

UNIVERSITY OF SOUTHERN INDIANA

SUMMARY OF 2009-2011 BIENNIAL BUDGET

The Indiana General Assembly, during a special legislative session, passed a two-year, \$27.8 billion state budget on Tuesday, June 30, 2009. The House of Representatives approved the new state spending plan in House Bill 1001 for 2009-2011 by a margin of 62-37 while the Senate voted in favor of the plan by a margin of 34-16.

Total operating appropriations for universities will decrease by \$48.8 million or 3.8% in FY10 and an additional \$3.3 million or .3% in FY11. The state's two-year budget used six of the seven funding formulas recommended by the Commission for Higher Education in the appropriations process. The formulas were funded at 50% in FY10 and 75% in FY11. Federal funds from the American Recovery and Reinvestment Act (ARRA) were used to bring institutional operating appropriations to FY09 levels. Several special projects received additional funding including Indiana and Purdue University's request for the Innovation Alliance to fund medical education center expansion, technical assistance, and advanced manufacturing and core research.

The capital budget for higher education includes fee replacement bonding authorization for 20 projects at a total cost of \$300 million. The biennial budget uses federal ARRA dollars to fund the repair and rehabilitation of facilities at 75% of the FY07-09 formula and for payment of the FY09 appropriation for repair and rehabilitation that was withheld in December 2008.

Funding for the State Student Assistance Program (SSACI) for the primary award programs will increase by 6.5% in FY10 and 3% in FY11. The current cap for student financial aid received through the State Student Assistance Program is \$6,095 for public universities and approximately \$11,000 for students attending a private college or university. The State Student Assistance Commission will meet in July to establish the caps FY10. Included in the budget bill is a requirement for the Commission for Higher Education and the State Student Assistance Commission to study the funding of college scholarship programs provided by the student assistance commission and the state public universities. The Commission is to provide a report and recommendations to the State Budget Committee for modernizing and improving scholarship programs on or before June 30, 2010.

The following is a summary of the 2009-2011 Biennial Budget for the University of Southern Indiana.

2009-2011 Budget Highlights

Operating Appropriation

Reduction in Operating Base

Reduction of operating base by 1% in FY09 plus additional 4.21% reduction of adjusted FY09 operating

base in FY10. Additional 2.53% reduction of FY10 base in FY11.

Increase in Degrees Incentive

Funds performance incentive at 50% in FY10 and 75% in FY11 for change in number of degrees granted at \$5,000 for bachelor degrees and \$3,500 for associate degrees.

Time to Degree Incentive

Funds performance incentive at 50% in FY10 and 75% in FY11 for change in number of degrees conferred in four years at \$5,000 for bachelor degrees and in two years at \$3,500 for associate degrees.

Low Income Degrees

Funds performance incentive at 50% in FY10 and 75% in FY11 for increase in number of degrees conferred to low income students at \$5,000 for bachelor degrees and in two years at \$3,500 for associate degrees.

Two-Year Transfer Incentive

Funds performance incentive at 50% in FY10 and 75% in FY11 for increase in number of transfers from two-year institutions at \$875 per-Hoosier-FTE. Funding formula is based on the enrollment change formula of \$3,500 per Hoosier FTE and was funded at 25%.

Enrollment/Successful Completed Hours

Funds performance incentive at 50% in FY10 and 75% in FY11 for a combined formula based on an increase in enrollment and number of successfully completed credit hours. If funding through formula for increase in degree incentive exceeds the enrollment/successful completed hours incentive, can only receive funding through one formula. Enrollment/successful completed hours formula was funded at \$3,500 per Hoosier FTE.

Maintenance of Current Programs

No funding was included for maintenance of current programs.

Capital Appropriation

Facilities

Provides \$15 million in bonding authorization for the Teaching Theater - Replacement Project. Funds existing debt service in FY10 and FY11. No additional debt service is appropriated for the new project authorized by the General Assembly in this biennium.

Repair and Rehabilitation

Uses federal ARRA dollars to fund the repair and rehabilitation of facilities at 75% of the FY07-09 formula and for payment of the FY09 appropriation. USI's appropriation for the biennium is approximately \$845,000 and \$561,000 for FY09.

Line Item Appropriation

The appropriation base for Historic New Harmony will decrease 4% to \$553,428 in FY10 and will remain at the same level in FY11. ARRA funds were appropriated each year of the biennium to restore the FY09 base.

Summary

The University's operating appropriation in 2009-2010 will be \$39,044,222, a decrease of approximately 3.3 percent from 2008-2009. In 2010-2011, the University's operating appropriation will increase by .3 percent to \$39,172,365.

The General Assembly also appropriated funds to restore operating support to the fiscal year 2009 level to institutions of higher education through the American Recovery and Reinvestment Act (ARRA) of 2009. The University will receive approximately \$3 million over the biennium to be used for one-time expenditures and \$1.4 million in 2009-2011 for repair and rehabilitation projects.

Given the very difficult fiscal situation of the State, the University is grateful to the Indiana General Assembly and the Governor for their support of higher education in the 2009-2011 biennial budget.

July 9, 2009