

COMMISSION FOR HIGHER EDUCATION
University Budget Recommendations
November 8, 2018

Operating

- Recommendation: 7% performance funding in FY 2020 with 2.5% new money, and 8% performance funding in FY 2021 with 4% new money (a 1.5% increase over FY 2020)
- Additional Notes: As a result of rolling multiple line items into the base (Purdue, ISU and USI) and adjustments made as a result of a data audit, the new operating base statewide is **\$1,360,154,775**.

	FY 2019	FY 2020	FY 2021
Operating	\$ 1,360,154,775	\$ 1,394,155,799	\$ 1,414,560,657

- **FY 2020** – \$34,001,024 new dollars (2.5% increase over the base)
- **FY 2021** – \$54,405,882 new dollars (4% increase over the base)

Line Items

- Recommendation: 2.5% flat increase over FY 2019 appropriations both General Fund line items and State Dedicated Fund line items
 - Dual Credit will again be recommended to be funded at \$50 per credit value. Statewide, dual credit appropriations increased by nearly 24%
- Additional Notes: Because multiple line items were rolled into the base (PUWL, ISU and USI), the total appropriations for all institution line items remain relatively flat even with a nearly 24% (over \$5.4M) increase in the dual credit appropriations

		FY 2019	FY 2020	FY 2021
Line Items	General Fund	\$ 81,052,571	\$ 81,541,363	\$ 81,541,363
	Dedicated Funds*	\$ 5,083,110	\$ 5,148,801	\$ 5,148,801
	Total Line Items	\$ 86,135,681	\$ 86,690,164	\$ 86,690,164

*Total includes Purdue Veterinary Research and Wine Grape Market Fund

- **FY 2020/FY 2021**
 - General Fund Line Items – 0.6% increase
 - State Dedicated Fund Line Items – 1.3% increase

Capital

- Recommendation: Focuses on projects that support updating existing buildings, and to the extent that new buildings are recommended, they accommodate growth in growing sectors important to the future of Indiana’s economy
- Additional Notes: CHE recommends that dollar value of capital projects funded in the FY 2020/FY 2021 biennium is **\$324,490,000**. The dollar value of capital projects funded in the FY 2018/FY 2019 biennium totaled \$452,100,000
 - Of the nearly \$325M, **\$26.3M** is recommended to cash fund the three projects requested by VU. The amount of debt service generated by the remaining projects totals **\$23,927,537 (fee replacement) in FY 2021**.

	FY 2019	FY 2020	FY 2021
Fee Replacement (Debt Service)	\$ 175,391,703	\$ 162,977,282	\$ 188,505,988
Cash Funded Projects	\$ 35,000,000	\$ 12,000,000	\$ 14,300,000

R&R

- **Recommendation:** Continues past practice of providing funding in the amount of 0.5% of the academic and administrative asset total plus the infrastructure asset total for each institution (known as the R&R asset total)
- **Funding:** In the current biennium (FY 2018/FY 2019), the statewide R&R appropriation totaled \$67,286, 685. The recommended statewide R&R appropriation for the upcoming biennium totals **\$73,483, 453** (a \$6,196,768 or a 9.2% increase)

	FY 2019	FY 2020	FY 2021
R&R	\$ 33,643,342	\$ 36,741,725	\$ 36,741,725

Overall Summary

		FY 2019	FY 2020	FY 2021
Institution Totals	General Fund	\$ 1,685,242,391	\$ 1,687,416,169	\$ 1,735,649,733
	Dedicated Funds	\$ 5,083,110	\$ 5,148,801	\$ 5,148,801
	Total	\$ 1,690,325,501	\$ 1,692,564,970	\$ 1,740,798,534
\$ Change from FY 2019			\$ 2,239,469	\$ 50,473,033
% Change from FY 2019			0.1%	3.0%

CHE and Related Appropriations Budget Request

- Appropriation Increase for Salary and Benefits
 - The State Budget Agency is allowing agencies to submit an appropriation increase request that totals 3.3% of the total expenditures on salary and benefits in FY 2018 to pay for future pay-for-performance raises
 - Request: For CHE, 3.3% is nearly \$150,000 each fiscal year
 - Affects CHE, 21st Century Scholars Administration and Learn More Indiana
- CHE Data Submission System (CHEDSS) Update
 - The current software system supports data used by Academic Affairs, Data and Finance and is to the point that improvements cannot be made without endangering various parts of the system because the system architecture is over-coupled. This week we received responses to a Request for Information (RFI) originally put out in September, and the request reflects the responses from the RFI
 - Request: \$1,000,000 over the biennium
- Next Generation Hoosier Educators
 - The original appropriation for this program was made from remaining tax amnesty collections. In the upcoming biennium, we are requesting that the legislature appropriate dollars to the program to continue funding the program
 - Request: Nearly an additional \$4,000,000 over the biennium
- 21st Century Scholars Awards and Frank O'Bannon Awards
 - Due to the success of the Scholars program and an increase in Frank O'Bannon award amounts, we will seek an increase in the three appropriations that make up these programs
 - Request: Nearly an additional \$75,000,000 over the biennium
 - Frank O'Bannon is made up of two appropriations: 1) Freedom of Choice (private institutions); and 2) Higher Education Awards (public institution)
- Graduate Medical Education Board
 - The Board was first established by the legislature in 2015 with the purpose of expanding medical education in Indiana by funding new residency programs
 - Request: An additional \$3,000,000 over the biennium from Tobacco Master Settlement Funds
- Statutory Fee Remission (CVO Program)
 - These funds are financial aid available to certain family members of certain military and public service officers. In FY 2018, and likely in FY 2019, the Commission transferred monies from another fund to cover the cost of this program. Thus, we are requesting a 3% from projected FY 2019 expenditures each year
 - Request: An additional \$5,219,862 over the biennium

OVERALL Summary

This report outlines a summary of overall proposed funding

	FY 2019		FY 2020		FY 2021	
	Appropriation	% Change from FY 2019	Appropriation	\$ Change from FY 2019	Appropriation	\$ Change from FY 2019
IHE Operating	\$ 1,360,154,775.00	2.50 %	\$ 1,394,155,799.00	\$ 34,001,024.00	\$ 1,414,560,657.00	\$ 54,405,882.00
IHE Debt Service	\$ 175,391,703.00	-7.08 %	\$ 162,977,282.00	-\$ 12,414,421.00	\$ 188,505,988.00	\$ 13,114,285.00
IHE Repair and Rehab	\$ 33,643,342.00	9.21 %	\$ 36,741,725.00	\$ 3,098,383.00	\$ 36,741,725.00	\$ 3,098,383.00
IHE Line Items	\$ 81,052,571.00	0.60 %	\$ 81,541,363.00	\$ 488,792.00	\$ 81,541,363.00	\$ 488,792.00
State Financial Aid Support	\$ 335,797,104.00	10.44 %	\$ 370,864,768.00	\$ 35,067,664.00	\$ 384,519,229.00	\$ 48,722,125.00
Other Higher Ed Line Items	\$ 15,237,808.00	3.39 %	\$ 15,753,908.00	\$ 516,100.00	\$ 15,253,908.00	\$ 16,100.00
IHE Capital Projects (Cash)	\$ 35,000,000.00	-65.71 %	\$ 12,000,000.00	-\$ 23,000,000.00	\$ 14,300,000.00	-\$ 20,700,000.00
TOTAL GENERAL FUND	\$ 2,036,277,303.00	1.85 %	\$ 2,074,034,845.00	\$ 37,757,542.00	\$ 2,135,422,870.00	\$ 99,145,567.00
State Dedicated Funds	\$ 14,446,274.00	7.80 %	\$ 15,573,104.00	\$ 1,126,830.00	\$ 17,080,251.00	\$ 2,633,977.00
TOTAL DEDICATED FUNDS	\$ 14,446,274.00	7.80 %	\$ 15,573,104.00	\$ 1,126,830.00	\$ 17,080,251.00	\$ 2,633,977.00
TOTAL	\$ 2,050,723,577.00	1.90 %	\$ 2,089,607,949.00	\$ 38,884,372.00	\$ 2,152,503,121.00	\$ 101,779,544.00