

**Draft Minutes: Faculty Council Budgetary Affairs Committee
Thursday October 5, 2006**

Members present: Rachel Applegate, Simon Atkinson, Terry Baumer, Bob Bennett, Ed Berbari, Ben Boukai, Peg Fierke, Randall Halverson, John Hassell, Robert Hickey, Ann Holmes, Steve Mannheimer, Robert Martin, Alan Mikesky, Keith Moore, Keith Morran, Evan Morris, Jacquelynn O'Palka, Robert Sandy, Gautam Vemuri, Rosalie Vermette

1. Minutes of April 2006 Meeting.

Chair Boukai opened the meeting and welcomed the committee. The minutes for the April 20, 2006 meeting were presented and approved by voice vote.

2. Robert Martin: Report on Fiscal Status.

Vice Chancellor Robert Martin provided and explained several documents.

IUPUI Closing FY 2005-06

Generally the campus fiscal situation is positive, with an increase of slightly over \$6 million in its general fund balance for FY 2005-06 (from \$60.7 M to \$67.5 M).

- In its first year of its recovery plan, the Law School exceeded its expected debt reduction, reducing its debt level from \$1.7 M to \$732 K. Several schools ended with an operating deficit “due to planned uses of fund balance”: Education, Health % Rehab, Herron, Nursing, Science, and University College. The operating deficit of Science exceeded the amount expected in terms of its financial plan; additional financial reviews of Science are planned. All units except for Columbus and Law had sufficient funds to cover their “income shortfall reserve”. Committee member Berbari asked if there is a way that the campus can proactively provide additional orientation to new deans regarding financial procedures and expectations.
- IUPUI is being asked to “write off” 40% of the one-month appropriation previously withheld, but carried by the campus as a “receivable” budget item. These funds will not be provided by the legislature, but must be found internally and spent by the campus on priority Repair and Rehabilitation (R&R) projects. R&R needs have not been funded by the legislature for several biennial budgets. The committee discussed implications to the units, which have had to provide this funding out of their current budgets. The remaining 60 % of the one-month allocation will be requested by the campus in its 07-09 biennial budget request.

IUPUI 2007-09 Operating Appropriation Request: Campus Narrative, Enrollment Change Funding, Plant Expansion, Research Support

- IUPUI is making a special request of \$50 million for life sciences. A request for approximately \$40 in additional funding for life sciences is expected to be made in the 2009-11 biennial request.

- The top priority plant expansion request for the campus (and the 2nd highest priority request for the IU system) is authority to issue bonds to fund a Neurosciences Research Building to be located at 16th St. and Senate.

IUPUI Budget Issues FY 2007-08

- A rate increase for financial aid is planned, in order to match the increase in tuition and fees.
- After 07-08, a new university-wide tax is expected, in order to provide a discretionary fund for the new University President. (This fund, to provide funds for “university initiatives and priorities”, was recommended by the task force reviewing IU’s RCM budgeting system.) Questions were raised by BAC committee members regarding whether faculty can or should provide input in the use of these funds.

Additional documents provided:

- Indiana University 2007-09 Operating Appropriation Request Executive Summary
- Indiana University 2007-09 Capital Appropriation Request

3. The Charges and Role of the IUPUI BAC.

Chair Boukai provided a document giving the charges of the IUPUI and the IUB faculty council Budgetary Affairs committees. He noted that unlike the charge of the IUPUI BAC committee, the charge of the IUB BAC includes an advisory role to the Chancellor and to the chief budgetary officer for Bloomington. Please let the committee chair know if you are interested in working on an update to the charge for the IUPUI BAC.

4. Planning for this Year’s Hearings.

This year’s Campus Planning Issues questions address: 1) Doubling goals; 2) Diversity; 3) Campus Collaboration; 4) International Scholarship; 5) Internationalization of Curriculum. For details, see handout: June 6, 2006 memo Re: Annual Reporting From: Trudy Banta and Bob Martin

Committee discussion:

Increasing the involvement of unit faculty in the processes of planning and oversight of unit finances would promote the spirit of shared governance between the campus faculty and administration. Suggestions included:

- Each School should have an explicit faculty budgetary committee;
- Faculty Council develop a training/clearinghouse hub to strengthen the effectiveness of unit budgetary committees;
- BAC members should meet with the chair or members of the unit’s budgetary committee before the unit hearing, to review the accuracy and completeness of the unit’s posted reports and to identify appropriate questions to ask at the hearing.

5. Discussion Items.

a) The RCM Task Force Report

See document: Responsibility Center Management Task Force Final Report, April 2006: Task Force Members and Executive Summary

b) Reforming the UFC Finance Committee

c) The Campus Action Plan

See document: Academic Plan for Implementing IUPUI's Mission – Action Items

6. Progress on the 2005-2006 Budget Reports and the Narrative of the Committee's Report.

The draft document was provided and will be submitted soon.

Discussion of ways to capture a more accurate picture of the fiscal health of units. For example,

- Require each unit to provide a standardized budgetary analysis, addressing how deficits would be addressed;
- The committee currently receives a “look back” snapshot of the unit’s finances. Can the focus be changed to a “look ahead”?;
- Look for ways to detect units whose financial data falls outside expected variance;
- Conduct a more thorough review of the finances of large units;
- Conduct a more thorough review of unit finances on even years, corresponding to the development of biennial requests.

Discussion regarding ways to increase the effectiveness on the work of the BAC. For example,

- Return to the BAC function exercised in the past, of annually reviewing the Chancellor’s Reallocation Fund. This function increased the significance of the committee’s review of unit presentations;
- Have the BAC provide input on funds for strategic investments, including Reallocation, reviewing the campus needs via a rolling five-year strategic plan;
- Institute a clearer, regular campus input on RCM;
- Partner with the IUB BAC.

Respectfully submitted
Randall Halverson, BAC Secretary

Upcoming Meetings:

1. Joint BAC and Campus Planning Committee meeting: Monday October 23, 10:30 a.m. , Walker Plaza Philanthropy Conference Room (201B)
2. Next BAC meeting: Thursday, November 16, 12:30 p.m. , University Library Room 1116