September 6, 2016

Mr. Brian Bailey  
Director  
Indiana State Budget Agency  
State House, Room 212  
Indianapolis, IN 46204

Ms. Teresa Lubbers  
Commissioner  
Indiana Commission for Higher Education  
101 West Ohio Street, Suite 300  
Indianapolis, IN 46204

Dear Partners in Education,

On behalf of the Trustees of Purdue University, our faculty, staff and students, it is my pleasure to submit Purdue University’s FY 2017-19 operating and capital state appropriation request. This compilation represents countless hours of effort and is submitted consistent with the direction of the State Budget Agency and the Indiana Commission for Higher Education. A summary of the six components of our request is included in Attachment A.

Consistent with the charge of the Commission for Higher Education’s new strategic plan, Reaching Higher, Delivering Value, Purdue continues to deliver higher education at the highest proven value. Through freezing tuition for four straight years (and a fifth planned), reducing the cost of living on campus and finding innovative ways to lower textbook costs, Purdue’s total cost of attendance is lower than it was three years ago. Simultaneously, Purdue continues to innovate, deliver global firsts and deliver record breaking year after record breaking year.

Within the past two years, we have developed the state’s first competency based degree, consolidated two campuses into a new Purdue Northwest, launched a record number of startups, have been issued a record number of utility patents and secured new levels of research funding. We have received a record number of applications from prospective students, have created new Summer Start programs aligned with state goals of access and completion, achieved big increases in graduation rates, number of students studying abroad, numbers of Hoosier students and have developed creative programs to ensure our graduates are not saddled with unmanageable debt.

We have never strayed from our land grant charge and continue to invest in those disciplines most crucial to Indiana’s economic future. We are expanding our College of Engineering and our department of Computer Science, transformed our College of Technology into the Purdue
Polytechnic Institute and are investing in the life sciences to cure disease and develop plant technology to feed a growing population. As it was at our founding, nearly 150 years ago, the State is an important partner in our success and we need continued state support to accomplish our noble mission of teaching, research and engagement.

As we are already well into the 21st century, we see that the pace of innovation is unprecedented. At Purdue, we accept that we are training students for careers that may not yet exist based on technologies that have not yet been developed. In this idea economy where critical thinking, problem solving, technical communication and entrepreneurship are prized, a Purdue degree is a valuable asset. As I have stated before, if Purdue didn’t exist, the state would be seeking to invent it. We look forward to opportunities to discuss this request and the details within, as well as to share our vision of the future of Purdue University.

Sincerely,

Mitchell E. Daniels, Jr.
President
There are six components to Purdue’s biennium budget request, each of which is briefly described below:

Operating Appropriations
Operating appropriations for public higher education institutions are adjusted according to a performance funding formula of student-based metrics. The performance formula may be supported by new state funding for higher education, by budget reallocations to the institutions, or some combination of the two. For the 2017–19 biennium, the formula was revised so that the on-time graduation metric rewards institutions for increasing their four-year graduation rates, mitigating the impact of enrollment fluctuations. A Degree Completion Metric for 18-29 Credit Hour Certificates for two-year colleges was added, and the Institution Defined Productivity Metric was discontinued. Ultimately, funding for operating appropriations is dependent on how Purdue performed versus other institutions and the manner in which the PFF is funded from new money versus reallocation from the institutions.

Dual Credit Line Item
Funding for dual credit is formula-based for those college credits offered in Indiana high schools. For the 2015-17 biennium, dual credit was funded at $50 per credit hour completed.

Repair & Rehabilitation
Funding for R&R is formula-based and typically funded as a percentage of the facility replacement value, both asset and infrastructure, currently $4.5 billion for the Purdue system.

Debt Service
Each institution confirms data related to its current debt portfolio.

Line Item Appropriations
The table below summarizes Purdue’s line item appropriation requests, which includes two additions. In light of our request for these two additions, please note that we are foregoing any increases in our existing line items, with the exception of the Animal Disease Diagnostic Lab (ADDL). ADDL is requesting recurring funds for a new Molecular Diagnostic Veterinarian position and one-time funding for facility and equipment upgrades. This budget has been approved by the State Board of Animal Health, and more detail is included in the ADDL narrative.
We are requesting funding for two new line items: **Purdue Moves** and **Think Summer**. We are asking the state to partner with us by funding $4,000,000 (25%) of the remaining $16 million in recurring commitments to the **Purdue Moves**. Through the Purdue Moves, we are investing in life sciences, research, and STEM programs, directly impacting the State of Indiana by generating jobs and attracting new businesses to the Hoosier economy. We request $5,500,000 for our new **Summer Start, Summer Stay, and Summer Finish** programs. These programs will allow more Indiana students to take advantage of enhanced summer opportunities, accelerate their progress towards on-time graduation, and provide them with new research and internship experiences. Information for each of these requests is available in their individual narratives.

**Capital Budget Request**

The following table summarizes Purdue’s near-term capital projects. We have excluded from this submission the $140 million Veterinary Medicine Teaching Hospital, which we believe is a critical asset to the State of Indiana, as well as Purdue’s broad research mission. However, we intend to pursue alternative and innovative financing through which we hope to fund this important facility.

For the 2017-19 biennium, our near-term projects total $314 million. Of that total, we are committing institutional funding of $141 million and request state funding for the remaining $173 million. Projects with a request for state funding are presented in priority order.
A high-level summary of each prioritized project is listed below. Complete detail can be found in each project’s submission data and narrative.

Priority 1
The Agricultural and Biological Engineering (ABE) Building Renovation and Addition consists of renovating a portion of the existing Ag and Biological Engineering facility and the addition of new space to support the significant growth of the program. The project will support upgrades in cell and molecular biology, wet chemistry, bio-process equipment, computing research and teaching spaces that are not currently well accommodated. The ABE program has seen student enrollment grow 74% in the past decade based on both promising career opportunities and the program’s excellent reputation.

The total project cost is estimated at $80 million.

Priority 2
The Brown Teaching Labs Renovation is an important renovation given the significance in the overall teaching mission of the campus and the long-term plan to maintain Brown in the University’s facility inventory. The proposal is to renovate 20 teaching labs in Brown over a two-year period and improve the energy profile of the facility while also upgrading the ingress-egress before and after class periods. Nearly 9,000 students annually take laboratory sections in Brown, so updating these laboratories is critical to the success of both the Engineering Expansion Plan and the overall educational plan for Chemistry.

The total project cost is estimated at $34 million. We ask that consideration be given to re-purposing the current $30 million bonding authority for the BSL-3 Lab Facility that was authorized in 2007, and apply that capital towards the Brown Teaching Labs project.

Priority 3
The proposed new Bioscience Innovation Center will address several crucial facilities and infrastructure issues at Purdue University Northwest (Calumet campus). Originally titled “Emerging Technologies Building”, the project name was recently changed to better reflect the vision for the facility’s function. The new building will be the home for the College of Nursing, Department of Biological Sciences and shared instructional spaces. The planning portion of this
project received a $2.4 million appropriation in the 2015 legislative session and this new facility has been a priority for the Northwest campus since originally proposed in 2007.

The total project cost is estimated at $38 million.

**Priority 4**
The **Applied Learning Building and Knoy Hall Renovation** proposal consists of both renovating existing space and new construction to support the Purdue Polytechnic Institute. The new Applied Learning Building will provide the School of Engineering Technology, School of Construction Management Technology, and School of Aviation and Transportation Technology with modern, high-bay industrial lab space. The Polytechnic Institute was created as part of a Purdue Moves initiative and is focused on applied learning and team based projects, which makes modern and appropriately sized lab space critical to the program.

The total project cost is estimated at $25 million.

**Priority 5**
The **South Campus Renovations Phase II** project on the Indiana Purdue Fort Wayne (IPFW) campus will continue the renovations to Helmke Library and Kettler Hall. This project represents the second half, or phase II, of the request to repair and or replace building infrastructure on these two buildings. While their physical structures are sound and space configurations still viable, the mechanical, electrical, and plumbing (MEP) systems are failing and in need of repair or replacement. Phase I of this renovation project was funded by the 2013 legislative session in the amount of $21.35 million, half of the original request.

The total project cost is estimated at $17 million.