



INDIANA COMMISSION *for* HIGHER EDUCATION

October 16, 2020

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

Re: Agency Overview for 2021-23 Biennial Budget Process

Dear Director Jackson:

As part of the FY 2022-2023 biennial budget submission process, the Commission for Higher Education (“Commission”) is pleased to submit our agency overview and other supporting documents as requested via the Budget Instructions Memo. Included with this letter is the Commission’s organizational chart and fund narratives for all programs administered and overseen by the Commission.

The mission of the Commission for Higher Education as established by 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, State Budget Agency and the Indiana 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. These statutory obligations are supplemented by the Commission’s Strategic Plan, *Reaching Higher in a State of Change*, which provides a vision and a blueprint focused on pathways for student success from the recent high school graduate to the returning adult—ensuring greater economic opportunity and a stronger Indiana. With a focus on completion, equity and talent, the plan provides action steps for high schools, colleges and universities and focused metrics to demonstrate the plan’s effectiveness as we approach the 2025 goal for at least 60 percent of Hoosiers to have a quality credential. For more information about the Commission’s fourth strategic plan, please visit the “Strategic Plan” tab on the Commission’s website (www.in.gov/che).

In the upcoming biennium, the Commission plans to continue with the following objectives:

- Continue our commitment to performance funding through the outcomes-based model.
- Remain committed to programs that enable Hoosiers to skill up and/or go back to school. This is especially important in light of recent events pertaining to COVID-19 as many Hoosiers have found their careers disrupted and need to pivot.
- Expand our reporting of outcome and quality indicators through our Return on Investment, College Readiness, College Completion and Equity reports and dashboards to present a transparent, multi-faceted view of each institution to students and families.
- Maintain Indiana’s commitment to a need-based, earned benefit model of state financial aid, which is proven to increase personal income, lower unemployment claims and utilization of social welfare programs, increase workforce participation and address the state’s workforce shortage.



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- Implement the Commission's fourth strategic plan, *Reaching Higher in a State of Change*. With clear goals and aligned metrics reflecting past progress and new realities, this strategic plan charts a bold course toward Indiana's goals of closing the college completion achievement gap and increasing the number of Hoosiers with quality education and training beyond high school to 60 percent of the state's population by 2025.

Finance

Biggest Programs and Functions

- **Financial Operations/HR:**
 - The Commission's Finance Department is responsible for all financial and accounting processes, including but not limited to: accounts payable, accounts receivable, general ledger, contract management, federal and private grant management, financial reporting, auditing and budgeting. The department oversees and processes approximately \$380,000,000 in annual expenses, \$370,000,000 of that being student financial aid distributions, and approximately \$1,000,000 in private, federal and state revenue.
 - The Finance Department is responsible for creating and implementing the agency's annual internal spending plan, which is approved by the Commission, and completing annual reporting requirements (the annual compliance review, CAFR, SEFA, etc.) set by other financial agencies of the State.
 - Every year, the Commission must report to the State Higher Education Executive Officers data for the State Higher Education Finance report as well as the Grapevine Compilation of State Fiscal Support for Higher Education.
 - All Human Resource functions are also overseen by the Finance Department and include but are not limited to: onboarding new hires, terminations, promotions, reclassifications, leave requests (FMLA, STD, etc.), performance evaluations, HR compliance policies and internal implementation of the State Personnel Department's initiatives.
- **Budget Development, Performance Funding & Capital Project Reviews:**
 - Every odd fiscal year, the Commission prepares and presents its biennial budget recommendation to the Budget Committee and to the General Assembly during the legislative session. The recommendation covers funding for the functions of the Commission and state funding to the seven public higher education institutions. This is a several month-long process that requires researching within and outside of the state, looking at historical trends, and determining the Commission's priorities. A key component of the budget development process for the Commission is the Performance Funding Formula, which determines operating funding for the seven public higher education institutions through a student outcomes-based model. The finance department manages the Performance Funding Formula.
 - The Commission is also responsible for vetting and reviewing capital project requests submitted by the public universities throughout the year. The process provides for review by the Commission's Budget and Productivity Committee, which is staffed by the Finance Department, prior to review and approval by the full Commission.



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- **Information Technology:**

- The Commission's IT department is responsible for managing and maintaining the agency's student financial aid disbursement system (ScholarTrack), the agency's Data Submission System (CHEDSS), and fielding internal IT issues as they arise.

Greatest Accomplishments:

- Over the past two years, the Commission has successfully obtained clean audit reports with no audit findings.
- The Finance Department successfully developed a spending plan that still allows the agency to maintain critical functions while reducing spending in response to the budget constraints due to the impact of COVID-19.

Greatest Challenges:

- During the legislative session, it is not uncommon for new initiatives to arise that impact the Commission and its staff, which is welcomed as this often provides the agency with an opportunity to serve both Hoosiers and its mission in new and innovative ways. However, new programs and initiatives increase the workload to the staff, and the Commission rarely increases its headcount to accommodate additional workload. This results in the Commission having to do more with less.
- Related to the first bullet point, turnover amongst staff is another challenge the Commission has faced for several years. The Commission prides itself on attracting top talent and hard, dedicated workers who are often targeted and hired by private organizations and public institutions that are better suited to pay employees higher wages than what the Commission can provide.
- Maintaining critical functions through COVID while budgeting for the fiscal impact that COVID has had on the State has likely been the greatest challenge faced in many years. We have had to renegotiate major contracts, reduce spending on marketing and outreach efforts on financial aid programs, and restructure the payroll allocation to maximize dedicated, programmatic funds.

Communications and Outreach

Biggest Programs and Functions

- **Student engagement through outreach and communications:**
 - **21st Century Scholars and other financial aid programs:** The 21st Century Scholarship is a national model for early college promise programs and pays for low-income Hoosiers to attend college who have met educational metrics and other requirements, including the Scholar Success Program and the Scholar Pledge. Support for the program includes ScholarCorps, which places student advisors on campuses to help Scholars retain their scholarship and earn a postsecondary credential. The Commission has eight outreach team members throughout the state who work with local schools, communities and families with 21st Century Scholars enrollment and other critical financial aid functions, including filing the Free Application for Federal Student Aid (FAFSA). Other state financial aid programs include the Frank O'Bannon Grant, the Workforce Ready Grant, Adult Student Grant, Next Generation Hoosier Educators Scholarship, and many more.



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Communications and public relations efforts enhance all of this work by promoting these programs through press releases and opinion pieces, interviews with local and statewide media, blog posts and program awareness.

- **Learn More Indiana:** Learn More Indiana is the Commission's student and family platform to promote college and career exploration from pre-k through adult students. This is mission critical for the agency, with the goal of improving Indiana's college-going culture and increasing the number of students entering into and completing a postsecondary credential. This is one of the Commission's primary ways to communicate with students about state financial aid, including communicating to 21st Century Scholars throughout high school and college.
- **Commission meetings, communications, and marketing:**
 - As written in state statute, the 14-member Indiana Commission for Higher Education meets regularly in-person to discuss state and national higher education issues and develop and strengthen Indiana's alignment of postsecondary education for students and the state. The in-person meeting requirement has been waived due to the Governor's executive order related to health and safety around COVID-19.
 - The Commission publicizes its strategic priorities, policies and initiatives through local, state and national media pitching, via regular press releases and opinion pieces, interviews and other external communications and marketing objectives.

Greatest Accomplishments:

- Successful creation and implementation of the Commission's fourth strategic plan, *Reaching Higher in a State of Change*, is one of our greatest accomplishments. This plan outlines clear policy recommendations and goals to move Indiana to 2025, the deadline for the state's big goal of reaching at least 60 percent of Hoosiers with quality education and training beyond high school.
- The continued strengthening of the Workforce Ready Grant, part of Governor Eric J. Holcomb's Next Level Jobs initiative, including the temporary expansion of the number of workforce certificates and the eligibility for those with a two-year or four-year degree, is another great accomplishment. The Commission and the Governor's Workforce Cabinet have led the state's workforce recovery initiative during the COVID-19 pandemic (called *Rapid Recovery for a Better Future*), which has rapidly scaled the Next Level Jobs program to connect Hoosiers with tuition-free short-term, high-quality certificates for Indiana's in-demand industries. Nearly 28,000 Hoosiers have enrolled in high-demand certificate programs through the Workforce Ready Grant, and more than 15,000 Hoosiers have completed a Workforce Ready Grant-eligible program.
- The Commission has been celebrating 30 years of helping low-income students access college with the 21st Century Scholars program, which was founded in 1990 to help close educational equity gaps. Over 40,000 Hoosiers have earned a degree through the Scholars program, and more than 100,000 students are currently enrolled between seventh grade and seniors in college. The college-going rate for eligible scholars is 86% compared to 61% for the general population.
- For many years, the Commission has been focused on closing achievement gaps in higher education. In 2013, the Commission passed a resolution to close achievement gaps by 2025. While gaps were closed



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half-way by 2018, only the 21st Century Scholars are on track to close the gaps by 2025. The Commission published a College Equity Report in 2018 to shine a brighter light on the disparities in education – the first of its kind in the nation – and continues that work today. The Commission’s strategic plan includes three priorities: completion, equity and talent.

- The 2019-2020 Learn More Indiana magazines were recently awarded a Pinnacle award by the Public Relations Society of American (PRSA) Hoosier Chapter. The awards denote excellence in public relations, communications and marketing. In 2018, the Commission’s ScholarTrack system was recognized by Centric as an Indiana Innovation Award winner. In 2019, the platform was nominated for a TechPoint Mira Award.

Greatest Challenges:

- Battling prevailing state and national attitudes that college is not necessary or valuable to get a good job and have a secure future has been an increasing challenge. This outlook is counterintuitive to the current economic situation. It is true now more than ever that good jobs are linked to some form of higher education. Hoosiers with higher levels of education have fared far better than those without education beyond a high school diploma during the economic impact of COVID-19.
- Closing educational equity gaps in Indiana is one of the Commission’s greatest priorities and has been for many years. In 2013, the Commission passed a resolution to cut educational achievement gaps in half by 2018 and to close the gaps entirely by 2025. While the gaps were closed halfway by 2018, there is still work to do to close the gaps. Currently, students in the 21st Century Scholars program are the only ones on track to close the gaps. The communications and outreach team supports the Commission’s efforts around the 21st Century Scholars program, implementing equity-based policies from the state’s strategic plan for higher education and paying for what we value through performance-based funding.

Policy and Research

Biggest Programs and Functions

- **Data:**
 - The major function of the Policy and Research department is to abstract, compile and analyze data pertaining to higher education. This includes creating and developing reports and fulfilling data requests for CHE staff, state agencies, higher education institutions, high schools, private organizations and others. The staff is also responsible for compiling and monitoring student-level data, which feeds into the Commission’s Performance Funding Formula.
 - Providing internal and external stakeholders with key information is the greatest priority of the Policy and Research department as it allows for informed decision and policymaking, which drives positive outcomes in higher education and for the state.

Greatest Accomplishments:

- The Policy and Research department recently aided the Legislative Services Agency (LSA) and the Indiana Department of Education (IDOE) in assessing the efficacy of Indiana’s educational system and fulfilling state and federal reporting requirements.



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- The Commission recently published its annual Equity Report that highlights racial disparities and points to areas for improvement.
- The Policy and Research department has been working diligently with entities like the Indiana Chamber of Commerce to provide prospective businesses information to relocate to or grow in Indiana.

Greatest Challenges:

- One of the greatest challenges is maintaining data systems and keeping up with the rapidly-evolving technology.

Academic Affairs

Biggest Programs and Functions

- **Instructional Programs:**
 - Per statutory responsibilities, the Academic Affairs department authorizes and selectively reviews all certificate and degree programs offered by public two- and four-year institutions, and all programs offered by institutions overseen by the Board of Proprietary Education (BPE).
 - The department develops institutional mission statements and policies, and partners with institutions to promote career-relevant learning experiences in all undergraduate degree programs.
- **Student Mobility Pathways:**
 - Staff of the department implement, maintain and enhance legislatively mandated transfer of credit opportunities at the course, certificate and degree level. This includes opportunities for veterans and transfer equivalencies for AP, IB and CLEP exams.
 - The Academic Affairs department coordinates Indiana's extensive dual credit initiative, which includes working with the Governor's Workforce Cabinet on CTE Next Level Programs of Study.
 - The staff of the department oversee Indiana's participation in the State Authorization Reciprocity Agreement and bilateral and Midwestern Higher Education Compact (MHEC) reciprocity agreements.
- **Data, Digital Credentials, and Transparency:**
 - The Academic Affairs department is responsible for administering the statutory Indiana e-Transcript Program and maintaining the Academic Program Inventory (API). The API consists of information on all certificates and degree programs offered by all public, private non-profit and private for-profit institutions. This system is integral to CHE data collection systems and links Commission data to other state-level data, including the Department of Workforce Development's unemployment insurance data used to produce ROI reports.
 - The department leads inter-agency efforts to populate the Credential Registry with linked, open data that is useful to prospective students, stakeholders, and policy-makers.

Greatest Accomplishments:

- The Academic Affairs department worked with the Governor's Workforce Cabinet to help implement Next Level Programs of Study, a redesign of CTE programs.



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- The Academic Affairs department assisted Google Pathways in developing an application to access data in the Credential Registry. In addition, the Credential Registry was recently populated with data for all public sector certificate and degree programs on a variety of topics.
- Recently, staff has collected and audited 20 years of transcripts from all institutions authorized by the Board of Proprietary Education to ensure student access to adequate transcripts in the event of a school closure.
- In partnering with INvestEd, the Academic Affairs department has secured funding for maintaining and possibly increasing the number of fully qualified dual credit instructors.
- All public associate and baccalaureate programs have been surveyed, and the first steps have been taken to ensure all undergraduate degree programs include learning experiences with career relevance.
- In response to the COVID-19 pandemic and the impact it has had on higher education, the Academic Affairs department has collected data and developed policies to guide institutional responses to COVID-19.

Greatest Challenges:

- One of the greatest challenges pertaining to academic affairs is the technical obstacles that hinder the integration of additional internal and external databases into the Credential Registry. This has also been an issue with the enhancement of the Indiana e-Transcript Program, as there is a lack of integration platforms that are needed.
- The Commission is working to integrate Board of Proprietary Education data collection into its CHEDSS 2.0 system.

Legislation and Program Implementation

Biggest Programs and Functions

- **Administration of State Financial Aid**
 - **ScholarTrack** – Since its launch in 2017, the Commission’s financial aid portal, ScholarTrack, changed the delivery of state financial aid in Indiana. Students, parents, counselors, school administrators and community partners now have real-time access to information about student financial aid eligibility and awards. Without ScholarTrack functioning effectively and efficiently, the administration of state financial aid is not possible.
 - **21st Century Scholars** – The Commission awards the 21st Century Scholarship to over 20,000 Hoosier students each year. Indiana’s 21st Century Scholars continue to show improved college performance with on-time graduation rate by 16 percentage points in the last five years with Scholars having a higher graduation rate than the general population at five campuses. The Commission recently launched a College Scholar Success to further increase the return on Indiana’s investment in the 21st Century Scholarship program. To administer this program, the Commission must process hundreds of thousands of FAFSA applications, collect credit completion and GPA information; and provide significant support and advice.
 - **Frank O’Bannon Grant** - The Commission awards nearly 40,000 Hoosier students a Frank O’Bannon Grant annually. Without this assistance, thousands of Hoosiers would not be able to



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- attend postsecondary education. The recent increase in the schedule of awards has allowed the Frank O'Bannon Grant to almost reach the amounts offered prior to the Great Recession. Similar to the 21st Century Scholarship, the Frank O'Bannon Grant requires the Commission to process FAFSA applications, collect credit completion and GPA information; and provide significant support and advice.
- **Workforce Ready Grant** – The expansion of the Workforce Ready Grant to recent high school graduates help thousands of Hoosier obtain the education and training needed to succeed in today's economy. Over 15,000 students have earned a high-value certificate with these students seeing an average annual wage increase of \$6,400.
 - **Veteran and Public Safety Tuition and Fee Remissions** – Over 5,500 students annually are able to attend Indiana's public institutions tuition and fee-free through these programs. The children and spouses of deceased or disabled veterans and public safety officers can qualify for this program. The Commission has streamlined the application by creating a one-time application process that removed the bureaucratic hurdle of annual recertification.
 - **Adult Student Grant** - The Adult Student Grant serves over 3,000 students each year, with demand significantly increasing since its low point of fewer than 500 students in 2016. The Adult Student Grant fund also helps cover the cost of the credit-bearing Workforce Ready Grant Program.
 - **Next Generation Hoosier Educators Scholarship** – The fourth cohort of Next Generation Hoosier Educators Scholarship recipients enrolled this fall. Since its launch in fall 2017, nearly 800 high-achieving students are pursuing careers in education with the assistance of this scholarship. So far, 95% of recipients are either still enrolled in an education program or have graduated early and are teaching.
 - **William A. Crawford Minority Teacher Scholarship** – The William A. Crawford Minority Teacher Scholarship has helped thousands of Black and Latino students pursue a career in education over the last 30 years. Nearly 200 students receive a scholarship each year, with the demand for the scholarship outpacing the appropriation.
 - **Earline S. Rogers Teaching Stipend for Minorities and the Student Teaching Stipend for High-Need Fields** – Like the William A. Crawford Minority Teacher Scholarship, the demand for the student teaching stipends are outpacing the appropriation, with more than 400 students receiving a stipend each year.
 - **National Guard Supplemental Grant** - The National Guard Supplemental Grant serves over 500 Indiana National Guard members each year with demand remaining steady and slightly below the appropriation level.
 - **Mitch Daniels Early Graduation Scholarship** – In FY20, the Commission streamlined the process for accessing the Mitch Daniels Early Graduation Scholarship resulting in 33% more students being able to benefit from the scholarship.
 - **Primary Care Scholarship** – The Primary Care Scholarship is available to students attending the Marian College of Osteopathic Medicine with 100 students annually benefiting from the program.
 - **Graduate Medical Education Board** - The Indiana Graduate Medical Education (GME) Board is tasked with addressing the need for additional resident physician training positions as Indiana needs to train and retain at least 350 more physicians by 2024. Through the GMEB fund, Indiana has created over 230 new residency training positions, and provided funding to support the



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startup of seven new residency programs across the state. This expansion is expected to continue with additional seven new residency programs being created to support an additional 416 residency training positions over the next two years.

- **STEM Teacher Recruitment Grant** – The STEM Teacher Recruitment Fund Grant awarded \$10 million to 16 Indiana non-profit organizations to continue recruitment and retention of STEM teachers. Over 2,000 educators in school corporations across Indiana are being supported with grant funding. Grant funds were awarded to entities that recruit and place STEM teachers in underserved areas or areas that are encountering a shortage of qualified teachers such as urban, suburban, and rural schools across the state.
- **Teacher Residency Grant** – Created in 2019, the Commission awarded the first round of Teacher Residency Pilot Grants totaling nearly \$1M for the two-year grant cycle. Modeled after medical residency and apprenticeship programs, teacher residency programs are full-year, paid teaching experiences for student educators. Students teach alongside an experienced mentor teacher, preparing them for the classroom after graduation. Two types of grants are supported through the program: residency grants and planning grants.

Greatest Accomplishments

- Launching and implementing the ScholarTrack system, which has allowed the Commission and institutions to more effectively deliver financial aid and reduce the time needed to administer these programs.
- Expanding the Workforce Ready Grant to the recent high school graduates which has allowed over 15,000 Hoosiers to earn a high-value certificate.
- Retaining or graduating over 95% of their recipient for the first three cohort of the Next Generation Hoosier Educators Scholarship.
- Returning the Frank O'Bannon Grant to near pre-recession levels
- Handling over 20,000 annual student interactions with a support center of only four individuals.

Compared to other states, Indiana's higher education coordinating board is small, but effective. Indiana is consistently recognized as a state that is doing much to move the needle on completion rates and other key performance metrics. Our engaged board of gubernatorial appointees, which actively manages our activities with a constant eye toward efficiency, is also to be credited with our lean administrative costs. It is also important to note that nearly all of the funds appropriated to the Commission (in excess of 98%) are distributed directly to students to improve college access and success through state financial aid. These facts taken together mean that we are limited in the ways we can further reduce costs without negatively impacting Indiana's students and families.

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

Sincerely,



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Teresa Lubbers
Commissioner

Enclosures (Agency Organization Chart; *Reaching Higher in a State of Change*; and Fund Narratives)