

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6625

BILL NUMBER: HB 1118

NOTE PREPARED: Dec 28, 2011

BILL AMENDED:

SUBJECT: University Tuition and Fees.

FIRST AUTHOR: Rep. Espich

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that the Commission for Higher Education shall establish the maximum amount by which tuition and mandatory fees may increase for each state educational institution. It provides that the Budget Committee may review the amounts established by the Commission for Higher Education.

The bill requires a state educational institution to submit a report to the Commission for Higher Education concerning the financial and budgetary factors considered by the board of trustees of the state educational institution in determining the amount of the increase. (Current law provides that the state educational institution must submit a report concerning the financial and budgetary factors considered to the Budget Committee.)

The bill provides that tuition and mandatory fee rate increases approved by a state educational institution for the state fiscal year beginning July 1, 2012, and ending June 30, 2013, are void and may not go into effect. It provides that the Commission for Higher Education shall establish the amount by which a state educational institution may increase its tuition and mandatory fees for the state fiscal year beginning July 1, 2012, and ending June 30, 2013.

The bill makes a technical correction.

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures: *Summary:* The bill would require the Commission for Higher Education to establish mandatory tuition and fee increase amounts for each state educational institution.

Currently, the Commission can establish nonbinding tuition and fee increase targets. The Budget Director could increase or decrease the amounts after a recommendation by the Budget Committee. There should be no additional cost to establish the maximum increase amounts. Depending on the amounts set by the Commission and possibly modified by the Budget Director, state educational institutions could receive less tuition and fee revenue from students. Student tuition and fees were approximately \$2.04 B in FY 2010 and \$2.25 B in FY 2011.

The maximum allowable increase for the 2012-2013 biennium is the sum of the FY 2012 and FY 2013 maximum target rates minus the FY 2012 rate adopted by the state educational institution. The following are the nonbinding targets adopted by the Commission, the rates adopted by the universities, and what the FY 2013 binding rates would be under the bill.

Adopted Tuition and Fee Increases

	2012		2013		
	Max Target	Adopted	Max Target	Adopted	New Max Increase
Indiana University-Bloomington					
Undergraduate	3.5%	5.5%	3.5%	5.3%	1.5%
Undergraduate-Business	3.5%	4.8%	3.5%	4.8%	2.2%
Undergraduate-Nursing	3.5%	6.0%	3.5%	5.9%	1.0%
Graduate	3.5%	7.7%	3.5%	5.8%	-0.7%
Graduate-MBA	3.5%	0.7%	3.5%	0.7%	6.3%
Graduate-Law	3.5%	7.2%	3.5%	8.2%	-0.2%
Graduate-Optometry	3.5%	10.3%	3.5%	10.3%	-3.3%
Indiana University-Regionals					
Kokomo-Undergraduate	2.5%	3.5%	2.5%	3.4%	1.5%
Northwest-Undergraduate	2.5%	3.5%	2.5%	3.4%	1.5%
Southeast-Undergraduate	2.5%	3.5%	2.5%	3.4%	1.5%
East-Undergraduate	2.5%	3.5%	2.5%	3.4%	1.5%
South Bend-Undergraduate	2.5%	3.5%	2.5%	3.4%	1.5%
Indiana University Purdue University Indianapolis					
Undergraduate	2.5%	4.5%	2.5%	4.4%	0.5%
Undergraduate-Business	2.5%	4.3%	2.5%	4.2%	0.7%
Undergraduate-Nursing	2.5%	5.3%	2.5%	5.2%	-0.3%
Graduate	2.5%	8.8%	2.5%	6.7%	-3.8%
Graduate-Medicine	2.5%	7.7%	2.5%	5.4%	-2.7%
Graduate-Business	2.5%	1.0%	2.5%	1.0%	4.0%
Graduate-Law	2.5%	8.6%	2.5%	8.5%	-3.6%
Graduate-Engineering	2.5%	4.8%	2.5%	4.7%	0.2%
Purdue University-West Lafayette					
Undergraduate	3.5%	4.5%	3.5%	4.5%	2.5%
Undergraduate-Management	3.5%	4.4%	3.5%	4.4%	2.6%
Undergraduate-Engineering	3.5%	6.5%	3.5%	6.2%	0.5%
Graduate	3.5%	4.5%	3.5%	4.5%	2.5%

Professional-Pharmacy	3.5%	4.0%		3.5%	4.0%	3.0%
Professional-Veterinary Medicine	3.5%	4.0%		3.5%	4.0%	3.0%

Purdue University-Regionals

Calumet-Undergraduate	2.5%	2.5%		2.5%	2.5%	2.5%
North Central-Undergraduate	2.5%	2.5%		2.5%	2.5%	2.5%
Indiana Purdue Fort Wayne-Undergrad	2.5%	2.5%		2.5%	2.5%	2.5%

Ball State University

Undergraduate	3.0%	3.9%		3.0%	4.9%	2.1%
Graduate	3.0%	3.9%		3.0%	4.9%	2.1%

Indiana State University

Undergraduate	2.5%	3.4%		2.5%	3.5%	1.6%
Graduate	2.5%	3.5%		2.5%	3.5%	1.5%

University of Southern Indiana

Undergraduate	3.0%	4.5%		3.0%	5.0%	1.5%
Graduate	3.0%	4.5%		3.0%	5.0%	1.5%

Vincennes University

Undergraduate	2.5%	3.8%		2.5%	3.8%	1.2%
---------------	------	------	--	------	------	------

Ivy Tech Community College

Undergraduate	3.0%	3.0%		3.0%	3.0%	3.0%
---------------	------	------	--	------	------	------

The bill could reduce state expenditures for higher education if the tuition fees adopted by a state educational institution exceed the Commission’s maximum tuition fees. If a state educational institution adopts a tuition rate increase greater than the maximum rate approved by the Commission, the budget director may reduce the institution’s state appropriation distribution by the amount of the additional revenue generated from the excess fees over the maximum allowable.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State educational institutions.

Local Agencies Affected:

Information Sources: Commission for Higher Education.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.