



Fiscal Policy BULLETIN

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December 1994

1995-97 Indiana Budget Issues: Public Higher Education

If the proportion of total appropriations allocated to a government function is indicative of the importance attached to that function, higher education is a high priority of state government in Indiana. As Figure 1 illustrates, higher education received \$1,008.2 million in GF/PTRF appropriations in Fiscal Year 1994-95, or 15.1 percent of total GF/PTRF appropriations.

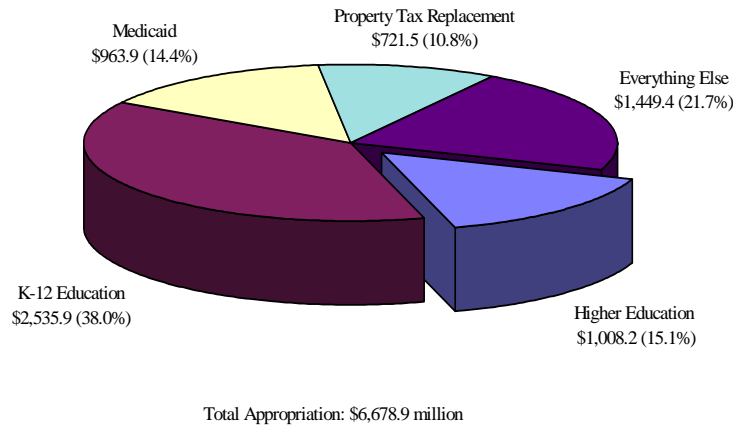
Trends in State Support for Higher Education

Though higher education has been exempt from state budget cuts for at least thirteen fiscal years, state support for higher education has grown relatively slowly in recent years. Between the 1983-85 and 1989-91 bienniums, higher education's average biennial increase in state support was \$232.1 million. Over the last two bienniums, however,

higher education's average biennial increase has decreased to \$74.5 million. In fact, the \$38.8 million increase for the current biennium represents its smallest increase in GF/PTRF support in at least six bienniums.

This slow growth in state support has accompanied a decline in higher education's share of GF/PTRF expenditures in recent years (See Figure 2). After reaching 17.1 percent of GF/PTRF expenditures in Fiscal Year 1986-87, higher education's share of GF/PTRF expenditures has steadily decreased over the last eight

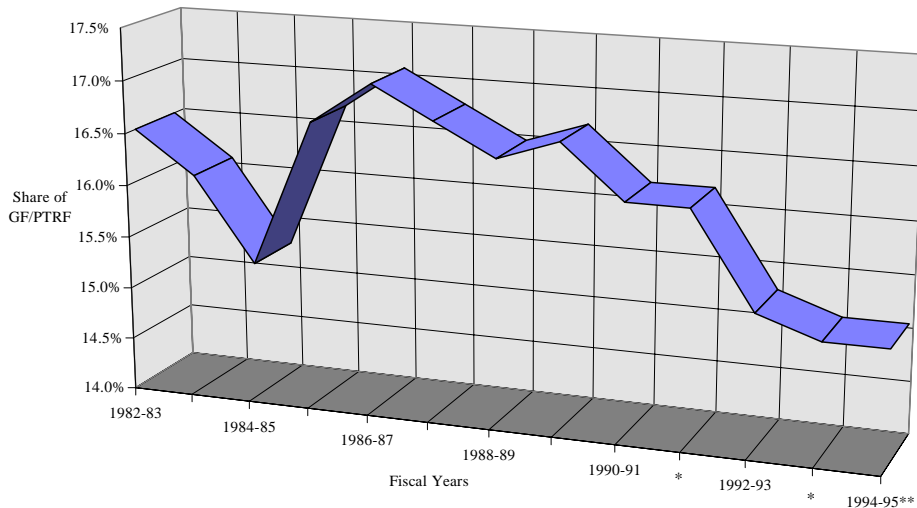
Figure 1
Shares of GF/PTRF Appropriations*
State of Indiana, Fiscal Year 1994-95
(dollars in millions)



*Includes reductions resulting from the Governor's Deficit Reduction Plan.
Source: State Budget Agency; IFPI Calculations.

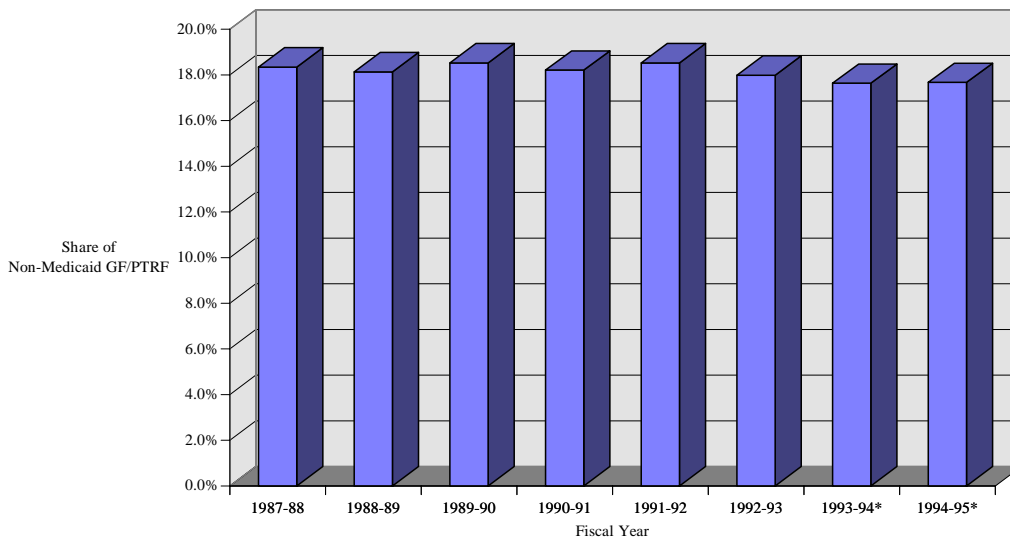
Fiscal Policy BULLETIN

Figure 2
Higher Education's Share of GF/PTRF Expenditures
State of Indiana, Fiscal Years 1982-83 to 1994-95



*Includes \$287.0 million in delayed payments to local units of government.
**Appropriations.
Source: State Budget Agency; IFPI Calculations.

Figure 3
Higher Education's Share of Non-Medicaid GF/PTRF Expenditures
State of Indiana, Fiscal Years 1987-88 to 1994-95



*Appropriations.
Source: State Budget Agency; IFPI Calculations.

fiscal years. Furthermore, higher education's 15.1 percent share of GF/PTRF expenditures over the last two fiscal years represents higher education's smallest share in at least thirteen years.

However, higher education's declining share of *total* GF/PTRF appropriations is due as much to rapidly increasing Medicaid expenditures as it is to the slow growth in state support. In recent years, Medicaid has emerged as the one program that conditions all other state spending priorities, including elementary-secondary education, public safety, environmental management, and higher education. Since Fiscal Year 1987-88, Medicaid expenditures have increased 153.7 percent, compared to a 36.5 percent increase in the non-Medicaid portion of the budget. Consequently, Medicaid's share of GF/PTRF expenditures has increased from 8.3 percent in Fiscal Year 1987-88 to 14.5 percent in Fiscal Year 1994-95. As Figure 3 illustrates, higher education's share of the non-Medicaid portion of the budget has remained relatively steady over the last eight fiscal years.

Public Enrollment Trends

Institutional Enrollment Trends. Unlike enrollment in elementary-secondary education, which decreased 11.0 percent between 1980 and 1994, enrollment at Indiana's public institutions of higher education increased 25.3 percent during this same period, from 146,788 to 183,984 full-time equivalent (FTE) students. As Table 1 indicates, this increase in student enrollment in higher

Fiscal Policy BULLETIN

Table I
Change in FTE Student Enrollment, Public Institutions
State of Indiana, Fiscal years 1979-80 to 1992-93

<u>Institution</u>	<u>1979-80</u>	<u>1993-94</u>	<u>% Increase (Decrease)</u>
Indiana University			
Bloomington	29,402	33,620	14.3 %
IUPUI*	14,635	20,082	37.2
South Bend	3,529	4,817	36.5
Northwest	2,728	4,053	48.6
Southeast	2,741	3,838	40.0
Kokomo	1,311	2,076	58.4
East	695	1,524	119.3
Sub-Total	55,041	70,010	27.2
Purdue University			
West Lafayette	32,053	34,830	8.7
IUPU-Fort Wayne	5,686	7,271	27.9
Calumet	4,032	6,064	50.4
North Central	1,093	2,039	86.6
Sub-Total	42,864	50,204	17.1
Ivy Tech**			
Indianapolis	2,662	3,416	28.3
Fort Wayne	1,238	2,048	65.4
Terre Haute	943	1,748	85.4
Columbus	1,013	1,736	71.4
Evansville	843	1,729	105.1
South Bend	1,101	1,724	56.6
Muncie	1,376	1,693	23.0
Gary	1,213	1,589	31.0
Sellersburg	821	1,393	69.7
Lafayette	605	1,128	86.4
Kokomo	997	1,004	0.7
Richmond	598	745	24.6
Madison	255	683	167.8
Sub-Total	13,665	20,636	51.0
Ball State University	17,763	19,789	11.4
Indiana State University	11,025	10,360	-6.0
Vincennes University	4,144	7,773	87.6
University of So. Indian	2,286	5,212	128.0
Total FTE Enrollment	146,788	183,984	25.3%

* Includes both IUPUI General Academic and Health.

** Indiana Vocational Technical College.

Source: Commission for Higher Education; IFPI Calculations.

education has varied considerably by institution. Enrollment at the smallest public university, the University of Southern Indiana, has increased 128.0 percent since Fiscal Year 1979-80, while student enrollment at Indiana State University has decreased 6.0 percent. Furthermore, institutions with campuses in southern Indiana have been among the fastest growing, with four of the five fastest growing campuses located in southern Indiana, while Indiana's four largest campuses are among the slowest growing.

State Enrollment Trends.

As Figure 4 illustrates, total enrollment in Indiana's public institutions of higher education increased steadily between Fiscal Years 1985-86 and 1992-93. In Fiscal Year 1993-94, however, total enrollment in Indiana's public institutions decreased by 3,235 students, or 1.7 percent, the first decrease in higher education's total enrollment in nearly a decade. Though many variables influence enrollment in public institutions of higher education, enrollment tends decrease in Indiana during the state's relatively prosperous years and increase during the state's slow growth years. For example, enrollment in Indiana's public institutions increased dramatically in the late 1970s and early 1980s, a period of relatively high unemployment and inflation. Between Fiscal Years 1978-79 and 1980-81, enrollment in public institutions increased by 16,035 students or 11.3 percent, the most dramatic two-year increase in enrollment in at least sixteen years. Conversely enrollment in public institutions declined by 6,766 students between Fiscal Years 1982-83 and 1985-86 as the state's economy recovered nicely from the economic downturn of the late 1970s and early 1980s.

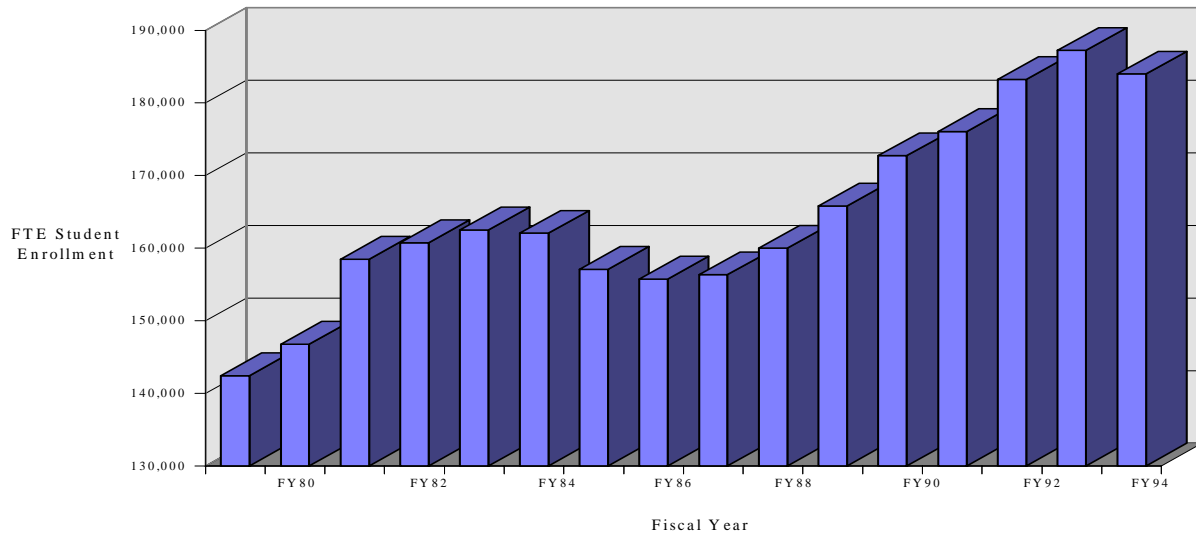
Given this relationship between enrollment and economic conditions in recent years, it is conceivable that statewide enrollment will continue to decline into the 1994-95 academic year, and possibly into the 1995-96 school year. This assumes, of course, that Indiana's economy will grow steadily over the next few years.

Revenue Sources: Indiana's Public Institutions

Despite the slow growth in state support for higher education in recent years, the ability of Indiana's seven public institutions of higher education to generate revenue from non-state revenue sources has reduced the impact of this slow growth. As Figure 5 illustrates, Indiana's public institutions of higher education rely on a variety of non-state revenue sources to support their operating and capital budgets, including student tuition and fees, public and private grants and contracts, gifts to foundations and endowments, and a variety of campus enterprises (room and board, parking, sporting events, etc.). In Fiscal Year 1991-92, Indiana's public institutions generated \$1,851.1 million in non-state revenue, or 67.5 percent of total revenue.

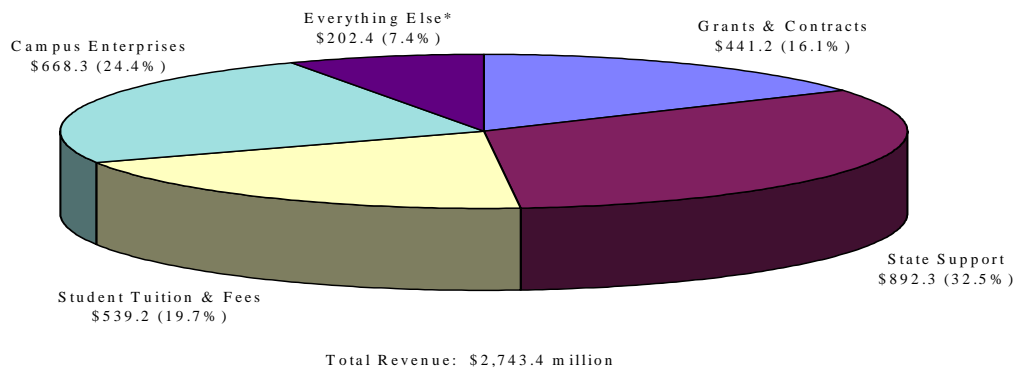
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Figure 4
FTE Student Enrollment, Public Institutions of Higher Education
State of Indiana, Fiscal Years 1978-79 to 1993-94



Source: Commission for Higher Education.

Figure 5
Revenue Sources, Public Institutions of Higher Education
State of Indiana, Fiscal Year 1991-92
(dollars in millions)



*Includes: Sales and Services, Indirect Cost Recovery, Investment Income, and Gifts.
Source: Commission for Higher Education.

Fiscal Policy BULLETIN

Higher Education GF/PTRF Expenditures

Public Institutions of Higher Education

As Table 2 indicates, GF/PTRF appropriations to Indiana's public institutions account for 92.8 percent of state support of higher education in the current fiscal year. State support to Indiana's public institutions consists of four types of appropriations, including three types of operating appropriations (institutional operating, fee replacement/debt service, and special programs) and a capital appropriation for repair and rehabilitation.

Institutional Operating Appropriations. The institutional operating appropriation accounts for 88.2 percent of the GF/PTRF appropriation to institutions in Fiscal Year 1994-95 (See Figure 6). Though public institutions are not restricted in the use of institutional operating appropriations, they are primarily used to support the basic operations and programs of public institutions, including compensation for professors, administrators, and staff equipment, and supplies.

Table 2
Shares of Higher Education GF/PTRF Appropriations
State of Indiana, Fiscal Year 1994-95
(dollars in millions)

<u>Function</u>	<u>Appropriation</u>	<u>% of Total</u>	
Public Institutions			
Indiana University	\$ 377.2	37.4 %	37.4 %
Purdue University	265.7	26.4	63.8
Ball State University	109.7	10.9	74.7
Indiana State Univer	68.9	6.8	81.5
Ivy Tech	66.3	6.6	88.1
Vincennes University	28.0	2.8	90.9
University of So. Indi	19.4	2.0	92.8
Sub-Total	935.2	92.8	92.8
SSACI/Financial Aid	60.5	6.0	98.7
Everything Else*	12.4	1.2	100.0
Total**	\$1,008.2	100.0%	100.0%

* Includes Higher Ed Telecommunications System (\$5.2), Commission for Higher Ed (\$1.9), State Budget Agency (\$1.6), Medical Education Board (\$1.4), Dept. of Commerce (\$1.2), and Dept. of Administration (\$1.1).

**May not add due to rounding.

Source: State Budget Agency; IFPI Calculations.

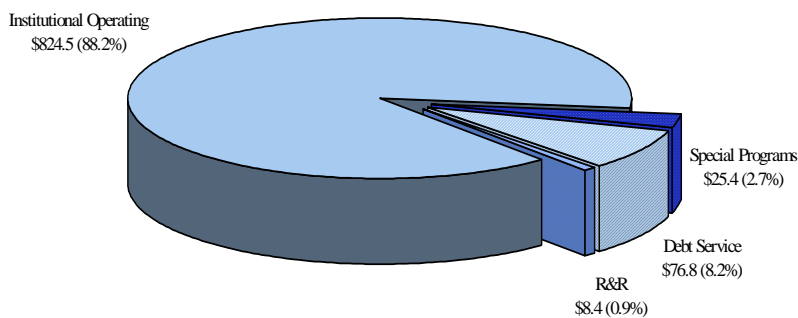
Fee Replacement/Debt Service Appropriations.

Indiana's public institutions of higher education pay the principal and interest costs for long-term debt on academic and administrative buildings by dedicating a portion of student fees. These dedicated student fees are subsequently "replaced" by state appropriations to an institution's fee replacement fund. All capital projects seeking fee replacement must be authorized by the Indiana General Assembly and approved by the State Budget Committee .

Special Program Appropriations. Separate line item appropriations are made to Indiana's public institutions for a small number of specialized research, training, and academic programs or projects. Typically, these programs account for a very small portion of GF/PTRF appropriations to public institutions of higher education.

Repair and Rehabilitation Appropriations. Since most long term debt incurred by public

Figure 6
Share of GF/PTRF Appropriations, Public Institutions of Higher Education
State of Indiana, Fiscal Year 1994-95
(dollars in millions)



Total Appropriation: \$935.2 million

Source: State Budget Agency; IFPI Calculations.

institutions is supported by student fees and subsequently replaced by state appropriations, capital appropriations represent a relatively small percentage of total appropriations to Indiana's public institutions (less than 1.0 percent in Fiscal Year 1994-95). Repair and rehabilitation appropriations can only be used to maintain existing buildings with academic or administrative space and campus infrastructures, and cannot be used to purchase land or buildings or expand existing academic or administrative space without the approval of the Commission for Higher Education and the State Budget Committee.

State Student Assistance Commission of Indiana

The State Student Assistance Commission of Indiana (SSACI) is responsible for administering the two primary financial aid programs for higher education in Indiana, the Higher Education Award and Freedom of Choice programs. In Fiscal Year 1994-95, these two financial aid programs received \$56.5 million in GF/PTRF support, which accounts for 5.6 percent of higher education's total appropriation.

Though both of these programs are administered as a single financial aid program, the Indiana Higher Education Grant Program, eligibility varies for each program. The Higher Education Award Program provides financial aid to Indiana residents who chose to attend *any* eligible institution of higher education in the state, while the Freedom of Choice Program provides additional financial aid to eligible students who enroll in eligible private institutions in the state. In addition to being an Indiana resident and demonstrating financial need, an applicant seeking state financial aid must be enrolled full-time (12 credit hours or more) in an undergraduate program. Financial aid awards are based upon available funds prorated among eligible applicants after the anticipated student/parent share has been calculated.

Budgeting Procedures for Indiana's Public Institutions of Higher Education

Operating Budgets

As Figure 7 illustrates, most states base all or nearly all institutional funding for operating budgets on a

funding formula. In this funding approach to operating budgets, students are counted on a specified school day, the number of full-time-equivalent (FTE) students are calculated, and the state appropriates a specific dollar amount for each FTE student. Funding formulas based on student enrollment may differentiate among academic programs (education, business, liberal arts), type of institution (university, vocational college, community college), and level of enrollment (undergraduate, graduate, professional) in order to reflect the fact that operating expenses vary among academic programs. For example, for each doctoral student in nursing, a research university might receive \$25,000 in state support, while for each undergraduate student studying computer programming, a community college might receive \$5,000 in state support.

In Indiana, however, most state support to public institutions of higher education for operating expenditures is based on an incremental budgeting technique known as "base-plus budgeting". In this approach, state support is determined by making three types of incremental adjustments to the base year (Fiscal Year 1994-95 is the base year for the 1995-97 Biennium), including special adjustments, price inflation adjustments, and quality improvement adjustments. Once these adjustments are made to an institution's base year, an assumed level of student tuition and fee revenue is subtracted from the institution's total operating budget. The difference between the total operating budget and the assumed tuition and fee revenue represents the amount the state provides the institution for its operating budget (See Figure 8).

Special Adjustments. When calculating the state's share of institutional general operating expenditures, three types of special adjustments can be made to the institution's base year, including an enrollment change adjustment, program change adjustment, and plant expansion adjustment. The enrollment change adjustment, which is the most significant special adjustment, arises from the fact that increases in student enrollment result in added costs to an institution, while decreases in enrollment result in reduced costs. Enrollment change adjustments are determined by a formula which provides additional state support in the event that an institution's FTE enrollment increases, while state support is reduced in the event that FTE enrollment decreases.

Fiscal Policy BULLETIN

Capital Budgets

Unlike the operating budgets of Indiana's public institutions, capital budgets are driven by two formulas used for calculating repair and rehabilitation funding levels. The General Repair and Rehabilitation formula identifies funding levels needed to maintain academic and administrative facilities, while the Infrastructure Repair and Rehabilitation formula identifies funding levels needed to maintain various institutional infrastructures, such as water lines and sidewalks.

General Repair and Rehabilitation Formula. Each building on an institution's campus containing academic or administrative space is eligible for general repair and rehabilitation funding. However, only that portion of a building utilized for academic or administrative purposes is eligible for general repair and rehabilitation funding. Eligible space is determined by the ratio of academic and administrative space to the total assignable space in the building.

The general repair and rehabilitation formula consists of three components, including effective building age, assumed building lifespan, and rehabilitation value (See Figure 9). The effective age (EA) of a building is its current age, which is the difference between the current year and the year in which the building was originally constructed or renovated. For example, the EA of an academic building constructed in 1984 is 10 years old (1994 less 1984). Once the EA has been calculated, it is divided by the sum of the years digits (SYD) of the assumed lifespan of the building. The assumed lifespan of all academic and administrative buildings is 75 years, therefore the SYD used in the formula is 2850 (75+74+73+...+1). Once the EA has been divided by the SYD, the quotient is multiplied by the building's rehabilitation value (RV) which is determined by taking 90.0 percent of the inflated value of the building's original value or current value of the building based on a national building cost index. The product of this calculation is the recommended general repair and rehabilitation funding level for the building.

Infrastructure Repair and Rehabilitation Formula. As Figure 10 illustrates, the formula-generated funding

Figure 9
Calculation of General R&R Funding, Public Institutions
State of Indiana, 1994

$$\text{General R\&R Funding} = (\text{EA} / \text{SYD}) \times \text{RV}$$

For example, the General R&R funding level of a \$10.0 million academic building constructed in 1979 would be calculated in the following manner:

$$\begin{aligned} \text{General R\&R} &= (15 / 2850) \times \$9,000,000 \\ &= \$47,368 \end{aligned}$$

Source: Commission for Higher Education.

Figure 10
Calculation of Infrastructure R&R, Public Institutions
State of Indiana, 1994

$$\text{Infrastructure R\&R Funding} = \text{IRC} / \text{LCI}$$

For example, the Infrastructure R&R funding level for an institution with an infrastructure replacement cost of \$20 million would be calculated in the following manner:

$$\begin{aligned} \text{Infrastructure R\&R} &= \$20,000,000 / 50 \\ &= \$400,000 \end{aligned}$$

Source: Commission for Higher Education.

level for infrastructure repair and rehabilitation is determined by dividing the infrastructure replacement cost (IRC) by the assumed 50 year lifespan of campus infrastructures (LCI). The net result of this calculation is an appropriation of one-fiftieth (1/50) of the replacement value of the institution's infrastructure inventory each fiscal year. However, state support for infrastructure repair and rehabilitation has not been provided by the Indiana General Assembly since the inception of this formula in Fiscal Year 1989-90. Maintenance of institutional infrastructures have been funded, in part, by general repair and rehabilitation funds.

Fiscal Policy BULLETIN

Trends in Repair and Rehabilitation Funding. Between the 1983-85 and 1987-89 bienniums, state support for institutional repair and rehabilitation exceeded funding levels recommended by the general repair and rehabilitation formula (See Table 3). Since the 1989-91 biennium, however, state support for institutional repair and rehabilitation has been significantly less than the formula-generated funding levels. Moreover, funding levels recommended by these two formulas have increased 164.3 percent since the 1983-85 biennium, while state support to institutions for repair and rehabilitation has decreased 74.0 percent during this same period. In order to resume full funding of institutional repair and rehabilitation for the 1995-97 biennium, state support will need to increase 800.0 percent, from \$8.4 million in projected GF/PTRF expenditures in the current biennium to \$75.6 million in the 1995-97 biennium.

Higher Education Issues in the 1995-97 Biennium

In the 1995-97 biennium, three issues concerning higher education will emerge as public institutions and the State Student Assistance Commission prepare to defend their budget requests, including affordability, increasing debt service payments, and funding for a new scholarship program, the Twenty-First Century Scholars Program.

Affordability of Higher Education in Indiana

In the next biennium, the affordability of higher education in Indiana is likely to emerge as the primary issue among public institutions, the State Student Assistance Commission of Indiana, and the Commission for Higher Education. The Indiana General Assembly has two alternatives it can use to directly control the net price of attending one of Indiana's public institutions. First, it can control the net price of higher education through the state subsidy it provides public institutions for general operating expenditures. Second, the general assembly can control the net price of higher education for needy students through the state subsidy it provides for financial aid.

Institutional Operating Expenditures. As a general rule, the greater the level of state support for general operating expenditures, the less pressure public institutions are under to turn to other non-state revenue sources, especially tuition and fees. As Figure 11 illustrates, state support to public institutions for general operating expenditures, adjusted for inflation, has steadily decreased over the last four fiscal years. After peaking at \$705.5 million in Fiscal Year 1990-91, real state GF/PTRF support to public institutions for general operating expenditures decreased to \$654.4 million in Fiscal Year 1994-95, a 7.2 percent decrease.

Trends in Higher Education Student Costs. As Figure 12 illustrates, the average annual cost of tuition and fees and room and board for a full-time Indiana resident at a public university, adjusted for inflation, has increased \$1,613 since Fiscal Year 1980-81, from \$3,443 to \$5,056 in Fiscal Year 1994-95, a 46.8 percent increase.

More notable than this increase, however, is the increasing share of student costs relative to per capita disposable income in Indiana. As Table 4 indicates, the average cost for an Indiana resident to attend a public university in Indiana has steadily increased since Fiscal Year 1981-82. Furthermore, a significant portion of this increasing share has occurred over the last four fiscal years as state support to public institutions for general operating expenditures has gradually declined. Since Fiscal Year 1991-92, the average annual share of student costs relative to per capita disposable income has been 35.6 percent,

Table 3
Formula-Generated v. GF/PTRF Expenditures, Institutional R&R
State of Indiana, 1983-85 to 1995-97 Bienniums
(dollars in millions)

Biennium	General R&R	Infrastructure R&R	Total R&R	GF/PTRF Expenditure*	% of Total R&R
1983-85	\$28.6	-	\$28.6	\$32.3	112.9%
1985-87	34.3	-	34.3	36.0	105.0
1987-89	37.7	-	37.7	39.7	105.3
1989-91	44.0	\$12.8	56.8	33.7	59.3
1991-93	49.8	15.0	64.8	22.4	34.6
1993-95**	51.8	16.2	68.0	8.4	12.4
1995-97	57.2	18.4	75.6	-	-

* Expenditures may exceed appropriation as General R&R may be expended over a four-year period.

** Appropriation.

Source: Commission for Higher Education; State Budget Agency; IFPI Calculations

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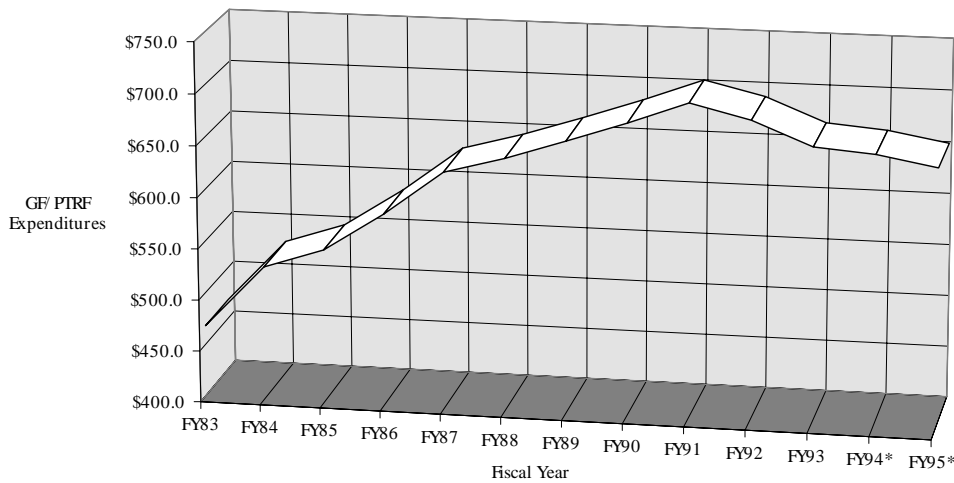
compared to a 33.6 percent average annual share in the

four-year period prior to Fiscal Year 1991-92. In fact, the 35.9 percent share in the current school year represents the largest share of student costs relative to per capita disposable income in fourteen years

Financial Aid. Unlike state support for institutional operating expenditures which affects all students in public institutions, state support for financial aid affects a much smaller segment of students attending public or private institutions of higher education. In Fiscal Year 1993-94, 16.9 percent of students (39,728 of the 235,682 full-time students) enrolled in public *and* private institutions received financial aid from the state. By providing financial aid, the state can directly control the net price of attending an institution of higher education, thus improving the affordability of higher education for needy students.

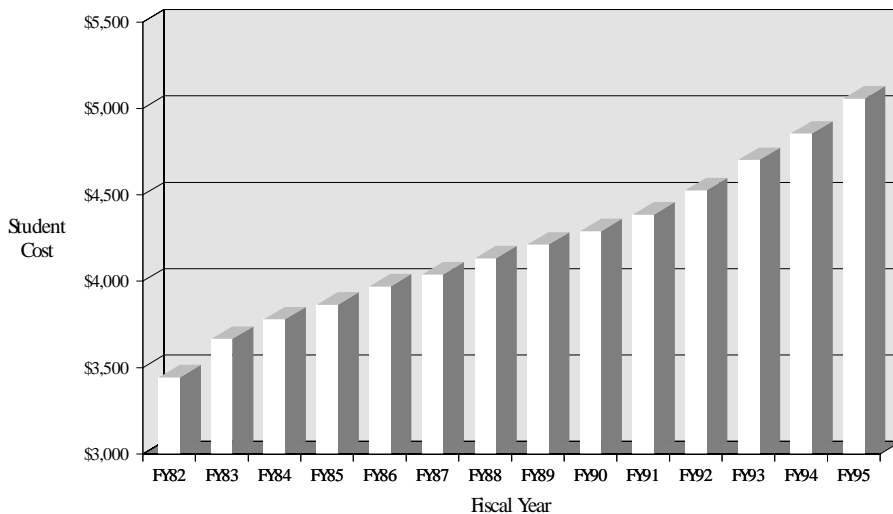
State support for Indiana's two primary financial aid programs, the Higher Education Award and Freedom of Choice programs, has increased 58.3 percent since Fiscal Year 1982-83, from \$28.3 million to \$44.8 million in Fiscal Year 1994-95. Increasing state support for financial aid, however, does not necessarily maintain or improve the affordability of

Figure 11
GF/ PTRF Institutional Operating Expenditures, Public Institutions
State of Indiana, Fiscal Years 1982-83 to 1994-95
(Constant 1987 dollars in millions)



*Appropriation.
Source: State Budget Agency; U.S. Dept. of Commerce; IFPI Calculations.

Figure 12
Average Student Cost* of Higher Education, Public Universities
State of Indiana, Fiscal Years 1981-1982 to 1994-1995
(Constant 1987 dollars)



*Includes tuition and fees and room and board for Indiana residents attending a public university full-time.
Source: IFPI Survey of Public Institutions; U.S. Dept. of Commerce.

Fiscal Policy BULLETIN

higher education for needy students. A much more accurate measure of maintaining affordability for financial aid recipients is the average state award relative to the student tuition and fees.

As Table 5 indicates, the average award per recipient accounts for a much smaller share of student costs at a public university in Indiana and has steadily decreased over the last seven school years. Furthermore, the award's share has decreased to 53.7 percent of student tuition and fees in the current school year, after peaking at 75.4 percent in Fiscal Year 1987-88.

Affordability in the 95-97 Biennium. Due to the fact that Indiana's public universities have become less affordable for Indiana residents in recent years, public institutions, the Commission for Higher Education (CHE), and the State Student Assistance Commission of Indiana are expected to seek substantial increases in state support for general operating expenditures and financial aid. Such increases would enable public institutions to keep increases in student tuition and fees at a minimum.

In its preliminary budget request, the CHE has requested a 9.8 percent biennial increase in state support for general operating expenditures from \$1,648.2 million in the

1993-95 biennium to \$1,810.2 million in the 1995-97 biennium. Furthermore, public institutions suggest that with this increase, student fees would increase 4.0 percent each year in the next biennium, compared to 6.8 percent

and 6.9 percent increases in student fees at public universities over the last two years.

Also, a 28.9 percent increase in state support for the Higher Education Award and Freedom of Choice financial aid programs has been requested for the 1995-97 biennium. This would result in a \$32.0 million increase in state support for these two financial aid programs in Indiana, from \$110.8 million in the current biennium to \$142.8 million in the 1995-97 biennium.

Increasing Debt Service

As previously mentioned, Indiana's public institutions pay the principal and interest costs for long-term debt on buildings by dedicating a portion of student fees, which are subsequently replaced by the state. State debt service payments to public institutions, adjusted for inflation, have increased 108.2 percent since Fiscal Year 1982-83, compared to a 39.7 percent increase in state support for general operating expenditures. As a result, debt service payments have gradually consumed a larger share of institutional

operating budgets, from 6.3 percent in Fiscal Year 1982-83 to 9.6 percent in Fiscal Year 1994-95.

Table 4
Student Cost* as a % of Per Capita Disposable Income
State of Indiana, Fiscal Years 1981-82 to 1994-95
(Constant 1987 dollars)

Fiscal Year	Student Cost	Per Capita Disposable Income	Student Cost as % of Disposable Income
1981-82	\$ 3,443	\$ 11,011	31.3 %
1982-83	3,665	10,755	34.1
1983-84	3,779	10,977	34.4
1984-85	3,864	11,686	33.1
1985-86	3,969	11,789	33.7
1986-87	4,038	12,126	33.3
1987-88	4,132	12,341	33.5
1988-89	4,213	12,598	33.4
1989-90	4,290	12,770	33.6
1990-91	4,385	12,952	33.9
1991-92	4,525	12,799	35.4
1992-93	4,702	13,372	35.2
1993-94	4,854	13,559	35.8
1994-95	5,056	14,104	35.9

*Includes tuition and fees and room and board for Indiana residents attending a public university full-time.
Source: IFPI Survey of Public Institutions; U.S. Dept. of Commerce.

Table 5
Avg. State Financial Aid Award as a % of Avg. Student Tuition & Fees, Public Universities
State of Indiana, Fiscal Years 1982-1983 to 1994-1995
(Constant 1987 dollars)

Fiscal Year	Avg. State Award per Recipient	Avg. Tuition & Fees	Avg. Award % Tuition & Fees
1982-83	\$ 984	1,455	67.6%
1983-84	828	1,499	55.2
1984-85	1,009	1,531	65.9
1985-86	1,059	1,566	67.6
1986-87	1,210	1,612	75.1
1987-88	1,253	1,662	75.4
1988-89	1,227	1,699	72.2
1989-90	1,240	1,720	72.1
1990-91	1,280	1,757	72.9
1991-92	1,065	1,830	58.2
1992-93	999	1,926	51.9
1993-94	1,102	2,007	54.9
1994-95	1,134	2,112	53.7

Source: IFPI Survey of Public Institutions; State Student Assistance Commission; U. S. Department of Commerce

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Niel C. Ellerbrook	Daniel B. Seitz
David A. Kelly	Larry J. Stroble
Robert D. Kraft	Gary G. Taylor
R. Mark Lubbers	Charles J. Winger
Gregg McManus	William A. Zielke

Debt Service Payments in the 1995-97 Biennium. Though the Indiana General Assembly has not authorized any new capital construction for public institutions since the 1991-93 biennium, debt service payments are expected to increase 8.8 percent in the next fiscal biennium, from \$79.4 million in Fiscal Year 1994-95 to \$86.4 million in Fiscal Year 1996-97.

Consequently, debt service payments could consume an even greater share of institutional operating budgets in the 1995-97 biennium, which would prove to be a significant obstacle for public institutions as they seek new capital projects from the 1995 Indiana General Assembly.

Twenty-First Century Scholars Program

Authorized by the Indiana General Assembly in 1990, the Twenty-First Century Scholars Program provides tuition scholarships to eligible students who fulfill a commitment to the state. To be eligible for this program, the student must be a resident of Indiana, enrolled in the eighth grade, eligible for either the reduced or free lunch program or the reduced or free textbook program, and fulfill the Twenty-First Scholar's pledge. In order to fulfill this pledge, students must graduate from high school with at least a 2.0 grade point average, not use any illegal drug or alcohol, not commit any crime, and apply for federal and state financial aid.

Tuition scholarships will be awarded beginning with the 1995-96 academic year and can be used at any accredited Indiana public or private institution of higher education. Though the level of the scholarship is contingent upon the level of federal and state financial aid awarded to the student and which institution of higher education the student selects, the

scholarship cannot exceed the average tuition at Indiana's six public universities, which in the current school year is \$2,661.

21st Century Scholars Program in the 1995-97 Biennium. Though approximately 22,500 students have enrolled in the Twenty-First Century Scholars Program since 1990, a great deal of uncertainty exists regarding the number of students who will take advantage of this scholarship program beginning in the 1995-96 school year and beyond. For example, it is known that the 1995-96 cohort consists of 5,812 students. However, it is not known how many students in this cohort will actually fulfill the Twenty-First Century Scholar's Pledge, how many will enroll in an institution of higher education, how much federal and state financial aid will be awarded, and how many will stay in this program from year to year. Because of the many uncertainties surrounding both the 1995-96 and 1996-97 cohorts of Twenty-First Century Scholars, it is impossible to attach a specific expenditures level for this new scholarship program. However, state support is not likely to exceed \$6.0 million in the 1995-97 biennium for the Twenty-First Century Scholars Program.

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