

UNIVERSITY OF SOUTHERN INDIANA SUMMARY OF 2007-2009 BIENNIAL BUDGET

The Indiana General Assembly passed a two-year, \$26.1 billion state budget Sunday, April 29, 2007. The House of Representatives approved the new state spending plan in House Bill 1001 for 2007-2009 by a margin of 51-49 while the Senate voted in favor of the plan by a margin of 41-9. The budget spends \$12.8 billion in year one and \$13.3 billion in year two, increasing by 4.6% in FY08 and 3.4% in FY09 providing a balanced budget each year of the biennium.

Total operating appropriations for universities will increase by \$40.4 million or 3.4% in FY08 and \$55.3 million or 4.5% in FY09. The state's two-year budget funds enrollment growth at 50% in FY08 and 100% in FY09; provides increases of 1.42% for personal services in FY08 and 2.03% in FY09; funds equity adjustments for campuses with operating appropriations of less than \$4,620 per Hoosier FTE student; and funds two new performance incentives in the second year of the biennium for growth in degree completion and on-time degree completion. Several special projects received additional funding.

The capital budget for higher education includes fee replacement bonding authorization for 22 projects at a total cost of \$397 million and provides \$20 million in cash for four projects. The biennial budget funds the repair and rehabilitation of facilities at 50% of the formula and repayment of the remaining payment delay to be used for repair and rehabilitation projects.

Funding for the State Student Assistance Program (SSACI) will increase by \$23.2 million or 10.6% in FY08 and \$7.5 million or 3.1% in FY09. The current cap for student financial aid received through the State Student Assistance Program is \$5,692 for public universities and \$10,272 for students attending a private college or university. These caps will likely be increased by SSACI for fall 2008.

Included in House Bill 1478 was language concerning the establishment of tuition and mandatory fees at a state educational institution. Effective July 1, 2007, the Commission for Higher Education would recommend nonbinding tuition and mandatory fee increase targets for each state educational institution. The institutions would be required to submit a report to the State Budget Committee concerning its increases in tuition and fees. The Committee would review the targets recommended by the Commission and the reports submitted by the state educational institutions, and may request the institutions appear before the Committee at a public meeting concerning the reports.

The following is a summary of the 2007-2009 Biennial Budget for the University of Southern Indiana.

2007-2009 Budget Highlights

Operating Appropriation

Enrollment Change Funding	Enrollment change funding is provided to address increases in enrollment for Indiana students. Enrollment change was funded at \$3,500 per Hoosier FTE at 50% in FY08 and 100% in FY09.
Maintenance of Current Programs	Includes a 1.42% inflationary increase for personal services in FY08 and a 2.03% increase in FY09 based on each institutions 2006-2007 operating appropriation.
Equity Adjustment	Provides equity adjustments to campuses with operating appropriations of less than \$4,620 per Hoosier FTE student.
Degree Change	Funds new performance incentive in second year of the biennium for change in number of degrees granted at \$4,000 for bachelor degrees and \$3,500 for associate degrees.
Time to Degree	Funds new performance incentive in second year of the biennium for change in number of degrees conferred in four years at \$5,000 for bachelor degrees and in two years at \$2,500 for associate degrees.
Quality Improvement	Provides funding for new program initiatives. Funds USI's request for Economic Development Outreach in Southwest Indiana.
Plant Expansion Funding	No funding was provided for Plant Expansion for the operation of the David L. Rice Library.

Capital Appropriation

Facilities	Provides \$29.9 million in bonding authorization for the College of Business/General Classroom Building. Funds existing debt service in FY08 and additional debt service in FY09 for new projects authorized by the General Assembly.
Repair and Rehabilitation	Funds general repair and rehabilitation at 50% of the funding formula. USI's appropriation is approximately \$1.1 million for the biennium.

Repayment of Payment Delay

Fully funds payment delay balance to be used for repair and rehabilitation. USI's appropriation for the payment delay is approximately \$1.6 million for the biennium.

Line Item Appropriation

The appropriation base for Historic New Harmony will increase to \$565,184 in FY08, an increase of approximately \$209,000 with an additional 2% increase or \$11,000 to \$576,488 in FY09.

Summary

USI's operating appropriation (not including repair and rehabilitation funds, debt service appropriation, or line item appropriations) will increase from the FY07 base of \$35.2 million to \$37.6 in FY08 and \$40.3 in FY09.

The University is grateful to the Indiana General Assembly, the Commission for Higher Education, and the Governor for their support of higher education in 2007-2009 biennial budget.

May 5, 2007

**UNIVERSITY OF SOUTHERN INDIANA
SUMMARY OF 2007-2009 BIENNIAL BUDGET**

<u>Operating Budget Appropriation Increase for 2007-2009</u>	<u>2007-08</u>	<u>2008-09</u>
<ul style="list-style-type: none"> • Base Adjustment - Enrollment Change Funded at \$3,500 per Hoosier FTE – 50% FY08 and 100% FY09 • 1.42% increase on 2006-2007 Operating Appropriation Base • 2.03% increase on 2006-2007 Operating Appropriation Base • Appropriation Adjustment • Degree Completion • On-Time Completion • Economic Development Outreach in SW Indiana 	\$448,000 500,026 564,450 950,000	\$448,000 714,258 614,000 85,672 850,000
Total	\$2,462,476	\$2,711,930

Total Operating Budget Appropriation for 2007-2009

• Total Operating Appropriation	\$37,675,499	\$40,387,429
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Capital Budget Appropriation for 2007-2009

<ul style="list-style-type: none"> • Repair and Rehabilitation <ul style="list-style-type: none"> • Building R&R Formula • Utilities R&R Formula • Payment Delay (one-time funding) Building and Utilities R&R amounts are 50% of the funding formula 	\$319,298 251,665 806,015	\$319,297 251,665 806,015
Total	\$1,376,978	\$1,376,977
<ul style="list-style-type: none"> • Facilities <ul style="list-style-type: none"> • Bonding Authorization for College of Business/General Classroom Building 		\$29,900,000

Line Item Appropriation for 2007-2009

<ul style="list-style-type: none"> • Historic New Harmony 58.7% increase FY08 and 2% increase FY09 	\$565,184	\$576,488
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May 1, 2007