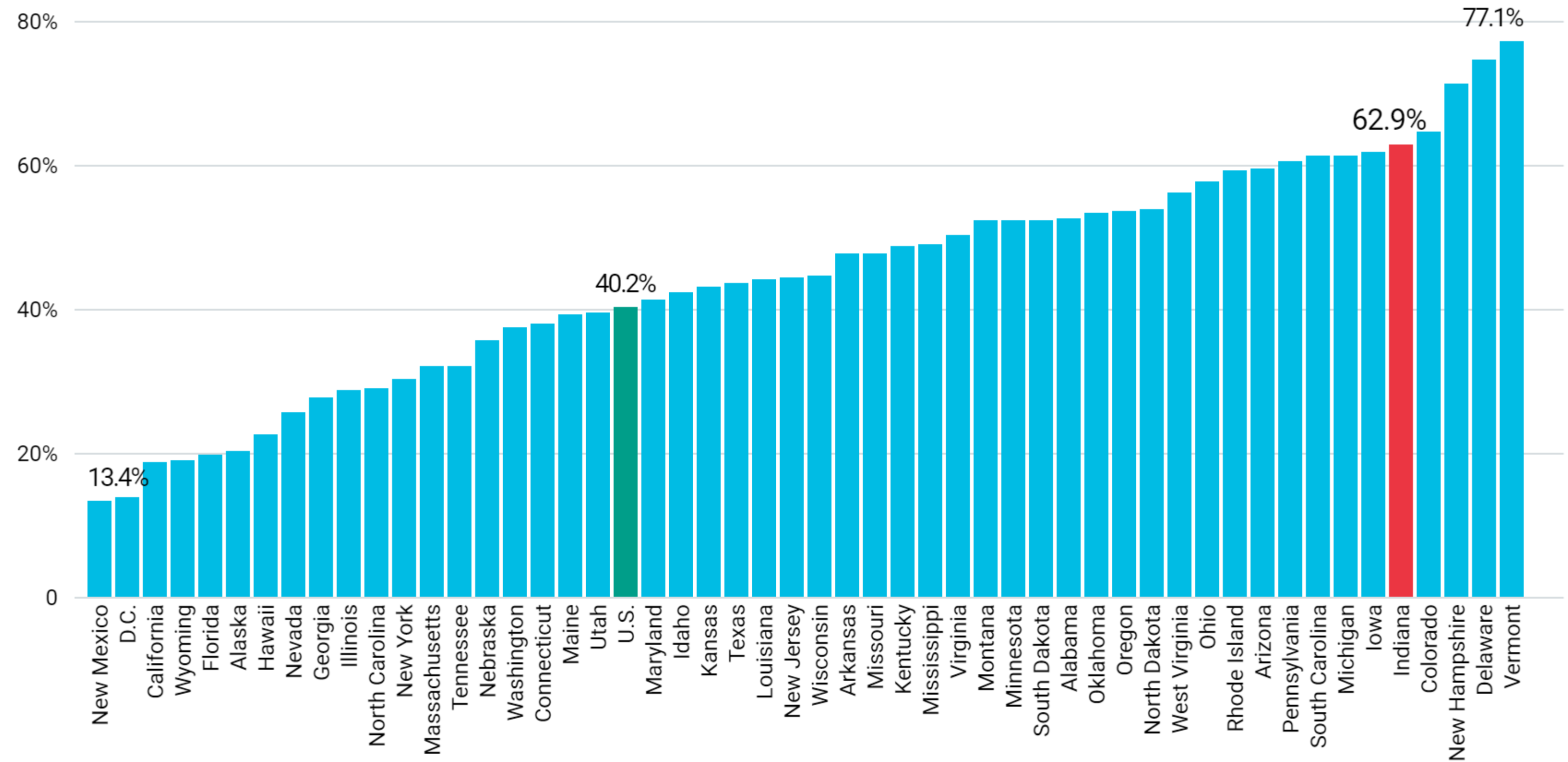


STUDENT SHARE

- ▶ National Landscape:

- ▶ 5th highest student share

- ▶ 62.9% in 2023



STATE SUPPORT

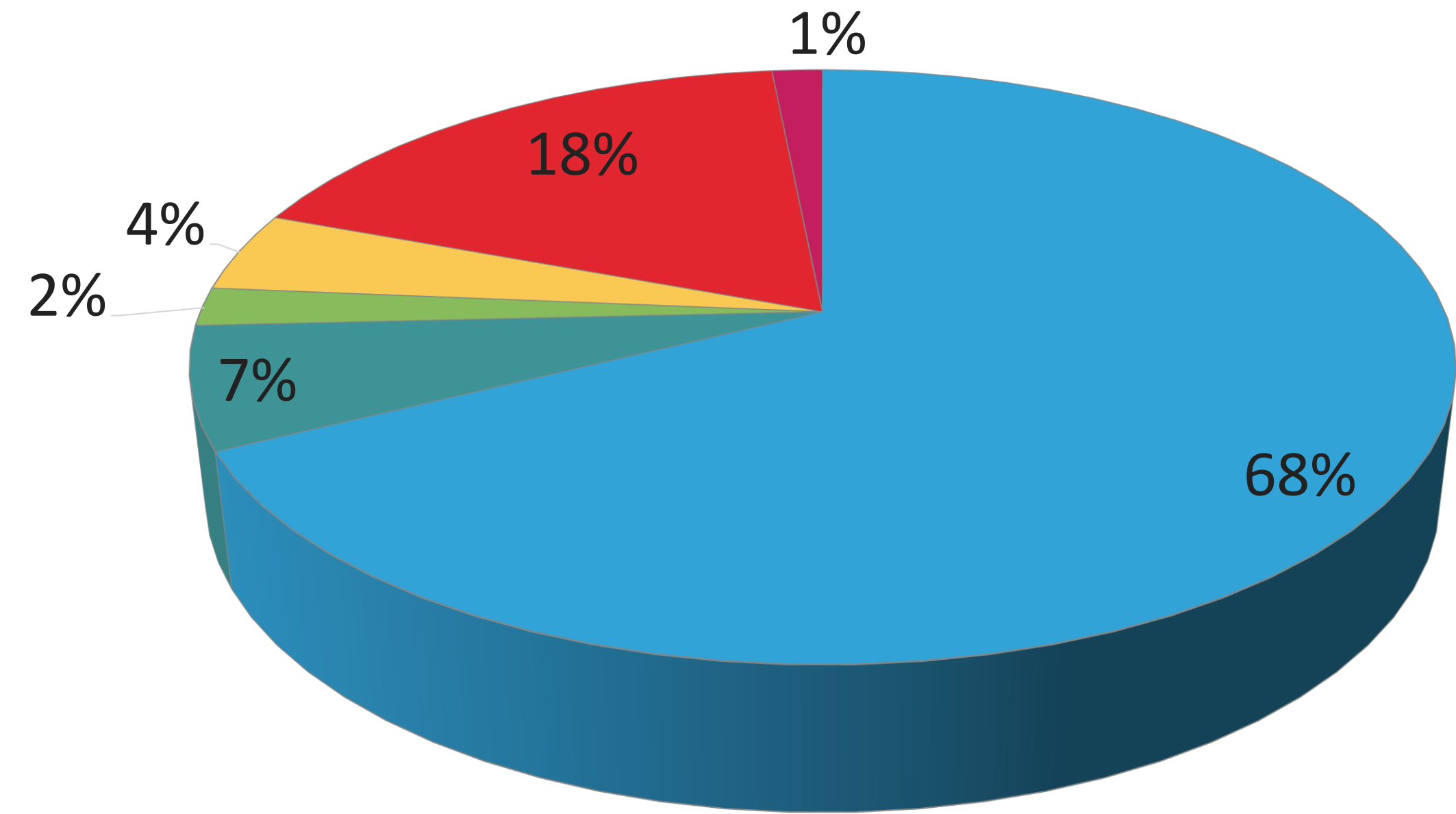
STATE FUNDING



INDIANA COMMISSION *for*
HIGHER EDUCATION

STATE APPROPRIATION

- ▶ \$2.25 billion in FY25 (ongoing)
 - ▶ \$138M, or 6.6% above FY23
- ▶ 9.8% of state budget
 - ▶ Down from 12.1% in 2011-13 biennium
- ▶ \$630M in capital funding (one-time)



Operating Debt Service R&R
Line Items Financial Aid Other



STATE APPROPRIATION

- ▶ Repair and Rehabilitation:
 - ▶ *Commission Recommendation*
 - ▶ \$47M in FY25
 - ▶ Formula driven
 - ▶ \$18.8 billion in assets



STATE APPROPRIATION

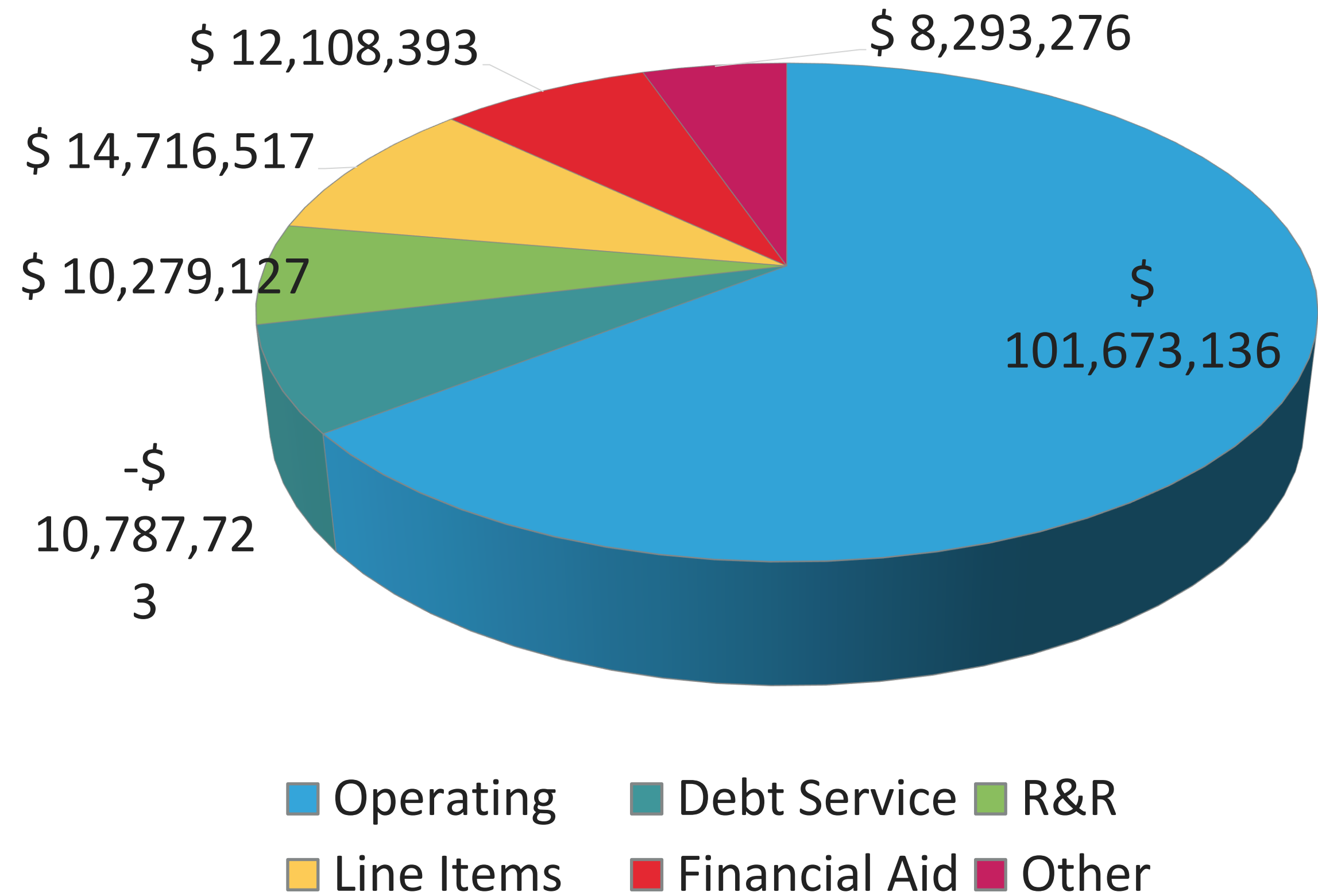
- ▶ Capital and Debt Service: “Fee Replacement”

- ▶ *Commission Recommendation*

- ▶ \$149M in FY25

- ▶ \$40M below FY21 peak

- ▶ \$50M below FY21 peak by FY27



STATE APPROPRIATION

- ▶ Line Items
 - ▶ *Commission Recommendation*
 - ▶ \$98M in FY25
 - ▶ Both miscellaneous and statewide (e.g., Dual Credit)



PERFORMANCE FUNDING

OUTCOMES BASED PERFORMANCE FUNDING



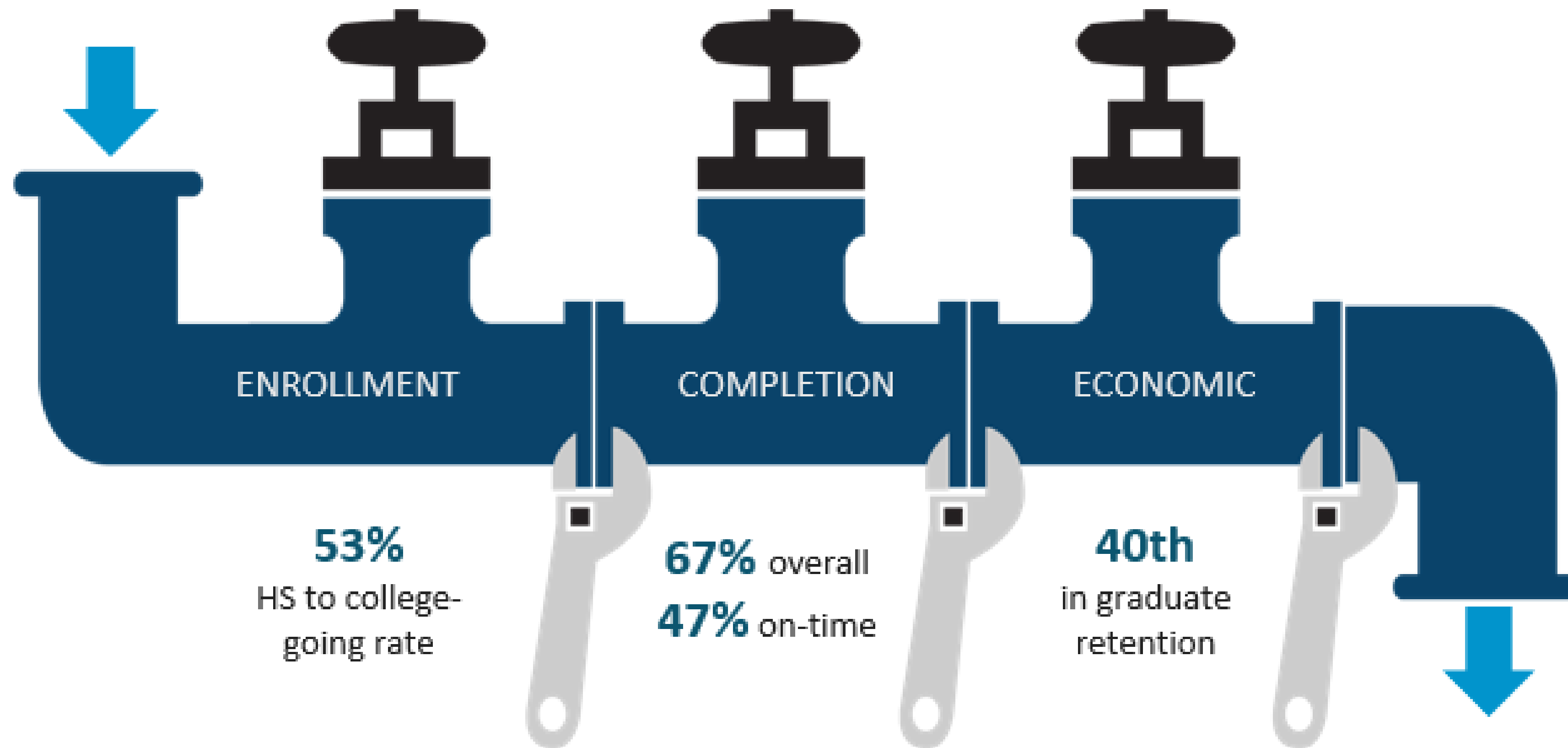
INDIANA COMMISSION for
HIGHER EDUCATION

OBPF

- ▶ Purpose:
 - ▶ Incentivize/Reward behavior
 - ▶ Drive state investment
 - ▶ Establish policy priorities
- ▶ 20+ year history
- ▶ Memorialized in 2022 (IC 21-18-16)



OBPF



OBPF

- ▶ How it works:
 - ▶ Metrics measured for trends
 - ▶ “Stretch” goals set
 - ▶ Outcomes measured
 - ▶ Funds awarded



OBPF

- ▶ Metrics (pipeline)
 - ▶ Enrollment: low-income youth, adults
 - ▶ Completion: on-time, overall, low-income, adults, STEM
 - ▶ Graduate Retention: share of recent graduates working in IN
 - ▶ Research: expenditures



OBPF

▶ Weighting

- ▶ Mission differentiation
- ▶ Counts and rates

	IUB & PWL	BSU, ISU, USI, IUPUI	Regionals	VU
Enrollment	15%	15%	15%	15%
High School Going Rate	10%	10%	5%	10%
Adult Enrollment	5%	5%	10%	5%
Completion	65%	70%	70%	70%
On-Time	7%	14%	15%	20%
Overall	15%	14%	20%	7%
At-Risk	20%	14%	15%	15%
STEM	15%	14%	8%	8%
Adult	8%	14%	12%	20%
Graduate Retention	15%	15%	15%	15%
Graduate Retention	15%	15%	15%	15%
Research	5%			
Research	5%			

OBPF

- ▶ Goals
 - ▶ Challenging yet attainable
 - ▶ Not simply a prediction
 - ▶ Trend establishes via CAGR
 - ▶ Unearned funding



AGENCY FUNDING

COMMISSION BUDGET



INDIANA COMMISSION *for*
HIGHER EDUCATION

SUMMARY

- ▶ Operating - \$8.6M
 - ▶ \$7.9M – State
 - ▶ \$750K - Federal
- ▶ Programmatic - \$58M
 - ▶ \$25M – State
 - ▶ \$33M - Federal



PROGRAMMATIC

- ▶ Programmatic
 - ▶ Carl D Perkins Federal Grant - ongoing
 - ▶ STEM Teacher Recruitment Grant – ongoing
 - ▶ Career Advising - ongoing
 - ▶ Martin University – one time
 - ▶ College Success Program – one time
 - ▶ Heartland/Anderson Scholar House – one time



OTHER

- ▶ Board for Proprietary Education
 - ▶ Dedicated funding - \$100K
- ▶ Graduate Medical Education Board
 - ▶ \$7M in FY25
- ▶ Medical Education Board
 - ▶ \$2.4M in FY25



The background features a large, faint, circular seal of the State of Indiana. The seal contains the text "SEAL OF THE STATE OF INDIANA" around the top and "1816" at the bottom. In the center of the seal is a landscape with a plowman, a shearer, and a sower, with a star above them.

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INDIANA COMMISSION *for*
HIGHER EDUCATION