Ball State University

State Budget Committee Presentation
November 14, 2012
Ball State:

- Makes a positive impact in Indiana
- Understands, and is acting on, the state’s priorities
- Has seen significant cuts over the past several biennia
- Is concerned about the long-term impact of the current funding approach

and...

Needs your help
A Distinctive Option For Hoosiers

Ball State University: An increasingly selective institution, focused primarily on a high-quality undergraduate experience for Hoosiers
Employers Value Immersive Learning

- **Hart Research Associates 2010 Study** – According to employers, the top two emerging educational practices that prepare college students for employment success:
  - A significant project that demonstrates their depth of knowledge.
  - An internship or community based field project to connect classroom learning with real world experience.

- **Battelle 2012 Study**
  - **Indiana’s education issue is not quantity** – Indiana places in the upper half of states both in college entry and completion and confers baccalaureate degrees at a rate higher than the national average.
  - Experience matters; internships and real world learning experiences create a better work-ready college graduate.
Ball State’s Quality Impacts Indiana

- **Immersive Learning** cited by peers in national publications
  - Often leads to career decisions and employment offers
- **An Entrepreneurial Focus** for all students
  - Indiana’s dependency on entrepreneurial businesses
- Recognized as a national leader in **New and Emerging Media**
  - A growing part of the Indiana economy

*U.S. News & World Report* ranks Ball State 8th among "up-and-coming" colleges and universities for 2011
Impacting INdiana Businesses

A student team conducted research and delivered a marketing plan for the division’s national expansion into a new testing service line.

“Utilizing these talented students is a great way to accelerate our progress in the Food & Micro Division.” President – Environmental and Microbiology Division

A student team designed and created an online native plant specification tool to aid in improving the success rate of ecological restoration projects.

“I wanted to take a moment to share with you the tremendous value this program is delivering.” Vice president – Strategy & Marketing

Ball State’s Center for Media Design has worked with ExactTarget on several projects. Recently, the company asked Ball State to develop and deliver training for their employees. One more way BSU is helping attract and develop talent in one of Indiana’s growing industries...

Over 135 immersive learning projects had a business as their partner

Riley Sunrise: “Our installation for Riley Hospital for Children”.

An Indiana design and fabrication studio started by recent graduates, PROJECTiONE began as a collaborative architectural thesis at Ball State University.
Quality Experiences Lead to Employment

McGraw Hill

Hunt Construction

Accenture

Innovation Connector

Harpo Productions

Orange

Gannett

Turner Sports

Envisage

Ball State University
Education Redefined
Alternatives that Impact Indiana

Growth in off-campus Education

57% growth in lower-cost options attractive to non-traditional students

4 top 20 rankings in U.S. News & World Report’s online program rankings, more than any other in Indiana
Impacting INDividuals

- **3 Rhodes finalists** and **50** other national scholarships and fellowships since 2006

- **54 nationally ranked** or recognized **academic** programs

- **16,416** students have participated in **1,019 immersive learning** projects impacting **74 Indiana counties**

- **U.S. News & World Report** listed Military 2 Market (M2M), a partnership with **Crane** that is part of our **entrepreneurship** program, **first** among “10 College Classes That Impact the Outside World”

- **Geothermal** project created **2,300 jobs**; redefined a declining **Hoosier industry**
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Aligned with ICHE’s Strategic Plan

- Ball State’s prior and current strategic plan each have over 100 measurable performance indicators
- Most are directly aligned with the Commission’s priorities
Completion Initiatives

- **Free tutoring** to all students
- **Removed** scheduling **impediments**
- **Reduced minimum credit hours** for degree from 126 to 120
- Degree in Three program – **graduate in three years**
- **Career counseling** starting at freshman orientation
- Restructured tuition – students can **take more hours for less money** with On-line and summer options
- Completion **Scholarship for graduating in four** or fewer years
- Financial penalty for credit hours over 144
- “**Think 15”** campaign
Chronicle of Higher Education recently reported that Ball State had the 6th highest long-term improvement in 6-year graduation rates of any public, research university in the nation:

San Diego State
Georgia State
Temple University
University of Pittsburgh
Ohio State University
Ball State University
Comparing Change in 4-Year Graduation Rates

Every Other Indiana 4-Year Institution of Higher Education

<table>
<thead>
<tr>
<th></th>
<th>2000/2001 Average</th>
<th>2008/2009 Average</th>
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<tbody>
<tr>
<td>BSU</td>
<td>+12.6</td>
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<tr>
<td></td>
<td>+7.7</td>
<td></td>
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<tr>
<td></td>
<td>+5.6</td>
<td></td>
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<tr>
<td></td>
<td>+2.9</td>
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<td>+2.7</td>
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<td>+0.4</td>
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<td></td>
<td>-2.8</td>
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<tr>
<td></td>
<td>-3.3</td>
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</tr>
</tbody>
</table>

Average increase is 2.07 percentage points

**Ball State is #1** with 12.64 percentage points
IPEDS Comparison of Graduation Rates

35 peers selected by the U.S. Department of Education
(based on research classification, size, selectivity, cost, etc.)

Productivity: Actions Taken to Cut Costs

• Implemented hiring freeze/delays
• **Limited salary increases**
• Reduced pension contributions
• **Restructured health care benefits**
• Reduced overtime costs
• Decreased maintenance costs
• Reduced funding for travel
• **Delayed repair/rehabilitation projects**
• Implemented geothermal project
• Joined several purchasing consortiums
• **Educated more students without adding additional space**
• Increased space utilization

• Generated additional external resources
• **Restructured tuition**
• Reduced minimum credit hours for most degrees
• Conducted academic program reviews
• Implemented print management policy
• Renegotiated labor contract
• Accelerated wellness initiative
• **Increased summer usage of campus**
• Reduced hardware and software licensing expenses
• **Reduced energy expenses through conservation and operations**
Actions Impact Affordability

FY 2011-12 Expenditures Per FTE
(actual and what we would have spent if we hadn’t taken the cost-cutting actions that make us more efficient than national/state peers)

Actions result in $2,648 in tuition savings for every student.

External studies show that Ball State is well below national and state averages in expenses in these key areas.

- Without staffing savings
- Without salary savings
- Without healthcare savings
- Without energy savings

Actual expenditures per full-time student

Ball State University
Education Redefined
Example: Salary Comparisons

35 peers selected by the U.S. Department of Education
(based on research classification, size, selectivity, cost, etc.)

Ball State Spends Less Now than in 2002 (Adjusted for Inflation - CPI)

General Fund expenditures per FTE

General Fund expenditures per FTE adjusted for inflation
Ball State Expenditure Growth Compared to CPI and Hoosier Income

Percentage Increase 2001-02 to 2011-12

- BSU Expenditures per FTE: 21.6%
- CPI: 27.6%
- Hoosier per capita income: 28.3%

Hoosier per capita income grew 31% more than Ball State expenditures.
Where We Spend Our Money

Core expenses per FTE enrollment, by function: Fiscal year 2011

35 peers selected by the U.S. Department of Education (based on research classification, size, selectivity, cost, etc.)

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Needs your help
Deep Cuts to Ball State Appropriations

- 2009-11 Biennium Cuts: $15.3M
- 2011-13 Biennium Cuts: $11.8M
- 2013-15 ICHE Proposed Biennium Cuts: $11.4M

- Ball State *expenditures are already well below Indiana peers* and national averages in areas like salaries, health care, administrative staffing, and energy consumption

- Lean organizations are harder to cut
Cumulative Impact on Operating Appropriations

Loss of $86.7M

FY 2014-15 appropriation would be lower than FY 1999-00 appropriation

Based on August 2012 ICHE preliminary recommendation
Cumulative Loss includes loss of ARRA appropriated funds
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# Current ICHE Proposal

## Ball State Operating Appropriations

<table>
<thead>
<tr>
<th></th>
<th>2013-14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 Operating Base</td>
<td>$ 118,723,016</td>
<td>$ 118,723,016</td>
</tr>
<tr>
<td>Base Reduction</td>
<td>$ (7,123,381)</td>
<td>$ (8,310,611)</td>
</tr>
<tr>
<td>Performance Based Funding</td>
<td>$ 1,862,065</td>
<td>$ 2,172,409</td>
</tr>
<tr>
<td>Net Loss</td>
<td>$ (5,261,316)</td>
<td>$ (6,138,202)</td>
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<tr>
<td>ICHE Recommendation</td>
<td>$ 113,461,700</td>
<td>$ 112,584,814</td>
</tr>
<tr>
<td>Percent Cut to Base</td>
<td>-4.43%</td>
<td>-5.17%</td>
</tr>
</tbody>
</table>

Ball State has **the largest cut** on a percentage and dollar basis.
Funds Flowing to 2-Year Campuses

<table>
<thead>
<tr>
<th></th>
<th>2-year Campuses</th>
<th>Growing Campuses</th>
<th>Statewide Average</th>
<th>Stable Campuses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funding Increase</td>
<td>53%</td>
<td>25%</td>
<td>7%</td>
<td>-5%</td>
</tr>
<tr>
<td>Percent of Hoosier Degrees Awarded</td>
<td>25%</td>
<td>8%</td>
<td>9%</td>
<td>43%</td>
</tr>
<tr>
<td>Weighted Graduation Rate</td>
<td>53%</td>
<td>32%</td>
<td>7%</td>
<td>40%</td>
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</tbody>
</table>

Funding increase: FY 2003-04 to 2014-15
Percent of Hoosier Degree Awarded 2007 cohort (most recent data)
Weighted Graduation rate 2003-04 cohort (most recent data)
## How Much Are the Metrics Worth?

<table>
<thead>
<tr>
<th>ICHE Performance Funding Metrics</th>
<th>Certificate</th>
<th>Associates</th>
<th>Bachelors</th>
<th>Masters</th>
<th>Doctoral</th>
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</thead>
<tbody>
<tr>
<td>Overall Degree Completion</td>
<td>$2,274</td>
<td>$4,547</td>
<td>$9,094</td>
<td>$4,547</td>
<td>$2,274</td>
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<tr>
<td>On-Time Degree</td>
<td></td>
<td>$13,371</td>
<td></td>
<td>$26,741</td>
<td></td>
</tr>
<tr>
<td>At-Risk Degree (Pell Grant)</td>
<td>$1,605</td>
<td>$3,210</td>
<td></td>
<td>$6,420</td>
<td></td>
</tr>
<tr>
<td>High Impact Degree (STEM +/-)</td>
<td></td>
<td></td>
<td>$22,740</td>
<td>$16,372</td>
<td>$7,959</td>
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<tr>
<td>Ball State Total Possible (per graduate)</td>
<td></td>
<td></td>
<td>$64,995</td>
<td>$20,919</td>
<td>$10,233</td>
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<tr>
<td>Maximum Persistence</td>
<td>$2,468</td>
<td>$2,678</td>
<td></td>
<td></td>
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<tr>
<td>Maximum Remedial Success</td>
<td>$2,917</td>
<td></td>
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<tr>
<td>Institutionally Defined Productivity Metric</td>
<td></td>
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</tbody>
</table>

Ball State participates in the **purple** metrics; total available per graduate is in **red**
Quantity Driven – Can’t Recover

To return to our FY ‘09 appropriation level, BSU would need to increase their:

- On-time graduation rate by 47%; and
- Freshman class size by 2,000; and
  - Number of STEM degrees awarded by 525%; and
  - Number of degrees awarded to Pell recipients by 300%.

The funding model favors large and growing campuses.
Metrics Favor Large and Growing Campuses

What a 5% Growth in the Number of High Impact (STEM) Degrees is Worth

- Each institution would work equally hard to achieve a 5% increase
- It takes time and money to add STEM offerings and seek ICHE approval
Two additional factors impact an institution’s ability to increase their on-time rate:

1. How high their current rate is; and
2. How their current rate compares to appropriate peers.

For a growing campus, a very small increase in percentage can be worth a lot!
Why Ball State Needs Your Help

The **metrics will not work** for institutions that are not large or growing and are **strategically focused** on increasing the **quality** of students and **learning experiences**

Yet

This strategy offers Hoosiers a **distinctive, affordable choice** and prepares them for a **lifetime of employment** in a changing economy.
Capital Request

- Capital projects previous authorized
  - Remainder of Phase 2 of the Central Campus Academic Renovation and Utility Improvements project - $12.2 million
    - College of Applied Sciences and Technology
- Special Repair & Rehabilitation projects
  - Geothermal project - $33.3 million ($3.1 previously authorized)
  - STEM and Health Facilities Renovation and Expansion - Phase 1; $11 million
  - College of Architecture and Planning Building Renovation - $24 million
  - Expansion of Tunnel Utility Systems - $10.9 million
- Repair and Rehabilitation
  - Facilities and Infrastructure - $8.5 million