

## **Financial Analysis of Indiana Public Colleges and Universities**

Prepared by the Indiana AAUP

March 22, 2022

### **Overview and Methodology**

This report provides a look at all of Indiana's public colleges and universities, using IPEDS data for fiscal years 2016-2020 (the latest available at time of writing). IPEDS data were selected for these analyses as the data are publicly available, are mandatory to report, and are reported in standardized categories, thus allowing for comparisons across years for a given institution and across institutional types for a given year. The focus of this report is on only a few of the many data categories in the IPEDS data. In particular, the main emphasis is on two categories: percentage of salaries and wages devoted to Instruction, and percentage of salaries and wages devoted to Institutional Support; these categories roughly correspond to the academic and administrative functions within higher education institutions. A third category, percentage of salaries and wages devoted to Academic Support, is also included, as it may shed light on that function (which largely corresponds to support for office of the provost or dean of faculty, and supporting staff within it).

Two main types of analysis can be gleaned from these results. First, analysis of a given institution's changes over time in the Instruction and Institutional Support (and, to a lesser extent, the Academic Support) functions can indicate if there are major shifts toward more or less administrative relative to faculty support. Second, analysis of similar institutions' percentages within a given year allow cross-institutional comparisons, which may indicate the relative priority each institution places on administrative vs. faculty support.

### **Limitations and Cautions for Use**

Several caveats are in order when using these data and this report. First, institutions may not properly report their data. There is some ambiguity in the terms used by IPEDS, and different institutions may interpret them differently. Second, those terms may change over time—or, as happened after FY 2016, disappear entirely, as happened to the category of percentage of salaries and wages devoted to Plant (apparently corresponding to the physical plant, and presumably the maintenance and grounds personnel who maintain it). The disappearance of the Plant category led to some apparent confusion among institutions in subsequent years—as different institutions responded to it in different ways, with some moving those costs to Auxiliary, others spreading it across several other categories, and some simply no longer reporting such data. Third, these data are historical, and thus may not accurately reflect recent changes occurring at an institution. For example, recent budget cuts or major retirement buyouts of faculty or staff will not be represented, nor will other major developments (e.g., increased costs associated with safety protocols related to COVID-19) that have a budgetary impact. Fourth, the particular fields used in this analysis—percentage of salary and

wages devoted to various functions (in particular, to Instruction, Academic Support, and Institutional Support)—is designed to serve as a proxy for the relative prioritization of those three functions, and have been recommended by forensic accountants as a reasonable way to assess those functions. If other functions are particularly important (e.g., Student Services, Auxiliary) to a particular institution, these analyses are not taking that into account.

These results should be used as a starting point to inform faculty, staff, administrators, students, alumni, boards, and other stakeholders of an institution as to its apparent budgetary priorities. No definitive answers are contained herein; these results should spur both greater attention by these groups to budgetary matters, and foster conversations about budgetary priorities, particularly at institutions at which budgetary pressures are strongest. This project will have been successful if it helps to inform faculty, students, and other stakeholders of how money is being allocated at their institutions, and if more significant (and informed) conversations about budgetary matters occur as a result.

It should also be noted that much other data is available on the IPEDS website, which a particular institution might find useful in examining trends over time. For example, it might be useful to examine changes in academic vs. administrative expenditures while also examining changes in staffing levels for those two groups, and well as for student enrollment.

### **Main Findings**

The main findings will be broken down into three main areas: flagship institutions, regional institutions, and other institutions. The reasoning for this decision is straightforward: similar institutions ought to be compared, as they presumably face many of the same budgetary pressures, and dissimilar institutions may not experience the same budgetary pressures.

#### *Flagship Institutions*

For this analysis, the four flagship institutions are identified as Purdue University (West Lafayette), Indiana University (Bloomington), Ball State University, and Indiana State University. (An argument could be made for including IUPUI here as well.)

As can be seen in Table 1 and Figure 1, most of these institutions devote about half of their salary and wage expenses to the academic function (Instruction), and about an eighth to academic administration (except for Purdue-WL), which devotes about half as much, and declining, to that function). Finally, changes over time are apparent at Indiana U-Bloomington, which shifted to higher Institutional Support in FY19, which was sustained in FY20, and which has devoted less proportionally to Instruction in each of the years covered in this report.

#### *Regional Institutions*

For this analysis, the Purdue University and Indiana University regional institutions are identified as Purdue's two regionals (Fort Wayne and Northwest) and Indiana's five regionals (Northwest, Kokomo, South Bend, East, and Southeast). (Note: Purdue Northwest came into existence in FY17, so has no prior data.)

As can be seen in Table 2 and Figures 2a and 2b, most of these institutions devote about half to two-thirds of their salary and wage expenses to the academic function (Instruction), with the Indiana campuses devoting more than the Purdue campuses. Salary and wages devoted to Academic Support and to Institutional Support vary widely across institutions, with Purdue regionals emphasizing the latter and Indiana regionals the former. Further, the Purdue regionals spend two to five times as much on Institutional Support as do the Indiana regionals. Finally, changes over time are apparent at several institutions. At Purdue Fort Wayne, starting in FY16 and continuing into FY18, shifted to less Instruction, but reversed that trend in FY19, and more Institutional Support, a trend which continues. At Purdue Northwest, FY19 saw a shift to more Academic Support, less Academic Support, and more Institutional Support, the first two of which trends continued in FY20. In contrast, most of the Indiana regionals (in FY19 and FY20) shifted to greater Instruction, although there is some concern that at some of these regionals (East and Southeast), there is an increase in Institutional Support.

#### *Other Institutions*

For this analysis, other institutions are identified as IUPUI, Ivy Tech, ISU (which was inadvertently omitted in prior reports), Vincennes University, and Purdue Global. (Note: Purdue Global came into existence in FY17; prior data, for its predecessor Kaplan University, exists in Indiana only for FY16. In addition, it should be noted that Purdue Global is a multi-state institution; data presented here for it only reflect its Indiana instantiation.)

As can be seen in Table 3 and Figure 3, these institutions are widely diverse in terms of their budgetary expenditures. All but Purdue Global devote nearly a half to just over half of their salary and wages to Instruction; Purdue Global devotes nearly half that amount. Salary and wages devoted to Academic Support and to Institutional Support also vary widely across institutions, with Purdue Global devoting nearly three-fourths of its salary and wages to Institutional Support (with a shift in FY20, with somewhat lower Institutional Support and, for the first time, some Academic Support). Finally, changes over time are apparent at three institutions (Ivy Tech, Vincennes and Purdue Global), whereas stability is the order of the day at the others. Ivy Tech, in FY20, shifted to less Instruction, more Academic Support, and more Institutional Support. Vincennes, in FY16 and continuing into FY20, shifted to more Institutional Support; this may reflect its redirection of Plant expenses (as noted above). Purdue Global, in FY17 and continuing into FY18, shifted to even less Instruction and even more Institutional Support, yet reversed those trends in FY19 and FY20.

Table 1. Comparison of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Flagship Campuses, FY 16-20

Flagship campuses	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
Each Component as % of Total:	P-WL					IU-B					BSU					ISU				
Instruction	48.9	48.7	51.8	50.6	50.5	49.2	48.4	46.7	46.3	45.9	51.1	51.4	51.5	51.8	51.5	46.8	47.7	47.9	47.5	48.7
Academic Support	7.3	7.4	6.3	5.8	5.7	13.2	12.9	13.9	12.8	12.8	12.1	12.6	13.3	12.1	12.7	12.2	13.5	13.3	13.7	13.7
Institutional Support	8.4	8.1	7.8	7.9	7.5	8.4	8.6	9.0	10.5	10.5	12.7	13.4	12.9	13.4	13.4	12.6	10.5	10.9	11.0	10.8

Figure 1. Comparison of Percentage of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Flagship Campuses, FY 16-20

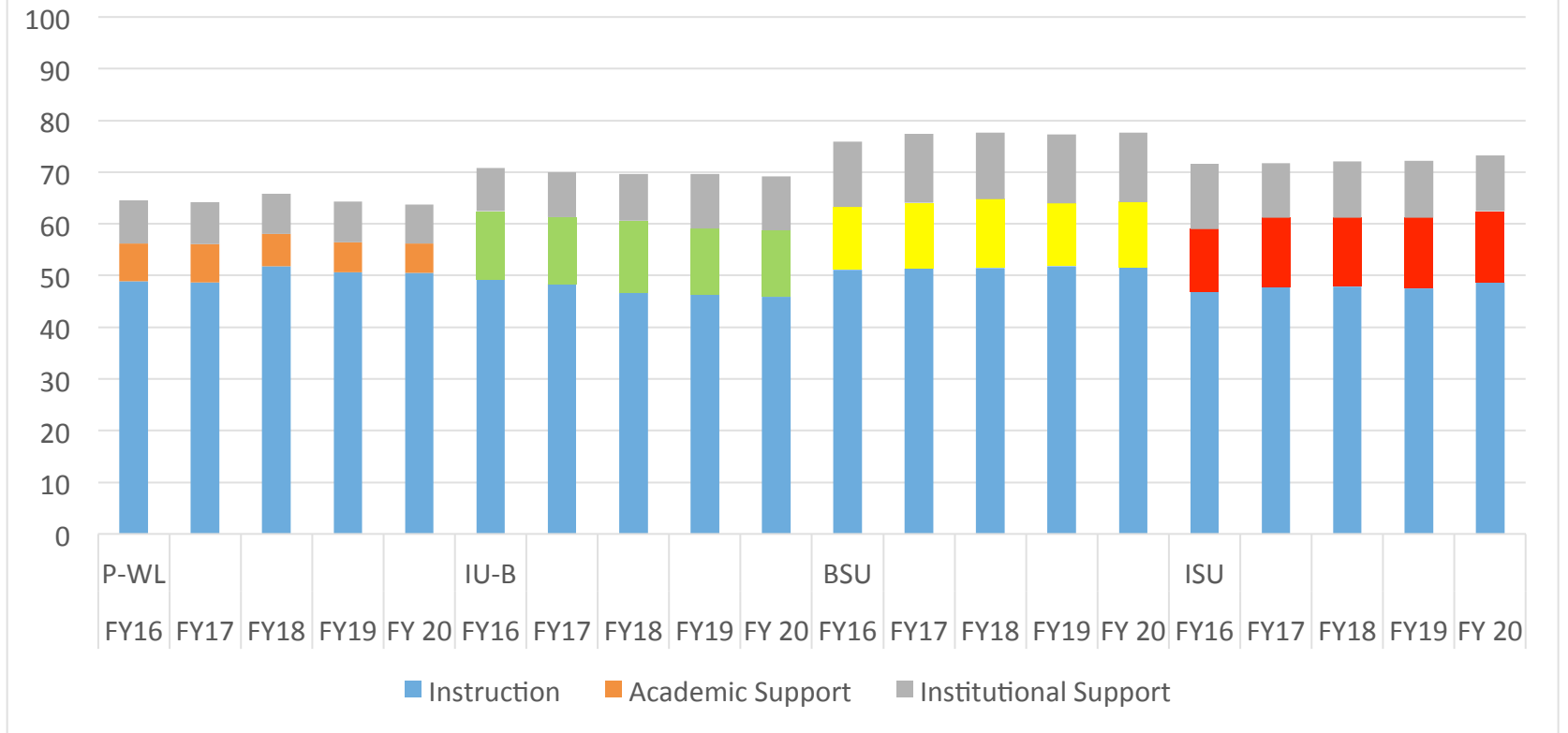


Table 2. Comparison of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Regional Campuses, FY 16-20

Regional campuses	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
Each Component as % of Total:	Purdue Fort Wayne					Purdue Northwest*					IU - Northwest									
Instruction	55.0	49.9	52.1	57.6	56.1		63.5	63.0	56.7	56.8						54.9	56.0	56.6	69.9	69.7
Academic Support	7.1	9.5	8.5	9.7	9.8		3.9	4.0	8.4	9.2						16.0	14.7	14.3	11.5	11.6
Institutional Support	16.3	19.6	18.5	19.8	20.4		15.8	16.2	18.4	17.0						8.0	8.0	6.5	8.0	7.5
*No data at Purdue Northwest before FY17, when it came into existence.																				
Regional campuses	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
Each Component as % of Total:	IU - Kokomo					IU - South Bend					IU - East					IU - Southeast				
Instruction	62.9	60.7	61.0	65.3	64.9	65.4	68.3	66.8	66.5	71.6	63.3	61.9	65.9	67.2	65.9	68.5	67.3	68.1	71.9	72.0
Academic Support	12.1	12.0	12.6	11.0	10.4	12.8	13.9	13.8	13.5	10.3	8.4	8.9	9.5	7.2	8.8	13.0	12.4	12.2	8.2	7.7
Institutional Support	6.8	7.0	6.0	6.6	7.2	3.3	3.6	4.3	3.8	4.4	6.5	6.8	7.1	7.4	7.3	5.0	5.9	6.2	6.8	6.7

Figure 2a. Comparison of Percentage of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Regional Campuses, FY 16-20

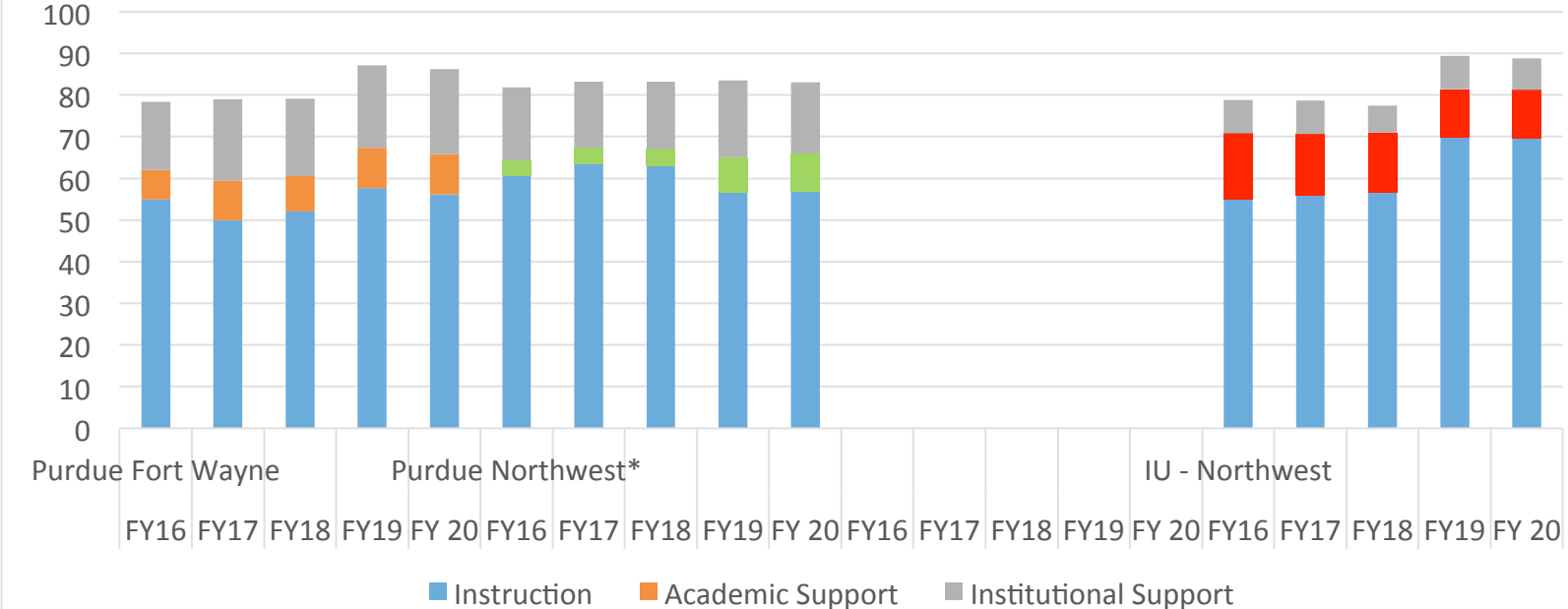


Figure 2b. Comparison of Percentage of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Regional Campuses, FY 16-20

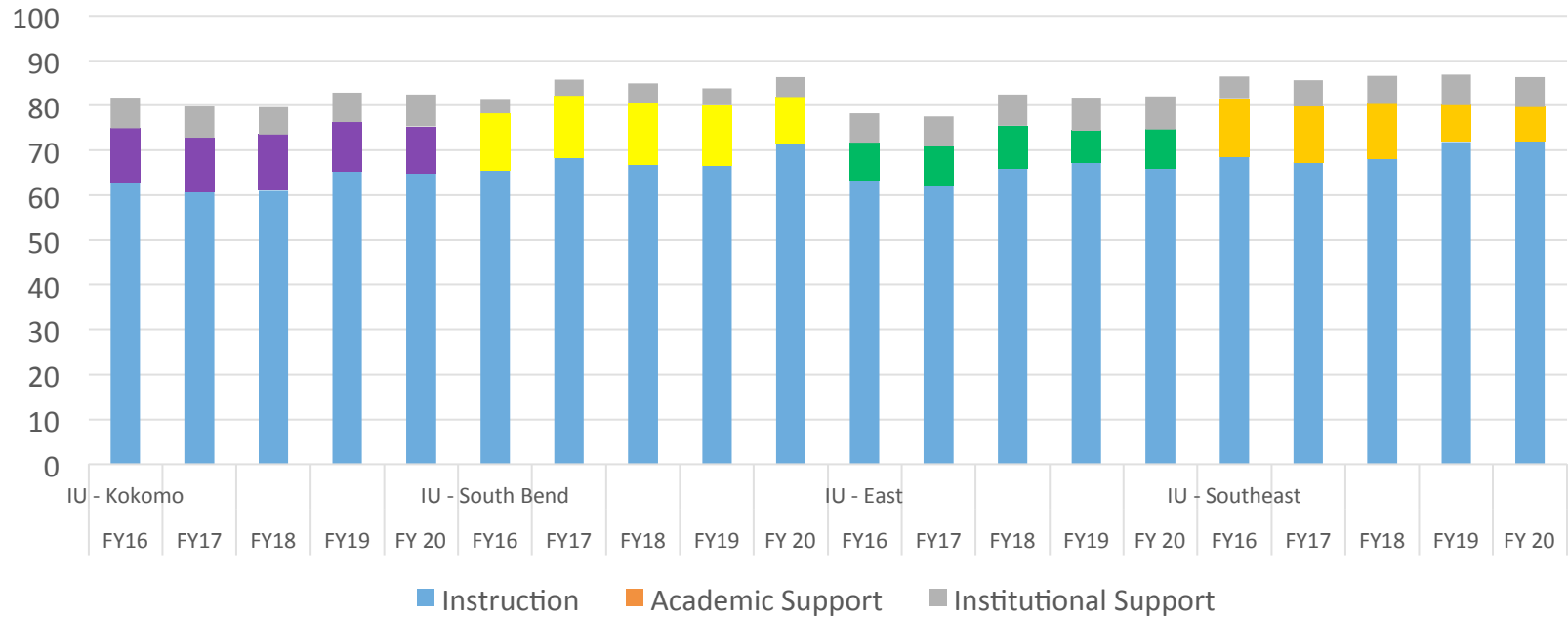


Table 3. Comparison of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Other Campuses, FY 16-20

Other campuses	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20	FY16	FY17	FY18	FY19	FY20
Each Component as % of Total:	IUPUI					Ivy Tech					USI					Vincennes				
Instruction	46.1	45.7	44.9	45.0	44.1	59.8	59.2	59.2	56.3	52.4	55.0	54.1	55.5	55.6	55.5	61.8	61.2	59.8	59.2	58.9
Academic Support	21.9	22.5	23.2	22.6	22.8	7.1	6.8	6.8	14.7	17.1	10.7	10.4	9.0	8.8	9.4	6.7	7.1	7.1	6.8	6.7
Institutional Support	1.9	1.7	1.4	1.3	1.2	9.4	9.8	9.8	18.1	19.4	15.1	15.3	15.8	15.6	15.6	8.9	9.0	9.4	9.8	10.7
Other campuses	FY16	FY17	FY18	FY19	FY20															
Each Component as % of Total:	Purdue Global																			
Instruction	20.2	17.8	16.7	25.2	26.5															
Academic Support	0.0	0.0	0.0	0.0	0.0															
Institutional Support	79.8	82.2	83.3	74.8	61.6															

Figure 3. Comparison of Percentage of Salary and Wages Devoted to Instruction, Academic Support, and Institutional Support for Other Campuses, FY 16-20

