



August 15, 2014

Mr. Brian Bailey
Director
State Budget Agency
Room 212, State House
Indianapolis, Indiana 46204

Re: Agency Overview for 2015-17 Biennial Budget Process

Dear Brian:

As part of the 2015-17 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. 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. These statutory obligations are supplemented by the Commission’s Strategic Plan *Reaching Higher, Achieving More* which list specific, measurable activities and related outcomes to strengthen Indiana’s system of higher education. Through these activities, the Commission brings a comprehensive and long range view to the state’s involvement in and support of postsecondary educational opportunities.

The Commission has made significant progress in implementing the *Reaching Higher, Achieving More* plan since its adoption in March 2012. A copy of *Reaching Higher, Achieving More* is included which lists a three-pronged approach, designed to increase college **completion**, enhance **productivity** and safeguard **quality**. For more information about any of the specific successes detailed below, please visit the “Strategic Plan” tab on the Commission’s website (www.in.gov/che).

The **Completion** section of the strategic plan identifies how to raise the overall completion rates of students at Indiana’s colleges and universities and to reduce the time it takes for students to complete degrees. RHAM advocates a three-pronged strategy: increasing the preparation of K-12 students, transforming remedial education, and establishing clear pathways for on-time completion. Key successes under the Completion section include:

- Performance Funding
- Degree Maps
- Remediation Redesign
- 21st Century Scholars Supports
- Restructured Advising
- Guided Pathways to Success
- 15-to-Finish Campaign
- Focus on Closing Achievement Gaps
- Commitment to the Non-Traditional Student
- Return to Complete Initiative



With respect to **Productivity**, far too many Hoosiers have to finance their higher education through large amounts of student debt or personal investment. In Indiana, we have calculated that an additional year of college costs \$50,000 or more in tuition, lost wages and related costs. The strategic plan calls for policies and innovations to help students graduate in less time and at a lower cost. Key successes under the Productivity section include:

- Performance Funding
- Credit Creep Reform
- Guaranteed-transfer General Education Core of 30 credits
- Guaranteed-transfer Single Articulation Pathways of 60 credits
- Student Incentives
- College Cost Transparency

The Commission continues to work on issues relating to **Quality** in higher education. The worth of a higher education is not found only in the degree, but also in knowing that the knowledge and skills learned are of high quality and will be of use in the workplace. To that end, as part of Reaching Higher, Achieving More the Commission and Indiana's institutions of higher education must embrace increased public transparency, innovative approaches to education (including accelerated learning) with defined learning outcomes and quality assessments. Key successes under the Quality section include:

- Return on Investment Reports
- Innovative Models like Ivy Tech's ASAP and WGU-Indiana
- Commitment to Competencies
- Experiential Learning

In the upcoming biennium, the Commission plans to pursue new ways of paying for what we value, including:

- Continuing our commitment to performance funding through increased weight of the outcomes-based model, continued use of established metrics, and exploring potential for enhancement.
- Modifying part-time financial aid to be more flexible for non-traditional and adult students while funding outcomes, not inputs.
- Creating pathways and financial incentives for Hoosiers with some college and no degree to capitalize on their previous investment and complete a degree or credential.
- Removing a barrier to accelerated completion through a program that allows accelerated students to accelerate their financial aid – as long as the program has demonstrated results.
- Reporting indicators of quality through a dashboard on our Return on Investment reports to present a transparent, multi-faceted view of each institution to students and families.

We will also be developing an updated strategic plan with the intent to adopt in Fall 2015 that will guide the work in the latter part of the biennium.

Concerning the Commission's 2013-15 budget, the Commission was able to identify over 12% of its General Fund administrative 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, and private grant-funds to support a significant portion of the Commission's operation. In the 2013-15 Budget, the Commission shifted approximately 39% of personnel costs to funds other than CHE Administration. 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.

Compared to many other states, Indiana's higher education coordinating board is small but effective. Indiana is consistently recognized as a state that is doing a lot to move the needle on completion rates and other key performance metrics while operating with a staff half the size or smaller than many of our counterparts. Our engaged board of gubernatorial appointees, which actively manages our activities with a constant eye toward efficiency, is also to be credited with our relatively lean administrative cost. 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 cost without negatively impacting Indiana's students and families. As the Commission develops our 2015-17 biennial budget, we ask that the Budget Agency please keep these dynamics 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 2015-17 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 November 2014, 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 and 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)