

August 31, 2022

Mr. Zachary Jackson  
Director  
Indiana State Budget Agency  
State House, Room 212  
Indianapolis, IN 46204

Chris Lowery  
Commissioner  
Indiana Commission for Higher Education  
101 West Ohio Street, Suite 300  
Indianapolis, IN 46204

Dear Partners in Education,

On behalf of the students, employees and trustees of Purdue University, I respectfully submit our operating and capital state appropriations request for fiscal years 2023 to 2025.

Purdue recently was named America's No. 4 most trusted public university, and No. 21 overall, in Morning Consult's "Most Trusted Universities" study measuring how deeply the public currently trusts universities "to do the right thing."

We believe that includes continuing our focus on student affordability and student success as we pledge to keep a Purdue education within reach for students and families. Because of our 11-year commitment to no tuition or fee increases and a decrease in room and board rates, Purdue students and their families have collectively saved more than a billion dollars since 2012-13, and 60,000 students – eight graduating classes – will have never experienced a tuition increase during their time at Purdue. It continues to be less expensive to attend Purdue today than it was in 2012 even before adjusting for inflation.

Our affordability policy has enabled growth in both the number of Hoosiers enrolled at Purdue, as well as the number of families willing to invest their education dollars into the state of Indiana. This fall, our undergraduate enrollment will approach 38,000 and our overall enrollment will exceed 50,000 for the first time.

And we are growing the right way, by making major investments in value and quality such as investing \$17.5 million this year to accommodate our growth and hiring the largest new cohort of faculty in our history.

Strengthening Indiana's economy is also one of Purdue's main areas of emphasis. Since 2013, we have streamlined our process and refocused our faculty toward business startups and job creation. Our Hoosier students – and we continue to enroll more of them – are graduating at record levels, an increase of nearly 75 percent since the early 2000s, and they are equipped with the skills to innovate and thrive in our modern economy.

At the same time, we are using our pool of STEM capable graduates and top researchers to attract new businesses to Indiana and our community. Each of the last four years, Purdue has been ranked one of the 10 Most Innovative universities in the United States by U.S. News & World Report. Earlier this summer, SkyWater Technologies announced plans to open a \$1.8 billion state-of-the-art semiconductor manufacturing facility in Discovery Park District at Purdue. SkyWater will join Rolls-Royce, Saab and Schweitzer Engineering Labs as key innovative partners on our campus.

Our joint announcement with Indiana University for an innovative realignment plan for IUPUI will increase the number of job-ready graduates and world-class research, thereby fueling economic growth in the region and the state while enhancing service to the Indianapolis community and beyond.

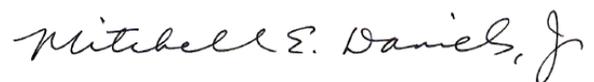
Additionally, we continue to focus on growing Purdue Global, our online solution designed for the working adult with life experience and often some college credit, but no degree. PG furthers our land-grant mission by making a top-tier education accessible to all types of students. More than 30,000 are enrolled at Purdue Global currently and over 10,000 earn a higher education credential annually.

On January 1, Mung Chiang will become the 13th president of Purdue University. Over the last five years, as the John A. Edwardson Dean of Engineering and executive vice president for strategic initiatives, Mung has led his college to its highest rankings ever while growing dramatically at both the undergraduate and graduate levels. He also has played a central role in establishing new relationships with federal agencies in the national security and economic development sectors, and in recruiting new companies to invest and create jobs in the Discovery Park District.

I want to personally thank the state for its support the last 10 years. I am confident with your continued trust and backing, Purdue will continue accomplishing great things that benefit our great state.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Mitchell E. Daniels, Jr." The signature is written in black ink and is positioned above the printed name and title.

Mitchell E. Daniels, Jr.  
President

**Attachment  
Purdue University  
2023-2025 Operating and Capital Budget Request**

There are six components to Purdue’s biennial budget request, each of which is briefly described below:

**Operating Appropriations**

Operating appropriations for public higher education institutions are adjusted according to an **outcomes-based funding (OBF)** model of student metrics. This funding may be supported by new state funding for higher education, by budget reallocations to the institutions, or some combination of the two.

**Dual Credit Line Item**

Funding for dual credit is formula-based for those college credits offered in Indiana high schools. For the 2021-2023 biennium, dual credit was funded at \$45.00 per credit hour completed.

**Repair & Rehabilitation**

Funding for R&R is formula-based and typically funded as a percentage of the facility replacement value, both asset and infrastructure, totaling nearly \$5.0 billion for the Purdue system in the last biennium.

**Debt Service**

Each institution confirms Indiana Finance Authority data related to its current debt portfolio.

**Line Item Appropriations**

The table below summarizes Purdue’s line item appropriation requests;

<b>Line Item Requests</b>	<b>FY 2023 Approp. Base</b>	<b>FY 2024 Incremental REC Request</b>	<b>FY 2025 Incremental REC Request</b>	<b>FY 2023-25 Incremental Biennium</b>	<b>Potential FY 2025 Approp. Base</b>
<b>Purdue West Lafayette</b>					
Ag Research and Extension-Crossroads	\$ 8,492,325	\$ 282,231	\$ -	\$ 282,231	\$ 8,774,556
County Agricultural Extension Educators	7,487,816	1,200,000	-	1,200,000	8,687,816
Purdue Polytechnic Statewide <sup>(1)</sup>	6,695,258	-	-	-	6,695,258
Center for Paralysis Research (CPR)	522,558	-	-	-	522,558
IN Technical Assistance and Advanced Manufacturing Competitiveness Program	4,430,212	-	-	-	4,430,212
<b>Total Line Item Requests<sup>2</sup></b>	<b>\$ 27,628,169</b>	<b>\$ 1,482,231</b>	<b>\$ -</b>	<b>\$ 1,482,231</b>	<b>\$ 29,110,400</b>

1) Statewide Technology line item name changed to Purdue Polytechnic Statewide.

**Salary and Fringe Benefit Increases.** We are recommending an increase for salaries and fringe benefits for Agricultural Research and Extension-Crossroads and County Agricultural Extension Educators. This request totals \$1,482,231 for FY 2024 and \$0 for FY 2025. For 2022, Governor Eric Holcomb announced a multi-step process to increase salaries for state employees ensuring that state wages are competitive in today's market. Both line items for which we are recommending an adjustment to base salaries have faced challenges in recruiting and retaining top talent, and it aligns with state priorities.

We are not seeking any increase requests for the **Indiana Technical Assistance and Advanced Manufacturing Competitiveness Program, Center for Paralysis Research, or Purdue Polytechnic Statewide**. However, we do ask that the line item name "Statewide Technology" be changed to "Purdue Polytechnic Statewide" so that it is more recognizable as it accurately reflects the program's name.

**Animal Disease and Diagnostic Laboratory (ADDL).** On behalf of the State Board of Animal Health, an increase to the current \$3.7 million ADDL line item is requested. The State Board of Animal Health, at their August 23, 2022 meeting, approved the request, which will be endorsed by Purdue's Trustees in October and includes four parts.

1. **Staff Wages:** Recruitment and retention of highly qualified and trained employees is critical in positioning the ADDL to respond to critical testing needs during high-consequence disease outbreak and our ability to expand testing services. The ADDL is experiencing a high level of turnover with 49.86% of ADDL staff exiting between June 2021 and May 2022; and based on exit interviews, this has largely been due to low wages. With salary and fringe making up more than two-thirds of state support, we are requesting a 3.0% increase to provide market-driven and competitive wages.
2. **New Laboratory Information Management System (LIMS):** A new LIMS is needed to provide stability across multiple testing platforms, to update the application interface so that clients can easily navigate and access their lab reports, and to extract data needed to run analytics. The new system request is \$1,000,000 with an annual service agreement of \$100,000.
3. **New Positions:** The request also includes six new FTEs to address caseload growth, growing demand for testing, and to avoid the risk of delays and interruption in service.
4. **Renovations to the West Lafayette Laboratory:** The main ADDL laboratory is 32 years old and in need of critical renovations, which include a new incinerator, hoist and rail system, and an additional cooler. The immediate needs were recently assessed through a facility study focusing on addressing safety and biosecurity concerns. The project cost totals \$10 million.

The table below shows the details of the request.

<b>ADDL Appropriation Summary</b>	<b>FY 2023 Actual</b>	<b>FY 2024 Request (\$ and %)</b>	<b>FY 2025 Request (\$ and %)</b>
<b>Prior Year Recurring Base</b>	\$ 3,711,561	\$ 3,711,561	\$ 4,873,317
<b>Recurring Annual Incremental Request:</b>			
Microbiologist Section Head		150,000	
Pathologist (Heeke)		157,000	
IT Systems Manager		117,900	
Assistant Quality Manager		85,150	
Client Services Veterinarians (2 FTE)		235,800	
LIMS System Service Agreement		-	100,000
Market Wage Adjustments		300,662	-
3.0% S&W and Fringe Benefit Increase		115,244	126,866
<b>Total Recurring Annual Incremental Request:</b>	\$ -	\$ 1,161,756	\$ 226,866
<b>Recurring Request</b>	<b>\$ 3,711,561</b>	<b>\$ 4,873,317 31.3%</b>	<b>\$ 5,100,184 4.7%</b>
<b>One-Time R&amp;R and Equipment:</b>			
LIMS System Replacement		1,000,000	
Laboratory renovations, West Lafayette			10,000,000
<b>Total One-Time R&amp;R and Equipment:</b>	\$ -	\$ 1,000,000	\$ 10,000,000
<b>Total Budget Request</b>	<b>\$ 3,711,561</b>	<b>\$ 5,873,317 58.2%</b>	<b>\$ 15,100,184 174.1%</b>

**College of Veterinary Medicine (COVM).** For the 2019-21 biennium, after a thorough internal review of the College of Veterinary Medicine’s financials and enrollment data, it was concluded that the portion of the General Fund Allocation provided to the College of Veterinary Medicine be removed from the Purdue West Lafayette appropriation to create a separate appropriation for the COVM. As part of the 2023-25 biennium, Purdue University requests to follow past precedence that the percentage of new dollars allocated to OBF also be applied to the COVM appropriation, which is not subject to OBF.

### Capital Budget Request

Projects with a request for state funding are presented in priority order. A high-level summary of each prioritized project is listed below. Complete detail can be found in each project’s submission data and narrative.

#### Priority 1

The new **Nursing and Pharmacy Education Building** will support interprofessional education and clinical learning in the College of Pharmacy and the School of Nursing on the West Lafayette campus. The facility will centralize instructional and administrative space for these programs and support the advanced clinical skills needed for combating complex diseases such as COVID-19. Clinical instructional spaces, study spaces, offices and common spaces will be included, in addition to multiple centrally-scheduled classrooms and animal holding space.

The total project cost is estimated at \$160 million, with \$89 million requested from the state and \$71 million provided by other sources. Construction will take approximately 24-30 months to complete.

## **Priority 2**

The **Rhinehart Music Center Addition** project will construct an addition onto the existing facility to support current programs and expected growth on the Purdue University Fort Wayne campus. The addition will include large and small rehearsal rooms, studios and control rooms, music editing suites, a critical listening laboratory, a small classroom and administrative and common spaces.

The total project cost is estimated at \$22 million, with \$15 million requested from the state and \$7 million from other funding sources. The approximate construction duration is 24-30 months.

## **Priority 3**

The **Chiller Plant Upgrade and Chilled Water Line Replacement** project at Purdue University Northwest includes the replacement of the existing cooling tower and the addition of a chiller for increased capacity on the Westville campus and the replacement of the existing chilled water main on the Hammond campus. Current infrastructure on both campuses has been in service for over 50 years and has exceeded its life expectancy. The work on the Westville campus will ensure adequate and reliable chilled water capacity. The existing chilled water line on the Hammond campus shows serious signs of deterioration.

The total project cost is estimated at \$12 million with all funds requested from the state. Construction will take approximately 12-18 months to complete.