



September 28, 2012

Mr. Adam Horst
Director
State Budget Agency
Room 212, State House
Indianapolis, Indiana 46204

Re: Agency Overview for 2013-15 Biennial Budget Process

Dear Adam:

As part of the 2013-15 biennial budget submission process, the Commission for Higher Education (“Commission”) is pleased to submit our agency overview in addition to other materials as requested via the budget instructions memo from July 27, 2012. Included with this letter is the Commission’s organizational chart and fund narrative for all funds under the control of the Commission.

The mission of the Commission for Higher education as established by law (IC 21-18-6) is to plan and coordinate Indiana’s system of postsecondary education, review appropriation requests of the state education institutions, make recommendations to the Governor, Budget Agency and the General Assembly concerning postsecondary education, administer financial aid programs, staff the Board for Proprietary Education, and perform other functions assigned by the Governor or the General Assembly. Through these activities, the Commission brings a comprehensive and long range view to the state’s involvement in and support of postsecondary educational opportunities.

As a result of the actions taken by the General Assembly and the Governor in the spring of 2012, House Enrolled Act 1270-2012 merged the State Student Assistance Commission of Indiana (SSACI) and the Commission for Proprietary Education (COPE) into the Commission for Higher Education. This letter and various attachments take into account the new role the Commission has with the state’s financial aid program and the oversight of proprietary institutions in the state. As of July 1, 2012 the Commission now has three main divisions that oversee, regulate and fund higher education in the state: the Commission for Higher Education, the Division of Student Financial Aid and the Board for Proprietary Education. The three divisions are responsible for the following items:

- **Commission for Higher Education:** develops and tracks the long-term strategic plan for higher education; reviews and creates policy with regard to higher education across the state; reviews and approves academic degree programs, capital projects and institution biennial funding requests; provides outreach and communication planning via the Learn More Indiana program.
- **Division of Student Financial Aid:** administers the state’s financial aid program; develops policies and rules regarding the distribution and oversight of financial aid programs; promotes and administers the 21st Century Scholars program.
- **Board for Proprietary Education:** oversees and regulates degree-granting for-profit postsecondary institutions operating in the state of Indiana; sets policies and regulates for-profit postsecondary degree-granting institutions that provide postsecondary education services in the state.



Over the last two years, the Commission has worked to complete or update several areas of higher education policy that affect Hoosiers. Most recently, the Commission presented *Reaching Higher, Achieving More* as an update to the prior long-term strategic plan *Reaching Higher*. The revised strategic plan approved by the Commission in March of 2012 was the result of nearly a year of planning and multiple discussions with Commission members, postsecondary institutions, legislators and other engaged parties. A copy of *Reaching Higher, Achieving More* is included with this document.

In addition to the updated strategic plan, the Commission presented and updated the state's performance funding formula model to the State Budget Committee in December of 2011. The Commission began the transformation of the performance funding formula in the summer of 2011 by meeting with public postsecondary institution presidents and leaders to elicit feedback. The Commission also worked with an independent consultant knowledgeable in performance funding policies across the nation to assist in the development of a new model. The Commission is pleased to report that the new performance funding formula will be part of the Commission's overall higher education budget recommendation in December 2012.

Finally, the Commission (as noted earlier) merged with SSACI and COPE effective July 1, 2012. Prior to that deadline, the Commission worked with SSACI and COPE staff to develop a transition plan, adjust for staffing changes, account for funding shifts and other logistical issues to merge the agencies. As of this letter, the merger between the three agencies has been accomplished without major issues or setbacks in services to Hoosiers.

The Commission continues to address a broad range of issues related to higher-education policies, financial aid, academic programs, capital projects, and measures in productivity and efficiencies. In partnership with Indiana's Education Roundtable and Learn More Indiana, Commission staff work to create programs that will assist high school student access and success in college. We continue efforts to review tuition policies and rates and analyze the cost of higher education and the balance of tuition and fees, state assistance, and other financial factors in higher education finance.

The Commission recently updated and adjusted our agency's performance indicators and performance metrics to align the metrics with *Reaching Higher, Achieving More*. The following items are the Commissions' performance indicators (please note that these are still under review by the Government Efficiency and Financial Planning group):

- **Completion** – Indiana's national ranking for postsecondary educational attainment
- **Productivity** – Indiana's average student debt load benchmarked against the national average
- **Quality** – Percent increase in annual grant funding received by the Commission

In addition, noted below are performance metrics associated with each indicator:

- **Completion:** On-time completion related to the performance funding formula, percent of 21st Century Scholars completing on-time, percent of 21st Century Scholars completing within 150% of normal graduation time, percent of freshmen who are first generation students according to FAFSA filings, and percent of first generation students who complete within 150% of normal graduation rate
- **Productivity:** Percent of all state financial aid allocation spent on administrative costs, overall graduation rate of students receiving state financial aid upon initial matriculation, timeliness of



authorization for applications to the Board of Proprietary Education, Learn More Indiana cost per completion

- **Quality:** Number of students employed through the Work Study program, development and maintenance of the Return on Investment calculator, number of students participating in Learn More Indiana activities, number of institutions that have adopted common metrics and assessments to measure learning

Concerning the Commission's 2012-13 budget, the Commission was able to identify 3.1% of its General Fund Operating Appropriation to set aside as a reserve in order to meet the requirements set forth by the Budget Agency. In taking on this task, the Commission has been able to offset General Fund costs by using federal grant funds, financial aid grant programs, and private grant-funds to support a significant portion of the Commission's operation. In the 2012-13 Budget, the Commission shifted approximately 21% of personnel costs to grant-related funds. Currently, alternative funding is key to the Commission's operations. If outside funding sources diminish, the Commission could have to request release of reserve funds to help offset lost grant funding. We are working hard to continue grant sustainability for the future. Please note the figures for the 2012-13 Budget include the Commission as a merged agency.

To provide the necessary services to Commission Members, the seven public institutions, state legislators, the Governor's Office and the public, the Commission must have adequate resources to carry out our mission without compromising quality. The Commission was established by law as a quasi-government agency with different powers and authorities than a typical state agency. We are fully supportive of efficiency efforts and will continue to do our part, but we are limited by the size of our budget and our services in the ways we can further reduce costs. As the Commission develops our 2013-15 budget submission, we ask that the Budget Agency please keep these duties and responsibilities in mind.

Finally, please note that the Commission's operating budget is part of the overall higher education funding recommendation made by the full Commission. In order for the Budget Agency to have all the information it needs to begin analysis on the state's budget, the Commission will provide the Budget Agency with an unofficial draft budget request for the 2013-15 biennial budget. The figures in the unofficial draft budget request do not represent the Commission's official funding recommendation to the state. Once the Commission votes on the overall higher education funding recommendation in December 2012, we will provide the Budget Agency with the official Commission office budget request information.

I am happy to discuss the role of the Commission and our operating budget with you further at any time. I look forward to working with you during the upcoming budget session.

Sincerely,

Teresa Lubbers
Commissioner

Enclosures (Agency Organization Chart; Reaching Higher, Achieving More; and Fund Narratives)