

Agenda Item: I.C.

DATE: July 23, 2009

SUBJECT: July 1 Proposed Budgets, FY 2009-10

ACTION RECOMMENDED: Approval

BACKGROUND INFORMATION: The General Appropriations Act requires that the operating budgets of all higher education units be submitted by the respective governing boards to the Higher Education Commission. The budgets are to be submitted, with the Commission's action and comments, to the Department of Finance and Administration for review and approval.

SUMMARY OF COMMENTS: The FY 2009-10 proposed operating budgets for higher education are balanced. Campuses have again directed the majority of their resources to the teaching functions. Expenditures for auxiliary enterprises have not exceeded revenues plus unallocated auxiliary fund balances. All higher education budget entities have submitted the required financial data to the Commission and are in compliance with all the budget guidelines and legislative directives.

Tuition and fees revenue accounted for 43.2 percent of overall revenue, while state appropriations accounted for 46.2 percent. The teaching functions – instruction, research, public service, and academic support – accounted for 63.2 percent of overall expenditures.

Institutions incorporated funds from the federal American Recovery & Reinvestment Act (ARRA) into their 2009-10 budgets in accordance with federal and THEC guidelines. ARRA funds are being used to assist institutions in adjusting expenditures to the reduced state appropriation base for 2009-10.

RECOMMENDATION: It is recommended that the Commission approve the FY 2009-10 July 1 budgets and the Executive Director transmit the approval of the FY 2009-10 July 1 budgets, along with the appropriate commentary, to the Commissioner of Finance and Administration.