

# 2025 LEGISLATIVE SESSION

## Budget & Fiscal Updates

---

Brooke Kile, *Senior Associate Commissioner for Business Solutions*

May 15, 2025



INDIANA COMMISSION for  
HIGHER EDUCATION

---

# HEA 1001-2025

CHE.IN.gov



INDIANA COMMISSION <sup>for</sup>  
HIGHER EDUCATION



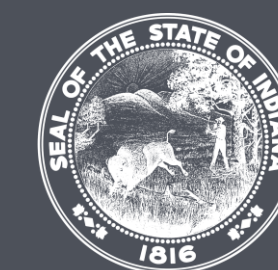
# CHE BUDGET PRIORITIES

- ▶ Maintain key financial aid programs
- ▶ Maintain outcome-based performance funding (OBPF)
- ▶ Maintain dual credit funding
- ▶ Maintain repair and rehabilitation (R&R) funding

---

# CHE FISCAL IMPACT

CHE.IN.gov



INDIANA COMMISSION <sup>for</sup>  
HIGHER EDUCATION

# CHE ADMINISTERED PROGRAMS



INDIANA COMMISSION for  
HIGHER EDUCATION

- ▶ The **21st Century Scholars** and **Frank O'Bannon Grant (FOB)** appropriations were **held flat** from FY25.
  - ▶ This is the **most important outcome** for the Commission and is a **win** for students, higher education, and Hoosier businesses.
- ▶ Most other scholarships and grants received a **5 percent reduction**.
  - ▶ **CVO** held flat.

# FRANK O'BANNON GRANT (FOB)



INDIANA COMMISSION for  
HIGHER EDUCATION

- ▶ **Converts FOB** to a **reverting fund**.
- ▶ Requires the **SBA** by June 30, 2025, to **transfer any balance** in the FOB fund to the General Fund that is not being used for scholarships by the transfer deadline.
- ▶ **Allows** the Commission to transfer FOB funding to another program under 21-12 beginning FY26. There is **no statutory cap**.

# APPROPRIATION WITHHOLDING

- ▶ Requires the **State Budget Director** to withhold **5 percent** of state agency funds for **FY26 and FY27** predominantly used for:
  - ▶ **Salaries** of state agency employees; and
  - ▶ **General operating expenses** of the state agency.

---

# SEI FISCAL IMPACTS

CHE.IN.gov



INDIANA COMMISSION <sup>for</sup>  
HIGHER EDUCATION



# SEI OPERATING FUNDS

- ▶ FY25 earned **OBPF** is added to base.
  - ▶ OBPF maintained in statute
- ▶ 5 percent reductions to **operating funds** and **line items**.

# DUAL CREDIT FUNDING

- ▶ Funding for **dual credit** frozen at **FY25 levels** and **then reduced by 5%**.
- ▶ This means per credit funding is **different per institution**.

# CAPITAL FUNDING

- ▶ Existing student **fee replacement** debt obligations are met.
  - ▶ No new fee replacement funding.
- ▶ **R&R reduced by 5%** from Senate version.
  - ▶ All appropriations moved to **FY26**.
- ▶ Purdue and IU received **deferred maintenance** appropriations for regional campuses.

# APPROPRIATION WITHHOLDING

- ▶ Requires the **State Budget Director** to **withhold 5 percent** of state educational institution funds for **FY26 and FY27** predominantly used for:
  - ▶ **Salaries** of state educational institution employees; and
  - ▶ **General operating expenses** of the educational institution.

---

# SEA 5-2025

CHE.IN.gov



INDIANA COMMISSION <sup>for</sup>  
HIGHER EDUCATION



# SEA 5

## STATE FISCAL AND CONTRACTING MATTERS



INDIANA COMMISSION for  
HIGHER EDUCATION

### Section 2 – Federal Funds Request

- ▶ Requires a **state agency** to submit **quarterly reports** to SBC in which new **federal funds requests** are detailed since the last submission by the state agency.
- ▶ A state agency **may not** accept federal funds **prior to SBC review** of a report submitted by the state agency **if acceptance of funding requires:**
  - ▶ A state match;
  - ▶ Additional permanent full-time employees; or
  - ▶ New requirements of the state as a condition of acceptance.

# SEA 5

## STATE FISCAL AND CONTRACTING MATTERS



INDIANA COMMISSION for  
HIGHER EDUCATION

### Section 6 – Reporting Requirements

- ▶ Requires a **state agency** to **submit quarterly reports** to the SBC for **active contracts** not less than **\$500,000**.
- ▶ The **report** must include certain criteria, including:
  - ▶ Current expenditures compared to the maximum allowable amount;
  - ▶ Any changes to the contract, including amendments, since the submission of the previous report; and
  - ▶ The metrics used to determine success and performance of the contract.

# SEA 5

## STATE FISCAL AND CONTRACTING MATTERS



INDIANA COMMISSION for  
HIGHER EDUCATION

### Section 6 – Reversion of Appropriations

- ▶ Beginning FY26, any **funds appropriated to a state agency** from the IGA for an **expense related to a contract** that remain unused **ninety (90) days** after the end of the contract:
  - ▶ Must be **unallotted by the SBA** and no longer available for use;
  - ▶ **Revert to the fund** from which they were appropriated by June 30.

# SEA 5

## STATE FISCAL AND CONTRACTING MATTERS



INDIANA COMMISSION for  
HIGHER EDUCATION

### Section 6 – Mandatory Contract Terms

- ▶ Requires a **contract** between a **state agency** and a contractor entered into, renewed, or amended after **June 30, 2026**, that is **\$500,000 or more** to contain the following provisions:
  - ▶ To the extent practicable, clearly defined **scopes** and success **metrics**;
  - ▶ **Liquidated damages** or other **remedies** for missed deadlines or overages; and
  - ▶ A third-party review or other appropriate method verifying the parties performed their obligations under and in compliance with the contract.

# SEA 5

## STATE FISCAL AND CONTRACTING MATTERS



INDIANA COMMISSION for  
HIGHER EDUCATION

### Section 6 – Review of Amendments

- ▶ After June 30, 2025, a **state agency** must submit **quarterly reports** to the SBC detailing **any contract amendment** that would meet **one of the following**:
  - ▶ **Increase the amount of any contract** by \$500,000 or more; or
  - ▶ **Extend a contract for 6 months or more** whose original amount was at least \$500,000.



---

# QUESTIONS / DISCUSSION

CHE.IN.gov



INDIANA COMMISSION <sup>for</sup>  
HIGHER EDUCATION



INDIANA COMMISSION *for*  
HIGHER EDUCATION