

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6861
BILL NUMBER: HB 1624

DATE PREPARED: Jan 18, 1999
BILL AMENDED:

SUBJECT: Higher education funding.

FISCAL ANALYST: Mark Goodpaster
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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill eliminates state government approval requirements for a state university to acquire, construct, remodel, renovate, furnish, or equip a specific project. It provides a General Assembly covenant that it will make fee replacement appropriations to cover debt service on state university bonds.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the governor if the cost is greater than \$200,000. For projects to construct buildings or facilities with a cost greater than \$500,000 in value and paid by state appropriated funds or student fees, the project must be reviewed by the Commission for Higher Education and approved by the Governor and the General Assembly. (IC 20-12-5.5-2(a)(1)).

Eliminating this requirement may affect the need for staffing at the Commission for Higher Education, depending on what other responsibilities the Commission performs. The Commission currently employs 13 staff members and had an annual appropriation of \$1.46 million in FY 1998 and \$1.52 million in FY 1999. For the next biennium, the State Budget Commission's recommended funding is \$1.56 million in FY 2000 and \$1.61 million in FY 2001.

The following table shows past expenditures and recommended appropriations for the construction and rehabilitation projects for institutions of higher education over the next biennium.

1996-97	1997-98	1998-99	1999-2000	2000-2001
Expenditures			Recommended Appropriations	
\$38,034,874	\$59,667,100	\$25,307,315	\$39,264,249	\$39,264,249

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly. (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of students fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

The following shows the amount of fee replacement dollars that have been appropriated to the state universities over the past six years.

1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
\$78,435,214	\$79,400,934	\$85,384,755	\$86,362,678	\$97,920,912	\$93,879,774

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Commission on Higher Education, State Budget Agency, State Universities

Local Agencies Affected:

Information Sources: Bob Ruble, Indiana Commission on Higher Education, Indiana Code, State of Indiana Budget Report for the Biennium July 1, 1999 to June 30, 2001.