September 15, 2020

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

Ms. Teresa Lubbers  
Commissioner  
Indiana Commission for Higher Education  
101 West Ohio Street, Suite 300  
Indianapolis, IN 46204

Dear Partners in Education,

On behalf of the students, employees, and Trustees of Purdue University, I respectfully submit our operating and capital state appropriations request for fiscal years 2021 to 2023.

Just over one-hundred fifty years ago, the General Assembly voted to create Purdue University. Five years later, the first 39 Hoosiers arrived for classes. Purdue’s international reputation and significant impact on the state of Indiana would be unimaginable to those first students. Even more recent Boilermakers are prone to marvel at the heights the university has reached in modern times, thanks to the support of the state and the work of many, from student success mentors to faculty innovators to hardworking Trustees.

As you consider Purdue’s appropriations request, I would like to call your attention to two specific improvements of which we are most proud: our service to Hoosiers and our contributions to the Indiana economy.

Purdue now serves close to 45,000 Hoosiers, including about 4,000 at the newly created Purdue Global, the Purdue affiliated university with the fastest Hoosier growth.

This fall in West Lafayette, we enrolled the largest incoming class of Indiana residents since the early 2000s. And because the Hoosier graduation rate is now nearly 22 percentage points higher than it was back then, Purdue sends more Hoosiers into the workforce with a college degree each year than at any point in history. In 2019, some 2,200 Hoosiers from the Fall 2015 incoming cohort graduated, several hundred more than a decade prior. By the time the 2020 incoming class begins graduating in 2024 — based off Purdue’s current Hoosier enrollment numbers and graduation rates — at least 1,100 more Indiana residents will graduate from Purdue each year than did so in the early 2000s. That’s a jump of about 75 percent. And as an increasingly STEM focused university, these graduates are entering the Hoosier economy equipped with the skills to innovate and thrive in our modern economy.
Strengthening Indiana’s economy is also one of Purdue’s main areas of emphasis. Since 2013, Purdue has streamlined our processes and refocused our faculty toward business startups and job creation.

U.S. News and World Report now ranks Purdue as the 5th most innovative university in the country and the only Indiana school in the top 50. That ranking is supported by Purdue’s scientists who earned 180 U.S. patents in 2020, 233 percent more than in 2012. Purdue now ranks 13th in the world for patent creation. New licenses were up nearly 100 percent to a record 180 in 2020. That same year, Purdue helped to launch 55 new businesses, dozens more than in previous years. The goal is to create more companies like Endocyte, a business started by a Purdue faculty member in 1996 that went on to become a publicly traded company until it was sold to Novartis in 2018 for $2.1 billion.

At the same time, we are using our pool of STEM capable graduates and top-notch researchers to attract new businesses to Indiana and our community. This summer both Bayer and Beck’s Hybrids announced they would become the latest companies to open space in Purdue’s Discovery Park District. They join various international companies that already are employing Hoosiers and financing research such as Rolls-Royce, Schweitzer Engineering Laboratories and Saab.

As I often repeat, if Indiana did not have a Purdue University, we would be scrambling to create one to keep our economy competitive in this century. Fortunately, all we need to do is to continue to invest and cultivate the legacy that those 39 students started in 1874, and the General Assembly began in 1869.

Through this request, we respectfully ask for your continued trust and backing.

Sincerely,

Mitchell E. Daniels, Jr.
President
There are six components to Purdue’s biennium budget request, each of which is briefly described below:

**Operating Appropriations**
Operating appropriations for public higher education institutions are adjusted according to a [performance funding formula](#) (PFF) of student-based metrics. The performance formula may be supported by new state funding for higher education, by budget reallocations to the institutions, or some combination of the two.

**Dual Credit Line Item**
Funding for dual credit is formula-based for those college credits offered in Indiana high schools. For the 2019-21 biennium, dual credit was funded at $40.36 per credit hour completed.

**Repair & Rehabilitation**
Funding for R&R is formula-based and typically funded as a percentage of the facility replacement value, both asset and infrastructure, currently $4.98 billion for the Purdue system.

**Debt Service**
Each institution confirms Indiana Finance Authority data related to its current debt portfolio.

**Line Item Appropriations**
The table below summarizes Purdue’s line item appropriation requests;

<table>
<thead>
<tr>
<th>Line Item Requests</th>
<th>FY 2021 Appropriation</th>
<th>FY 2022 Incremental REC Request</th>
<th>FY 2023 Incremental REC Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ag Research and Extension-Crossroads</td>
<td>$8,492,325</td>
<td>$236,185</td>
<td>$245,027</td>
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<tr>
<td>County Agricultural Extension Educators</td>
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<td>$259,450</td>
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<tr>
<td>Purdue Polytechnic Statewide (1)</td>
<td>$6,695,258</td>
<td>$444,824</td>
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<tr>
<td>Center for Paralysis Research (CPR)</td>
<td>$522,558</td>
<td>$16,333</td>
<td>$16,617</td>
</tr>
<tr>
<td>IN Technical Assistance and Advanced Manufacturing Competitiveness Program</td>
<td>$4,430,212</td>
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<td>-</td>
</tr>
<tr>
<td>PWL Line Item Requests</td>
<td>$27,628,169</td>
<td>$947,532</td>
<td>$847,429</td>
</tr>
<tr>
<td>Academic Expansion (2)</td>
<td>$ -</td>
<td>$2,000,000</td>
<td>$ -</td>
</tr>
<tr>
<td>PFW Line Item Requests</td>
<td>$ -</td>
<td>$2,000,000</td>
<td>$ -</td>
</tr>
<tr>
<td>Purdue Total Line Item Requests</td>
<td>$27,628,169</td>
<td>$2,947,532</td>
<td>$847,429</td>
</tr>
</tbody>
</table>
Salary and Fringe Benefit Increases. We are requesting increases of 3.0% for salaries and 5.0% for fringe benefits for the Agricultural Research and Extension-Crossroads, County Agricultural Extension Educators, Purdue Polytechnic Statewide, and the Center for Paralysis Research line items. This request totals $817,532 for FY 2022 and $847,429 for FY 2023.

Purdue Polytechnic Statewide. We are requesting non-recurring support for two years, $130,000 per year, for the development and implementation of Statewide cross-location software and hardware infrastructure. To fully extend Purdue West Lafayette’s Polytechnic programs across the state of Indiana, we are collaborating on new instructional models that will allow courses to be taught online across the nine Statewide locations. It is anticipated instructional savings over time will sustain the maintenance of this infrastructure beyond the FY 2021-23 biennium.

Indiana Technical Assistance and Advanced Manufacturing Competitiveness Program. In 2020, Purdue University combined the state line item initiatives of the Technical Assistance Program (TAP) and the Indiana Next Generation Manufacturing Competitiveness Center (IN-MaC). The primary objective for both of these programs is to provide statewide resources to assist Hoosier businesses and industry partners remain globally competitive, enhancing capital investment and job creation and retention in Indiana. As we continue to fully coordinate and integrate these initiatives and achieve savings through gained efficiencies, we request to maintain the current budget and recommend foregoing a request for salary and fringe benefit increases for the FY 2021-23 biennium.

Purdue Fort Wayne. Following extensive planning and research into regional workforce needs, assessment of the current curriculum offered on the PFW campus and the results of the realignment of IPFW, PFW is recommending a new line item in the amount of $2 million for the following programmatic areas identified for strategic growth:

- Materials, Biomaterials and Bioengineering
- Data Science, Applied Statistics and Computer Information Systems
- Strategic and Risk Management, Financial Services and Financial Information Systems

PFW requests this new state line-item for a period of three (3) years to allow the campus to build enrollment and transition these programs to become self-sustaining.

Animal Disease and Diagnostic Laboratory. We are requesting an increase to the current $3.7 million ADDL. The State Board of Animal Health at their July 14, 2020 meeting has approved the request. The table below shows the details of the request.
College of Veterinary Medicine. For the 2019-21 biennium, after a thorough internal review of the College of Veterinary Medicine’s financials and enrollment data, it was concluded that a portion of the General Fund Allocation provided to the College of Veterinary Medicine was State Appropriations. As part of the 2021-23 biennium, Purdue University requests to continue this method and reallocate $18,056,523 from the University’s general operating appropriation and establish it as a separate operating appropriation.

Capital Budget Request
Projects with a request for state funding are presented in priority order. A high-level summary of each prioritized project is listed below. Complete detail can be found in each project’s submission data and narrative.

Priority 1
The new Active Clinical Learning Building will support interprofessional education and clinical learning in the College of Pharmacy and the School of Nursing on the West Lafayette campus. The facility will centralize instructional and administrative space for these programs and support the advanced clinical skills needed for combating complex diseases such as COVID-19. Eight general use classrooms, clinical instructional spaces, study spaces, offices and common spaces will be included.

The total project cost is estimated at $98 million.
**Priority 2**
The **South Campus Renovations Phase II** project on the Purdue University Fort Wayne campus will complete the renovations to Helmke Library and Kettler Hall. This project represents the second half, or phase II, of the request to repair and or replace building infrastructure on these two buildings. While their physical structures are sound and space configurations still viable, the mechanical, electrical, and plumbing (MEP) systems are failing and in need of repair or replacement. Phase I of this renovation project was funded by the 2013 legislative session in the amount of $21.35 million.

The total project cost of phase II is estimated at $12 million.

**Priority 3**
The **Chiller Plant Upgrade and Chilled Water Line Replacement** project at Purdue University Northwest includes the replacement of the existing cooling tower and the addition of a chiller for increased capacity on the Westville campus and the replacement of the existing chilled water main on the Hammond campus. Current infrastructure on both campuses has been in service for over 40 years and has exceeded its life expectancy. The work on the Westville campus will ensure adequate and reliable chilled water capacity and allow for future campus growth. The existing chilled water line on the Hammond campus shows serious signs of deterioration.

The total project cost is estimated at $9M.