

COMMISSION FOR HIGHER EDUCATION

Friday, March 13, 2009

DISCUSSION ITEM B: Updates on the House Passed Budget

Staff Recommendation For discussion only.

Background The 2009-11 appropriations bill (HB 1001) has been amended in the House Ways and Means Committee, passed by the House, and assigned to the Senate Appropriations Committee. This item summarizes what is included in the higher education portion of the bill and compares the House-passed bill to the Commission's recommendations.

Supporting Document Report on House Passed 2009-11 Higher Education Budget

Report on House Passed 2009-11 Higher Education Budget



GOVERNMENT
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Budget Process and Estimated Timeline

- ✓ *March 2008* - Budget instructions issued to institutions
- ✓ *August 2008* - Institutions submit budget requests and begin budget presentations
- ✓ *November/December 2008* - CHE budget recommendations
- ✓ *January 2009* - Governor's/State Budget Committee recommended budget
- ✓ *February 2009* - House passes budget
- March 2009* - Senate passes budget
- April 2009* - General Assembly passes budget
- May 2009* - CHE sets non-binding tuition targets
- May/June 2009* - Institutions set tuition rates for 2009-10 and 2010-11

House Total Budget Summary

- One Year Budget (FY 2010)
- Spreads funding over (at least) three different bills
 - HB 1001 (most higher education funding)
 - HB 1723 (most K-12 funding)
 - HB 1728 (Department of Child Services funding)
- Total Appropriations = \$14.5 billion
 - Increase of \$1.1 billion (8.3%) over FY 09
- Total General Fund Revenues = \$13.8 billion
 - Spends \$540M of federal stimulus funds
 - Spends \$200M of state reserve funds

House Higher Education Budget Summary

- 4.6% Total Increase (\$83.7M)
 - Operating 2.1%
 - Debt Service 1.5% (none for new projects)
 - R&R 0%
 - University Line Items 1.7%
 - Other Line Items 53.6% (\$35M Ind. Innovation Alliance)
 - SSACI 14.8%

CHE Recommendations

- House did not follow CHE recommendations for performance funding
 - Funded enrollment change, not following CHE formula precisely
- House did follow CHE recommendation on SSACI
- House did follow CHE recommendation on debt service for FY 2010
- House did follow CHE recommendation for most line items
- House did follow CHE recommendation on R&R for FY 2010

Higher Education Budget FY 2010

	FY 09 Total	\$Δ	FY 10 Total	%Δ
OPERATING				
Operating Appropriations	\$1,280,962,101	\$26,466,120	\$1,307,428,219	2.1%
University Line Items	\$45,322,458	\$771,600	\$46,094,058	1.7%
Other Higher Ed Line Items	\$32,941,633	\$17,650,009	\$50,591,642	53.6%
Leases	\$10,189,673	-\$556,575	\$9,633,098	-5.5%
TOTAL OPERATING	\$1,369,415,863	\$44,331,154	\$1,413,747,017	3.2%
CAPITAL				
R&R	\$31,035,048	\$0	\$31,035,048	0.0%
Debt Service	\$176,580,698	\$2,560,440	\$179,141,138	1.5%
TOTAL CAPITAL	\$207,615,746	\$2,560,440	\$210,176,187	1.2%
TOTAL w/out SSACI	\$1,557,031,611	\$46,891,594	\$1,623,923,204	3.0%

Operating Budget

- 1% Minimum Guaranteed Increase To All Campuses (\$12.8M)
 - Note: this is in addition to overturning the Governor's FY 2009 1% base reduction
- Funds Enrollment Change (\$13.7M)
 - Did not use proposed successfully completed credit hours formula
 - No negative adjustment for enrollment change
 - ITCCI capped at \$7.5M (formula = \$20M)

Indiana University Operating Appropriations

	FY 09 base	1% Minimum Guarantee	Enrollment Change	FY 2010 Approp.	Marginal Change	% Change
IUB	\$205,043,234	\$2,050,432	\$0	\$207,093,666	\$2,050,432	1.0%
IUE	\$8,322,137	\$83,221	\$0	\$8,405,358	\$83,221	1.0%
IUK	\$10,817,455	\$108,174	\$0	\$10,925,630	\$108,175	1.0%
IUN	\$18,061,296	\$180,613	\$0	\$18,241,909	\$180,613	1.0%
IUSB	\$23,236,007	\$232,360	\$0	\$23,468,367	\$232,360	1.0%
IUS	\$20,848,802	\$208,488	\$308,000	\$21,365,290	\$516,488	2.5%
IUPUI Health	\$121,593,639	\$1,215,936	\$1,183,000	\$123,992,575	\$2,398,936	2.0%
IUPUI GA	\$83,311,562	\$833,115	\$0	\$84,144,678	\$833,116	1.0%
IU Total	\$491,234,132	\$4,912,341	\$1,491,000	\$497,637,473	\$6,403,341	1.3%

Purdue University Operating Appropriations

	FY 09 base	1% Minimum Guarantee	Enrollment Change	FY 2010 Approp.	Marginal Change	% Change
PUWL	\$262,033,737	\$2,620,337	\$0	\$264,654,074	\$2,620,337	1.0%
PUC	\$28,212,704	\$282,127	\$357,000	\$28,851,831	\$639,127	2.3%
PUNC	\$11,969,824	\$119,698	\$693,000	\$12,782,522	\$812,698	6.8%
IPFW	\$38,449,705	\$384,497	\$1,372,000	\$40,206,202	\$1,756,497	4.6%
PU Total	\$340,665,970	\$3,406,660	\$2,422,000	\$346,494,630	\$5,828,660	1.7%

ISU, USI and BSU Operating Appropriations

	FY 09 base	1% Minimum Guarantee	Enrollment Change	FY 2010 Approp.	Marginal Change	% Change
ISU	\$76,911,131	\$769,111	\$850,500	\$78,530,742	\$1,619,611	2.1%
USI	\$40,387,429	\$403,874	\$532,000	\$41,323,303	\$935,874	2.3%
BSU	\$130,381,244	\$1,303,812	\$0	\$131,685,056	\$1,303,812	1.0%

VU and ITCCI Operating Appropriations

	FY 09 base	1% Minimum Guarantee	Enrollment Change	FY 2010 Approp.	Marginal Change	% Change
VU	\$38,967,141	\$389,671	\$861,000	\$40,217,812	\$1,250,671	3.2%
ITCCI	\$162,415,053	\$1,624,150	\$7,500,000	\$171,539,204	\$9,124,151	5.6%

Operating Budget: Line Items

Leases for higher education related facilities

- Funded:
 - Animal Disease Diagnostic Laboratory
 - Columbus Learning Center
 - ITCCI Ft Wayne Public Safety Facility
 - BSL-3 facility @ PUWL
- Not funded:
 - ITCCI Portage (\$1.6M)

	FY 2009	FY 2010
Appropriation	\$10.2M	\$9.6M
Marginal Change		(\$0.6M)

Operating Budget: Line Items

University Line Items: State appropriations to public postsecondary institutions made for specific higher education related purposes

- Most Line Items flat-lined
- \$1.3M reduction to State Dept. of Toxicology
- \$2M to IU to run I-Light (from IHETS)

	FY 2009	FY 2010
Appropriation	\$45.3M	\$46.1M
Marginal Change		(\$0.8M)

Operating Budget: Line Items

Other Higher Education Line Items: State appropriations made for specific higher education related purposes

- Most Line Items flat-lined
- IHETS state appropriation of \$5M
- 92% increase (\$372,630) to South Central Educ. Association
- \$35M to Indiana Innovation Alliance
- Learn More Indiana funded at CHE recommendation (\$300,000)
- \$2M to SBA for additional fee replacement if needed

	FY 2009	FY 2010
Appropriation	\$32.9M	\$50.6M
Marginal Change		\$17.7M

Capital Budget: Capital Projects

- \$617M in New Capital Projects
 - House includes every institutions' requested capital projects
 - House used total project cost and not state request
 - \$484M is total state funds requested by institutions
- Removes Requirement of CHE/Budget Committee Review and Governor's Approval of Capital Projects Authorized by the 2007 General Assembly:
 - \$234.3M has already been through state review
 - \$183.4M has not been through state review

Capital Budget: Fee Replacement (debt service)

- Includes Debt Service to Pay for all 2007 Authorized Projects (plus \$2M more)
- Debt Service Requirements for New Projects = \$52M
- No Debt Service for Any New Capital Projects
- Projects Are Not Eligible to Receive Fee Replacement Appropriations Until After June 1, 2011

	FY 2009	FY 2010
Appropriation	\$176.6M	\$179.1M
Marginal Change		\$2.6M

Capital Budget: R&R

- R&R flat lined at FY 09 appropriation level in FY2010
- Represents 50% of the 2007-09 R&R formula result or about 45% of the 2009-11 R&R formula result

	FY 2009	FY 2010
Appropriation	\$31,035,048	\$31,035,048
Marginal Change		\$0

State Student Assistance Commission of Indiana (SSACI)

- SSACI Award demands have surpassed resources for several years, including in 2009-11
- SSACI has capped awards at public and private institutions, below the statutory maximum levels, since 2003
- Current maximum award caps (2008-09):
 - Public \$6,096
 - Private \$10,993
- House Budget Allows SSACI Caps to Remain Unchanged in FY 2010

SSACI Budget FY 2010

	FY 09	\$Δ	FY 10	%Δ
SSACI Higher Education Awards	\$139,515,254	\$25,719,861	\$165,235,115	18.4%
SSACI Freedom of Choice Awards	\$47,583,031	\$7,823,465	\$55,406,496	16.4%
SSACI Hoosier Scholar Awards	\$416,160	(\$11,660)	\$404,500	-2.8%
SSACI Minority Teacher Scholarship	\$415,919	\$0	\$415,919	0.0%
SSACI College Work Study	\$837,719	\$0	\$837,719	0.0%
SSACI Grant Administration	\$1,332,750	(\$215,144)	\$1,117,606	-16.1%
SSACI Southeast Indiana Contract for Space	\$627,785	(\$169,532)	\$458,253	-27.0%
SSACI 21st Century Scholar Program Admin	\$2,102,648	\$0	\$2,102,648	0.0%
SSACI 21st Century Scholar Program Awards	\$26,519,274	\$4,139,401	\$30,658,675	15.6%
SSACI Part-time Student Grant Program	\$5,462,100	\$0	\$5,462,100	0.0%
SSACI Nursing Scholarships	\$418,389	\$0	\$418,389	0.0%
SSACI National Guard Supplemental Grant	\$3,366,477	(\$492,213)	\$2,874,264	-14.6%
SSACI Statutory Fee Remissions	\$20,557,932	\$0	\$20,557,932	0.0%
Total	\$249,155,438	\$36,794,178	\$285,949,616	14.8%

Summary FY 2010

	FY 09 Total	FY 10 Total	%Δ	\$Δ
Totals w/out SSACI	\$1,577,031,611	\$1,623,923,204	3.0%	\$46,891,594
SSACI	\$249,155,438	\$285,949,616	14.8%	\$36,794,178
GRAND TOTAL	\$1,826,187,048	\$1,909,872,820	4.6%	\$83,685,772

Miscellaneous Provisions

- \$10M Appropriation to IEDC in FY 2010 for “Nanotech”
- House bill forbids the Governor/SBA from reverting certain FY 2009 appropriations
- Funds the appropriation to DOE for Education Roundtable 21

Miscellaneous Provisions

- Removes all statutory authority from CHE to directly intervene in the evolution of the state’s public higher education system
- Added to the statute:
 - **“The commission is a non-binding advisory body that has only the specific powers granted by statute.”**

Miscellaneous Provisions

- Changes to commission statutes (I.C. 21-18-9-5)
- Change from:
 - The commission may **approve or disapprove** the [establishment of new campuses, schools, or academic offerings]
- To:
 - The commission review and **make recommendations to state educational institutions, the governor, the budget agency and the general assembly concerning** the [establishment of new campuses, schools, or academic offerings]

Miscellaneous Provisions

- Changes to commission statutes (I.C. 21-18-8-1)
- Changed from:
 - “The commission may develop, update **and implement** a long range plan for postsecondary education.”
- To:
 - “The commission may develop and update a long range plan for postsecondary education.”