

Report on Campus Budgetary Affairs

IFC Meeting

April 15, 2008

THE CHARGE OF THE BAC (Amended Article III-B.3, 3/07)

“This Committee shall act as a representative of the Council in offering to the IUPUI Chancellor and the Campus Administration its continuing advice and the Faculty perspectives on all aspects of the IUPUI budgetary policy and the allocation of the IUPUI financial resources, especially those proposed allocations and re-allocations of financial resources that have bearing on the economic well-being of the faculty and the academic programs.”

THE CHARGE OF THE BAC

➤ The Committee's **Responsibilities** shall include:

- Participating in the Campus Planning & Budget Hearings
- Assessing the fiscal health of all RC Units
- Reviewing academic priorities of IUPUI in relation to capital outlays and budgets
- Considering the relative allocations of Campus resources to new programs and the implications to existing programs
- Alerting the IFC to all budgetary matters (internal & external)
- Communicating with faculty budgetary committees at the School/Unit level

It is all about shared governance...

Transparency and Accountability....

DESCRIPTION OF ACTIVITIES:

- Composition and Membership:
 - A Faculty Representative from each academic unit
 - Admin Representatives: CFO office and the office of PA&II
 - A Representative of the IFC Exec Committee
- Business Meetings:
 - The BAC usually meets 2-3 times each semester
 - Annual Joint Meeting with Campus Planning Committee—as convened by the Chancellor
- Participation in Unit Planning & Budget Hearings
 - First Year of the Biennium cycle: All RC Units (academic and support)
 - Second Biennium Year: A scaled down version — only few RC units
 - In 06 - 07, a total of 25 Hearing sessions were held - for all Academic Units and four Admin/Support RC Units (UITs, Research & Graduate Programs, Academic Affairs and Student Life)

ACTIVITIES—CONT.

- In 07 - 08, (2nd Biennium year) 10 Hearing sessions were held:
 - 6 Schools: SPEA, Kelley, Education, Journalism, SLIS and Informatics;
 - 4 Admin/Support Units: UITs, Student Life, Acad. Affairs and Res. Dev.

➤ Assessment of Units' Fiscal Health:

- Two BAC members are usually assigned to each Unit and Hearing session
- They sort out a mass of data/information on the RC Unit, including:
 - Proforma Reports and Summaries
 - Other Management Indicators Reports
- They submit a written report to the BAC on the Unit's Fiscal Health also addressing whatever specific concerns have been raised by/on the Unit

➤ These reports, along with other summaries of BAC discussions and concerns are compiled into the BAC Annual Report (usually completed in early Fall)

- See the IFC website for [past BAC Reports and Minutes](#) of its Meetings

SOME REOCCURRING THEMES AND CONCERNS

□ Primary Concerns are:

➤ How **R**esponsibility **C**enter **M**anagement is being implemented -- particularly on our Campus:

- **Re-evaluation of the distribution of State Appropriation on campus.** It has been almost 20 years since the distribution has been determined for the RCM. There is a need to consider re-allocations to better reflect the current mission(s) and priorities of the Campus.

- **Re-evaluation of the campus assessment charges mechanism.** The 3-driver algorithm has remained unchanged for several years and a discussion should occur on how best to distribute the costs and expenses of the campus—given current missions and priorities.

- **Declining disposable income for units from state appropriation and tuition and the need to control costs**

➤ Also

- The use and applications of the university tax
- Faculty Salaries

MORE ON THE RCM ISSUE

- ❑ Some of these concerns were also echoed in the SOS Letter (1/08) to the IFC:

“The RCM budgetary process formulated in the late 1980’s and maintained without modification in the time of an evolving University lead to the present crisis....This funding model (particularly the “hold harmless” policy), which fails to recognize unique costs associated with science education and research..., has lead[sic] to decreases of faculty and resources that are no longer sustainable...”

OUR REALITIES:

- A multi-mission Campus
- Large number of RC Units
- Increasing competition for scarce resources
- All RC are heavily dependent on their income streams (from Tuition, State Appropriation and the ICR)
- Some RC (Admin/ Support) heavily depend on the assessment of their **costs** to the other RC units—as their ‘income’

MORE ON THE RCM AND THE COSTS ISSUES

❑ Several committees and task forces considered these issues in general:

➤ The IUPUI Task force for RCM: (June 2000)

- RCM Should Continue—it leads to a more entrepreneurial environment and greater accountability for the RC units.

➤ University RCM Task Force: (April 2006)

- RCM Should Continue - promotes accountability, responsiveness, efficiency, transparency, and collaboration among deans—[but] There are insufficient accountability mechanisms and feedback loops built into the way the current RCM system is managed.
- Need for performance measures, benchmarks for non-instructional unit activities and conduct program and financial reviews of support unit activities on a regular basis.
- Conduct regular evaluations of support unit administrators

➤ The FPAC, (2004): Suggested cost cutting measures for Admin/ Support and Academic Units;

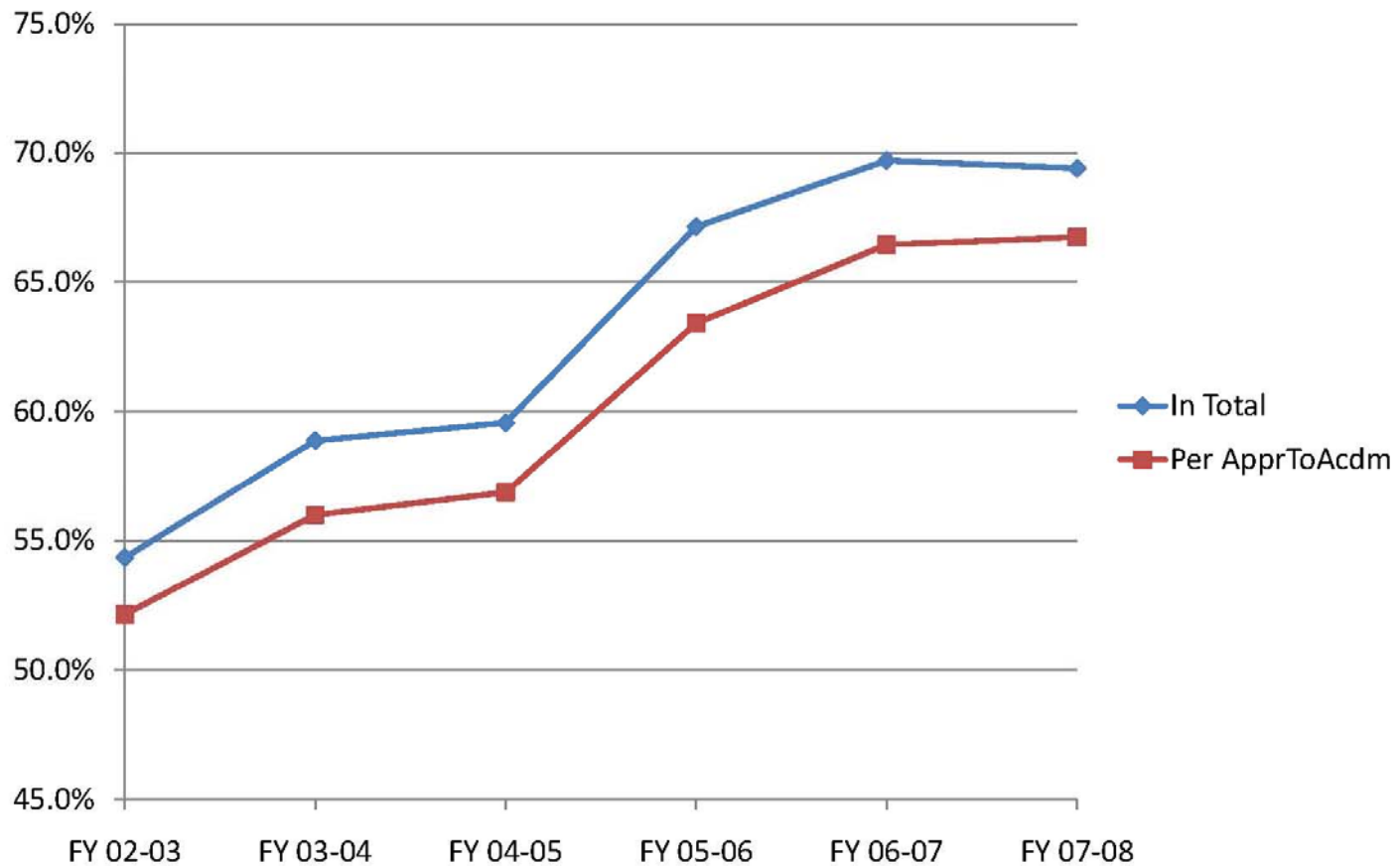
➤ The Sub –Committee of Deans, (2005): Provided also specific recommendations for cost cutting mechanism;

➤ The FFT, (2006): Provided also recommendations for Campus prioritization mechanism.

THE INCREASING TREND OF OUR CAMPUS ASSESSMENTS/COSTS -- RELATIVE TO THE STATE APPROPRIATION RECEIVED

State Appropriation and Assessments 7/1 Budget							
(without Facilities debt Service)	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>
ALL ACADEMIC UNITS							
State Appropriation to Acad Units	170,790,585	173,702,126	173,434,015	178,747,022	170,394,934	171,020,633	183,286,359
Cost Allocation to Acad Units	(86,519,745)	(90,589,006)	(97,102,455)	(101,652,929)	(108,025,229)	(113,635,871)	(122,327,780)
Net Total	84,270,840	83,113,120	76,331,560	77,094,093	62,369,705	57,384,762	60,958,579
Assess/Approp		52.152%	55.988%	56.870%	63.397%	66.446%	66.741%
ALL SUPPORT RCs							
STATE APPROPRIATION TO:							
ADMINISTRATION & FINANCE		941,049	941,049	944,972	915,308	893,737	906,428
EXECUTIVE MANAGEMENT		3,354,996	7,225,192	6,925,038	14,148,964	13,104,928	10,572,396
PHYSICAL PLANT		1,521,399	1,521,399	1,528,775	1,797,501	1,755,139	1,780,062
UNIVERSITY TAX		2,499,040	2,499,070	2,511,522	2,536,637	2,574,687	2,611,248
Total to Support RCs		8,316,484	12,186,710	11,910,307	19,398,410	18,328,491	15,870,134
Total State Appropriation		182,018,610	185,620,725	190,657,329	189,793,344	189,349,124	199,156,493
Total Cost: Support RCs		98,905,490	109,289,165	113,563,236	127,423,639	131,964,362	138,197,914
(Total Cost)/Total Approp		54.338% 2.186%	58.878% 2.890%	59.564% 2.694%	67.138% 3.741%	69.694% 3.248%	69.392% 2.650%
ALL APPROPRIATION:							
Facilities Debt Service						19,647,583	
Total Appropriation:		182,018,610	185,620,725	190,657,329	189,793,344	208,996,707	199,156,493

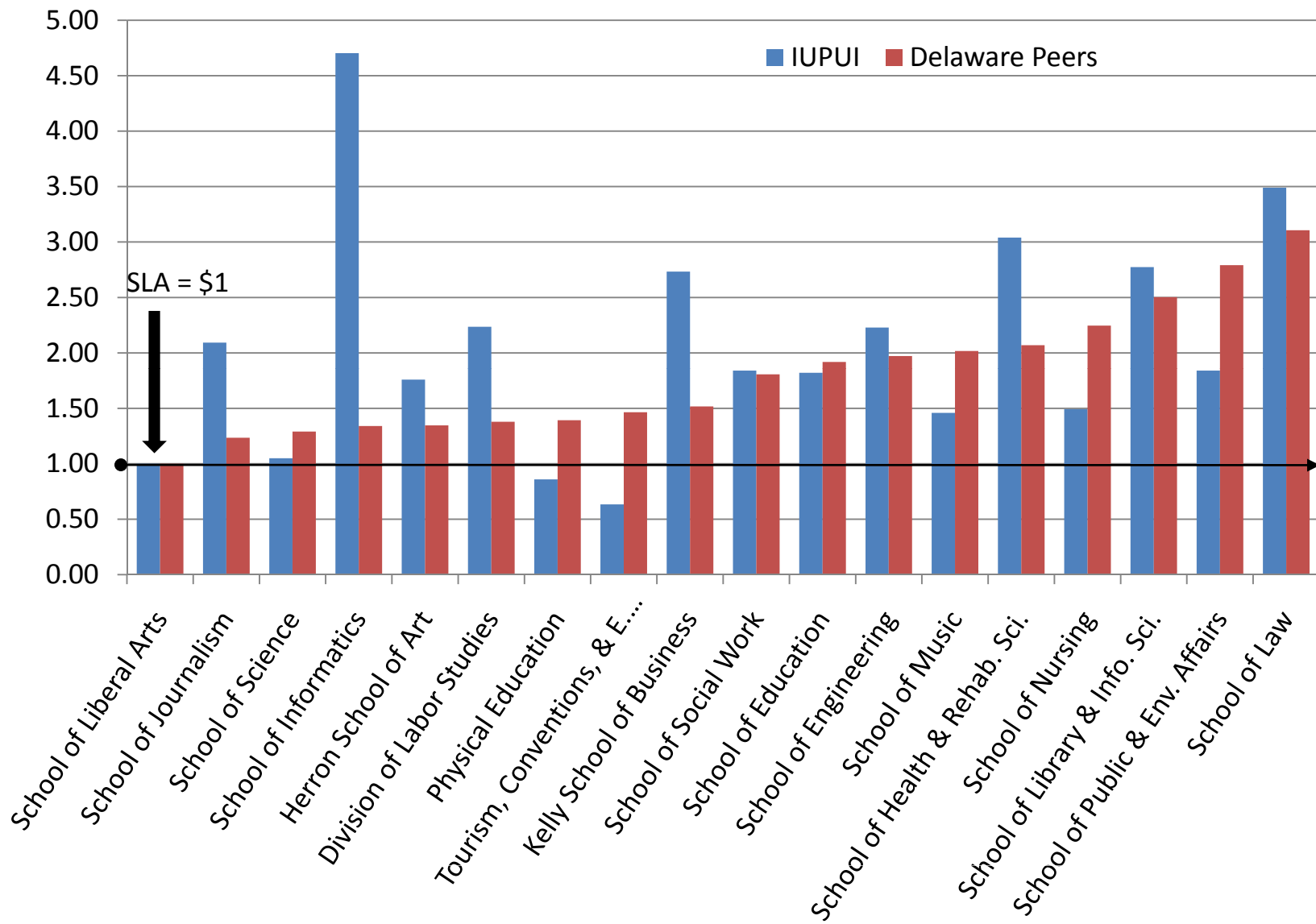
Cost of IUPUI Administration and Support Relative to State Appropriation Received



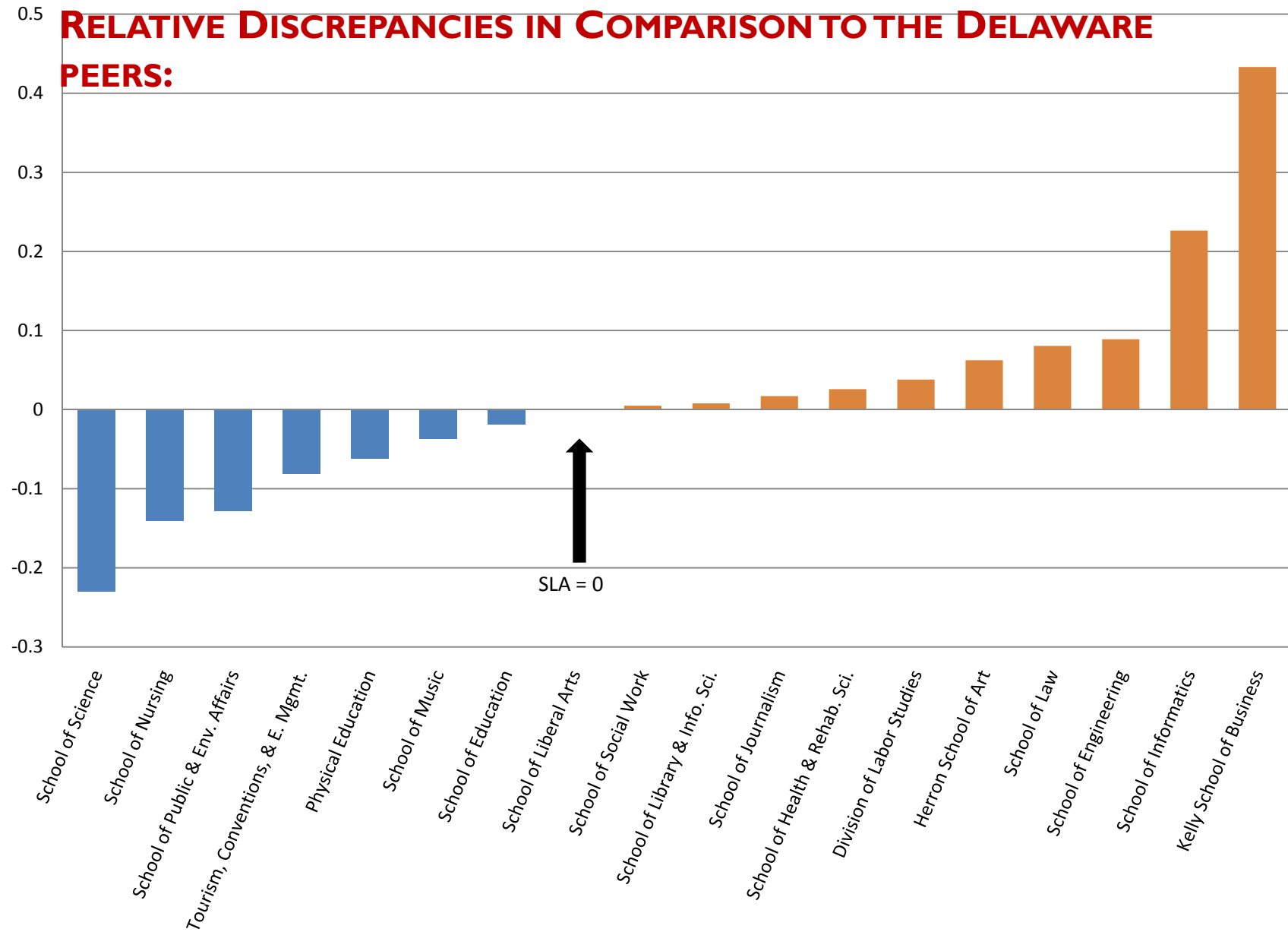
STEPS NEEDED:

- **Understand the costs of all RCs (Academic and Support)**
 - Following the IFC Request – Our Campus recently joined the **Delaware Study of Productivity**. We now have the ability to the Delaware Peers Data to compare relative costs of different disciplines on our campus
 - IUPUI's Varying Relative Costs:
 - The Relative Discrepancies to the Delaware Peers
- **Use the right Numbers to tell our tale**
 - The Little fact Book of IU
 - Our Institutional reporting
- **Articulate Priorities and link them to the budgetary Process.**

Relative Normalized Costs (Relative to SLA)



RELATIVE DISCREPANCIES IN COMPARISON TO THE DELAWARE PEERS:



FROM THE INDIANA UNIVERSITY FACT BOOK

Operating Budget 2007-08



The total 2007-08 operating budget for all campuses of Indiana University is \$2.5 billion. This figure includes totals for unrestricted funds of over \$1.7 billion, restricted funds over \$478 million, and for auxiliary fund groups of \$349 million. Unrestricted funds are used for instruction, research, scholarships and fellowships, student services, and other institutional support. The use of restricted funds is determined by the funding source: federal, state, or local government; private industry; or foundation support. The auxiliary fund groups have been established by the Trustees to carry out activities supporting the University teaching, research and public services missions and includes dormitories, varsity athletics, bookstores, and the Indiana Memorial Union, among others.

Campus	Unrestricted	Restricted	Auxiliary Enterprises	Total
Bloomington	\$ 768,031,922	\$ 176,906,891	\$ 194,113,645	\$ 1,139,052,458
IUPUI	658,578,473	263,021,150	136,919,751	1,058,519,374
East	19,279,505	4,000,000	222,600	23,502,105
Fort Wayne ¹	89,675,816	31,816,353	12,056,218	133,548,387
Kokomo	23,578,433	500,000	478,240	24,556,673
Northwest	43,043,397	1,521,275	894,215	45,458,887
South Bend	60,295,904	500,000	2,885,980	63,681,884
Southeast	51,053,181	517,010	1,649,629	53,219,820
Total	\$ 1,713,536,631	\$ 478,782,679	\$ 349,220,278	\$ 2,541,539,588

¹ The operating budget includes both IU and Purdue.

Source: University Budget Office

FROM THE INDIANA UNIVERSITY FACT BOOK

State of Indiana Appropriations

2003-04 through 2007-08



Fact Book 2007-2008

Campus	2003-04	2004-05	2005-06	2006-07	2007-08
<u>Operating and Fee Replacement:</u>					
Bloomington	\$ 207,959,227	\$ 211,555,183	\$ 210,449,702	\$ 216,430,910	\$ 218,635,809
IUPUI	205,291,787	210,440,077	208,249,462	208,996,707	224,216,343
East	9,147,848	9,411,399	9,454,322	9,751,893	10,031,357
Fort Wayne ¹	36,067,055	37,483,968	38,295,900	39,283,957	41,340,282
Kokomo	11,991,674	12,131,762	12,416,835	12,549,710	12,751,535
Northwest	20,736,247	20,747,342	21,493,950	21,845,165	22,127,542
South Bend	27,917,126	28,466,940	28,156,375	28,308,519	28,667,290
Southeast	23,559,044	24,133,249	23,976,872	24,454,198	25,158,807
Total Campus Appropriations	\$ 542,670,008	\$ 554,369,920	\$ 552,493,418	\$ 561,621,059	\$ 582,928,965
Special Appropriations	\$ 14,804,178	\$ 14,781,774	\$ 13,675,906	\$ 12,448,406	\$ 15,341,851

¹ The operating budget includes both IU and PU.

Source: University Budget Office

FROM THE INDIANA UNIVERSITY FACT BOOK

State Appropriation Per Full-Time Equivalent Student

2003-04 through 2007-08



Fact Book 2007-2008

Bloomington

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Appropriation (in Millions)	\$ 208.0	\$ 211.6	\$ 210.5	\$ 216.4	\$ 218.6
FTE Enrollment					
Resident Only	21,333	20,787	20,972	20,775	20,611
All Students	35,694	34,766	35,095	35,381	36,063
Appropriation per FTE Student					
Resident Only	\$ 9,748	\$ 10,177	\$ 10,035	\$ 10,418	\$ 10,608
All Students	\$ 5,826	\$ 6,085	\$ 5,997	\$ 6,117	\$ 6,063
Value of Dollar	\$ 1.13	\$ 1.10	\$ 1.07	\$ 1.03	\$ 1.00
Appropriation per FTE Student in 2007 Value Dollars					
Resident Only	\$ 11,035	\$ 11,226	\$ 10,707	\$ 10,762	\$ 10,608
All Students	\$ 6,595	\$ 6,712	\$ 6,398	\$ 6,319	\$ 6,063

Notes: The value of the previous years' dollars is based on the calendar year Consumer Price indices. The Consumer Price Index for 2007 is 208.3, the average of the June and July 2007 indices.

Source: University Budget Office

FROM THE INDIANA UNIVERSITY FACT BOOK

State Appropriation Per Full-Time Equivalent Student

2003-04 through 2007-08 - continued



Fact Book 2007-2008

IUPUI

	2003-04	2004-05	2005-06	2006-07	2007-08
Total Appropriation (in Millions)					
Health Division	\$ 101.8	\$ 103.8	\$ 102.3	\$ 102.3	\$ 123.5
General Academic Division	\$ 103.5	\$ 106.6	\$ 105.9	\$ 106.7	\$ 100.7
FTE Enrollment					
Resident Health	2,912	2,850	2,870	2,930	2,942
Resident General Academic	16,755	16,966	17,086	17,098	17,271
Health Division	3,107	3,350	3,401	3,472	3,489
General Academic Division	18,064	18,115	18,281	18,342	18,672
Appropriation per FTE Student					
Resident Health	\$ 34,973	\$ 36,421	\$ 35,656	\$ 34,925	\$ 41,981
Resident General Academic	\$ 6,174	\$ 6,286	\$ 6,198	\$ 6,239	\$ 5,831
Health Division	\$ 32,781	\$ 30,989	\$ 30,096	\$ 29,470	\$ 35,400
General Academic Division	\$ 5,727	\$ 5,887	\$ 5,793	\$ 5,816	\$ 5,393
Value of Dollar	\$ 1.13	\$ 1.10	\$ 1.07	\$ 1.03	\$ 1.00
Appropriation per FTE Student in 2007					
Value Dollars					
Resident Health	\$ 39,589	\$ 40,172	\$ 38,045	\$ 36,078	\$ 41,981
Resident General Academic	\$ 6,989	\$ 6,933	\$ 6,614	\$ 6,445	\$ 5,831
Health Division	\$ 37,108	\$ 34,180	\$ 32,112	\$ 30,442	\$ 35,400
General Academic Division	\$ 6,483	\$ 6,493	\$ 6,181	\$ 6,008	\$ 5,393

Notes: The value of the previous years' dollars is based on the calendar year Consumer Price indices. The Consumer Price Index

for 2007 is 208.3, the average of the June and July 2007 indices.

Source: University Budget Office



05-06 State Appropriations Per Approx Resident Student FTE

<u>Campus</u>	<u>Resident FTE</u>	<u>Appr./Resident FTE</u>	<u>Tuition & Fees</u> 2007-2008
Indiana State University	8,381*	\$10,043	\$6,837
Ball State University	17,969*	\$7,602	\$7,165
Purdue University – West Lafayette	23,366*	\$12,048	\$7,415
Indiana University – Bloomington	20,972	\$10,035	\$7,886
IUPUI total	19,956	\$10,433	\$6,849
<i>----- if separated -----</i>			
General Academic Division	17,086	\$6,198	
Health Division	2,870	\$35,656	

* Approximate resident FTE

OTHER ENTANGLED NUMBERS REPORTED FOR OUR CAMPUS

Functional Expenses by Campus 2006-07

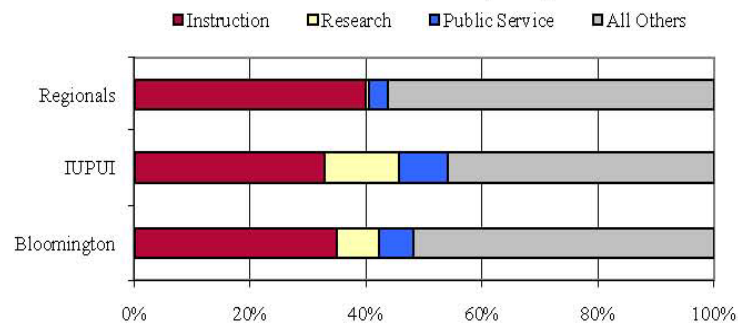


	Bloomington	IUPUI	East	Fort Wayne ¹	Kokomo	Northwest	South Bend	Southeast	Total
Instruction	\$ 364,129,636	\$ 323,824,513	\$ 7,982,229	\$ 48,166,532	\$ 9,900,356	\$ 18,716,870	\$ 27,897,262	\$ 22,758,935	\$ 823,376,333
Research	75,581,654	126,698,431	4,234	1,353,781	54,829	141,809	175,190	55,519	204,065,447
Public Service	61,860,480	81,663,460	3,841,746	4,394,387	550,522	1,398,542	338,739	479,961	154,527,837
Academic Support	55,595,339	122,032,213	1,099,811	7,398,048	1,763,063	3,614,914	4,616,191	2,653,436	198,773,015
Student Services	40,155,589	15,892,058	1,859,622	5,532,825	1,541,419	2,492,533	2,449,664	2,877,977	72,801,687
Institutional Support	140,738,534	42,084,161	3,183,085	29,011,916	3,261,330	5,847,108	9,377,202	9,115,311	242,618,647
Physical Plant	58,544,765	57,196,579	1,503,211	13,002,125	2,536,957	4,861,042	2,786,063	3,051,121	143,481,863
Scholarships & Fellowships	24,334,737	35,108,652	3,125,475	4,146,788	2,321,714	5,559,232	6,662,795	5,136,744	86,396,137
Auxiliary Enterprises	160,790,850	138,531,906	1,268,311	6,116,032	1,741,583	2,808,903	5,299,831	3,770,491	320,327,907
Depreciation	59,370,106	40,937,339	1,135,317	5,703,165	1,738,586	2,812,513	3,307,185	2,559,303	117,563,514
Total Operating Expenses	\$ 1,041,101,690	\$ 983,969,312	\$ 25,003,041	\$ 124,825,599	\$ 25,410,359	\$ 48,253,466	\$ 62,910,122	\$ 52,458,798	\$ 2,363,932,387

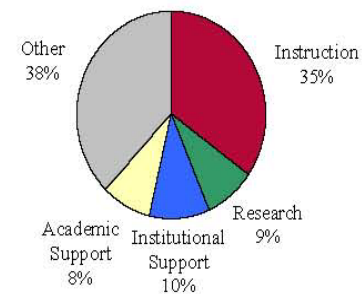
¹ Functional expenses include both IU and PU.

Source: Indiana University Financial Management Support, Office of the Comptroller, IPFW

Instruction, Research, & Public Service Expenses
as a Percent of Total by Campus



Percent of Expenses by Function for all Campuses



FROM IUPUI IMIR

FY 2005 IPEDS Expenditure Data for IUPUI Peers

Institution	Academic support - Current yr total	Academic support - Salaries & wages	Academic support - empl fringe benefits	Academic support - Depreciation	Academic support - All other	Enroll: All Students Combined (FTE)
Indiana University-Bloomington (Bloomington, IN)	58,842,259	34,093,026	10,430,861		14,318,372	34,677
Suny at Buffalo (Buffalo, NY)	65,082,062	39,058,262	15,472,503		10,551,297	24,071
University of Alabama at Birmingham (Birmingham, AL)	76,254,498	46,379,781	10,782,848		19,091,869	13,031
University of Cincinnati-Main Campus (Cincinnati, OH)	58,155,076	36,174,178	12,127,435		9,853,463	22,966
University of Colorado at Denver (Denver, CO)	32,205,257	20,274,255	3,911,775		8,019,227	10,237
University of Colorado Health Sciences Center (Denver, CO)						2,285
University of Illinois at Chicago (Chicago, IL)	75,385,052	46,584,882	1,248,366		27,551,804	21,836
University of Louisville (Louisville, KY)	50,032,000	27,949,000	5,492,000		16,591,000	16,569
University of New Mexico-Main Campus (Albuquerque, NM)	32,553,543	22,316,363	5,659,843		4,577,337	20,660
University of South Florida (Tampa, FL)	79,590,231	50,422,181	11,953,185		17,214,865	32,021
University of Utah (Salt Lake City, UT)	66,488,000	33,826,000	10,775,000	7,490,785	14,396,215	22,962
Virginia Commonwealth University (Richmond, VA)	29,833,801	21,793,917	6,050,317		1,989,567	22,100
Wayne State University (Detroit, MI)	56,722,153	42,718,427	10,357,603		3,646,123	22,496
Indiana University-Purdue University-Indianapolis (Indianapolis, IN)	113,850,193	54,631,125	17,725,711		41,493,357	21,468
Mean	56,761,994	35,132,523	8,688,478	7,490,785	12,316,762	20,455
Max Value	79,590,231	50,422,181	15,472,503	7,490,785	27,551,804	34,677
75th Percentile						
50th Percentile (median)	58,498,668	35,133,602	10,394,232	7,490,785	12,434,835	22,100
25th Percentile						
Min Value	29,833,801	20,274,255	1,248,366	7,490,785	1,989,567	2,285
No. of Institutions Reporting Valid (non-null) Data	12	12	12	1	12	13
Total Number of Institutions	13	13	13	13	13	13

The total academic support expenditures data in this table do not include Temple University because public and private institutions' expenditures reports are not comparable.

BUT HERE IS THE WAY THE ICHE REPORTS

Campus Operating Increases

<u>INDIANA UNIVERSITY</u>	<u>%Δ</u>	<u>FY 08</u>	<u>%Δ</u>	<u>FY 09</u>
Bloomington	2.5%	\$193,813,007	4.3%	\$202,202,196
East	3.5%	7,993,189	4.1%	8,322,137
Kokomo	2.3%	10,357,262	4.4%	10,817,455
Northwest	1.4%	17,811,296	1.4%	18,061,296
South Bend	1.4%	22,699,732	2.4%	23,236,007
Southeast	3.3%	19,892,774	4.8%	20,848,802
IUPUI Health	4.0%	119,176,462	4.4%	124,434,677
IUPUI General Academic	3.2%	79,980,030	4.2%	83,311,562
	2.9%	\$471,723,753	4.1%	\$491,234,133

Source: ICHE Final Report on 2007-09 As-Passed Higher Education Budget, May 11, 2007

Here is How the ICHE Sees IUPUI among The IN peers

Expenditures per FTE Student—Indiana Institutions as a Percentage of Peer Group Medians

Below 90% of Peer Group Median
 90 to 110% of Peer Group Median
 Above 110% of Peer Group Median

Institution	Expenditures				
	Instruction Per FTE	Academic Support Per FTE	Student Service Per FTE	Institutional Support Per FTE	Plant Operation and Maintenance Per FTE
INDIANA UNIVERSITY-BLOOMINGTON	103.7	68.2	89.5	148.6	79.3
PURDUE UNIVERSITY-MAIN CAMPUS	93.9	66.5	69.3	91.1	107.4
BALL STATE UNIVERSITY	117.8	112.4	90.7	98.6	166.1
INDIANA UNIVERSITY-PURDUE UNIVERSITY-INDIANAPOLIS	125.5	187.3	57.2	57.9	120.6
INDIANA STATE UNIVERSITY	113.9	105.2	76.8	107.8	135.3
INDIANA UNIVERSITY-PURDUE UNIVERSITY-FORT WAYNE	96.8	40.6	53.0	77.4	94.3
UNIVERSITY OF SOUTHERN INDIANA	70.0	63.9	59.0	93.3	72.9
INDIANA UNIVERSITY-SOUTH BEND	112.3	99.9	38.4	91.6	88.0
INDIANA UNIVERSITY-NORTHWEST	103.7	80.2	68.8	76.3	96.8
INDIANA UNIVERSITY-SOUTHEAST	82.1	78.2	59.0	90.9	52.4
PURDUE UNIVERSITY-CALUMET CAMPUS	111.1	40.2	68.8	78.1	116.4
INDIANA UNIVERSITY-KOKOMO	87.4	124.0	64.2	101.5	96.5
INDIANA UNIVERSITY-EAST	116.4	97.9	116.8	140.7	74.2
PURDUE UNIVERSITY-NORTH CENTRAL CAMPUS	117.7	19.4	63.0	126.7	121.6
IVY TECH STATE COLLEGE-NORTHCENTRAL	71.2	96.6	48.9	58.7	83.8
IVY TECH STATE COLLEGE-CENTRAL INDIANA	91.9	73.1	60.5	109.2	97.2
IVY TECH STATE COLLEGE-COLUMBUS	68.6	57.2	57.8	91.6	73.0
IVY TECH STATE COLLEGE-EAST CENTRAL	69.0	78.6	64.3	74.4	72.7
IVY TECH STATE COLLEGE-KOKOMO	86.8	89.3	67.8	106.2	99.5
IVY TECH STATE COLLEGE-LAFAYETTE	48.1	57.0	43.9	75.0	63.2
IVY TECH STATE COLLEGE-NORTHEAST	77.2	112.9	58.1	72.9	72.4
IVY TECH STATE COLLEGE-SOUTH CENTRAL	76.2	87.2	53.5	75.9	59.6
IVY TECH STATE COLLEGE-SOUTHWEST	67.5	95.2	44.0	55.5	65.4
IVY TECH STATE COLLEGE-WABASH VALLEY	81.7	37.6	49.3	57.0	59.5
IVY TECH STATE COLLEGE-WHITEWATER	115.1	111.5	100.6	179.3	105.5
IVY TECH STATE COLLEGE-NORTHWEST	93.3	53.5	72.7	105.2	78.3
IVY TECH STATE COLLEGE-SOUTHEAST	70.3	51.5	65.1	172.3	149.4
VINCENNES UNIVERSITY	126.9	86.2	69.8	71.1	95.0
IVY TECH STATE COLLEGE-BLOOMINGTON					

Source: NCHEMS, Indiana Taskforce on Affordability—From ICHE Budgeting 10-12-2006