

IUPUI Budgetary Affairs Committee Report

Submitted to Chancellor Gerald L. Bepko

2001/2002 Budget Year

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1. Introduction

The IUPUI Budgetary Affairs Committee has participated in all of the 29 Planning/Budgeting hearings from January 30 through March 9, 2001 period and prepared this summary report. In majority of the meetings, two members from the Committee were present who then submitted a short report to the Committee chair for compilation, discussions, and final approval.

This report consists of three sections. The general campus-wide issues and recommendations are given in Section 1 addressing campus reallocation priorities, faculty salaries, and other major issues, concerns, and observations. In order to provide a summary for future studies, the financial status of all support and academic units are summarized in Appendices A and B, respectively, based on the written and oral information reported by each unit.

2. General Campus-Wide Issues and Recommendations

2.1 Distribution of Reallocation Funds

The Committee recommends that the priority for reallocation funds be directed to three areas:

Students:

- Providing merit-based student scholarships to attract better-prepared students
- Enhancing student recruitment efforts
- Enhancing student retention
- Enhancing programs targeted toward welfare of students including financial aid and health matters

Campus Promotion:

- Publicizing degree programs on campus
- Creating a more consistent image of IUPUI

Campus Infrastructure:

- Building research and graduate program infrastructure
- Enhancing library resources

2.2 Faculty Salaries

Faculty salaries at IUPUI have been reported to be low in many units. Every effort should be made to bring faculty salaries in line with peer institutions in order to retain current faculty and recruit new faculty competitively. Increases in the level of excellence cannot be maintained with uncompetitive salaries.

2.3 Other Issues, Concerns, and Observations

Other major issues or concerns to be addressed are:

- Need for more student housing continues
- Classroom and office/research space shortage is severe, even though the new classroom complex to be constructed may ease the shortage
- Parking space shortage is still prevalent, although free parking and shuttle services seemed to have improved the situation in some locations and the new parking building should somewhat ease the shortage
- Enrollment drop in some schools is of concern. Organized recruitment efforts are needed at local levels too

- The future of University College is of concern when the outside funding ends
- The funding of the School of Informatics is of concern pending the State appropriation
- The majority of the units report aggressive involvement in Campus Campaign which is considered positive by the Committee

2.4 Recommendations on Budget Reporting

The Committee is pleased to note there was more budget related reporting during this year's budget than the previous year, however, there is still a lack of sufficient data for the Committee to make any informed recommendations to unit-specific issues. Different units respond differently to the question of fiscal health and mostly in a non-quantitative manner. It is recommended that the units should provide at least a three-year history of quantitative data as well as the current year's actual/estimated amounts in the form of tables or graphs on:

- Student credit hours (undergraduate, graduate, professional, total)
- Income (student fees, state appropriation, other revenue, assessments, total)
- Expenses (compensation, financial aid, general S&E, travel, capital, transfers, total)
- Beginning and ending fund balances
- Reserve funds
- Reallocation funds requested
- Reallocation funds received
- Reserve funds (required and actual)
- Comparative study of faculty salary with peer institutions

This is expected to help the units plan better and make it easier to communicate their cases.

APPENDIX A

Financial Status of Support Units

A.1 Academic Support Units. There are seven units under this group. They are: 1) The center for Public Service and learning, 2) The Office of Professional Development, 3) Placement, 4) The Registrar's Office, 5) Office of Professional Development, 6) Office of International Affairs, and 7) Community Learning Networks. Community learning Networks is growing. They currently service 2500 students from Glendale location and 1500 from the Carmel site via distant education. They plan to develop a campus wide plan for distributed education. Placement is running out of money, losing staff and needs help to grow. The other units have made efforts to improve retention the need for extra money, and hope that some additional funds will be available for salary increases.

A.2 Administration and Finance. The fiscal health of the unit is good with a positive fund balance. This unit houses: 1) Operational units to support academic and support services function (General), 2) Units that function as stand-alone with operating revenue supporting operation (Auxiliary), 3) Facilities. Much is being done with limited financial resources. Managing costs of facilities and contingencies in maintaining new construction based upon changing formula in state funding of new capital projects ongoing maintenance is cited as a challenge. Care has been taken to outsource services in appropriate areas to contain cost. A systematic review mechanism is in place to streamline costs and maximize return on expenditures for services provided. Overall, the Administration and Finance unit tries to provide a high level of service to the academic units for both front- and back-office support.

A.3 Enrollment Services. About \$589K is requested to direct services towards several initiatives that will attract better-prepared students. Recruiting efforts are targeted towards admitting high school students, minority students, and international students; and providing additional scholarships. Scholarships will take \$250K of the \$589K requested. All of the requested base money would help to ensure that the campus could be competitive with other institutions that attract a similar profile of student. The potential impact of President Brand's administrative re-organization initiative for areas that overlap some of the enrollment services is not yet clear. The central administration is encouraged to begin discussions about using any reallocations to bolster Enrollment Services 'front-line' activities so that the campus can remain a vibrant component of Indiana University.

A.4 Office of External Affairs. This unit is engaged in the missions of student learning, civic engagement, and research and scholarship. Special attention is now being directed toward creating a more consistent image of IUPUI. This includes activities on reputation management. No specific requests were made for budget increases.

A.5 IU Foundation. Seems to be in a strong fiscal shape. They have exceeded their fundraising goals. Spends about ten cents to raise \$1.00, which is considered a very good ratio. Funds grew at a rate of 14% per year. No campus reallocation fund is requested.

A.6 Planning and Institutional Improvement (PII). This unit has a diverse set of responsibilities including Information Management and Institutional Research, Testing Center, and the Economic Model Office. In general all sub-units of PII are operating within their budgets. The Testing Center director had to forfeit the only secretarial position in the center, to purchase ACT's COMPASS mathematics and reading tests software to replace the locally-developed computerized adaptive placement tests used previously per advise of the Campus Placement Testing Advisory Committee. Requests \$93K from the campus reallocation funds for: 1) Supplies and Materials to support the alternating Faculty and Staff Surveys and New Employer Survey (\$7.5K), 2) One graduate assistant (18.5K), 3) one clerical support person (\$34K), 4) Placement Testing/Scanning (\$33K). Additional funds are requested for upgrading a production assistant position (\$8K)

A.7 Student Life and Diversity. The mission of this unit is to develop, implement, and continuously improve student centered programs, policies, and facilities that contribute to student leadership, community, diversity, and graduation at IUPUI. It consists of six sub-units: 1) Counseling and Psychological Services, 2) Housing and Residence Life, 3) Student Life and Diversity Programs, 4) Adaptive Educational Services, 5) Effective Student Learning, 6) Dean of Students. This fiscal year, all units will undergo fiscal audits. They plan to engage in zero based budget exercise, which is expected to improve the fiscal health of the unit. Requests \$41.7K from the campus reallocation for hiring a postdoctoral fellow (\$27.8K), and a graduate assistant (\$13.9K) in the Counseling and Psychological Services subunit.

A.8 University Information Technology Services (UITS). Forms the backbone of information technology on the IUB and IUPUI campuses. While they have traditionally played a support role in helping faculty teach classes, conduct research, and perform service, it is expected that with the increased popularity of distance education, the UITS role within the University will even become more important. There are three areas of fiscal challenges for UITS: 1) \$500K high performance computing, 2) increase in the rate of telephone services, and 3) life-cycle funding for the new Student Technology Centers planned for the new Campus Center and Communications Technology Complex. Of the three areas, the most compelling argument was presented for the base adjustment requested for telephone services. Money for high performance computing services is linked only tangentially to student learning outcomes and most likely would benefit researchers working off of grants. The unit is expected to stay within budget with some undetermined surplus. Any unspent funds will result from unintentional accumulations or delays in the implementation of strategic initiatives and delayed life-cycle replacements. Thus, considerable fund balances may not be spent in the year originally planned but carried forward to the following year.

A.9 University Library. Faces a number of fiscal challenges over the next few years. First, the startup reserves initially provided to the library have been expended. Second, there is persistent inflation for scientific journals that runs at a 9-10% annual rate. Third, a commitment was made for a tenure track position within the organization. The unit formulated two contingency plans. The first budget calls for \$375K over a 3% base, which would allow the Library to maintain its current programs (an overall 4.8% increase). The second plan calls for 200K over a 3% base, which will result with a manageable program reduction that would ultimately result with cuts in expensive journals in science and engineering. The IUPUI participates aggressively in the IUPUI Capital Campaign.

APPENDIX B

Financial Status of Academic Units

B.1 School of Allied Health. Experiences a significant shortage in student enrollment funds (9.8% drop since 1996). The anticipated drop next year will further reduce the base budget by \$147K. There is a huge national downturn in enrollment in Allied Health Sciences, due at least in part to low career salaries. This trend in enrolment is expected to improve as the allied health personnel shortage starts in the future. With the formation of Clarian Health in 1997, faculty salaries previously paid by IU Hospital now come out of school's budget. There is a shortage of classroom and research space, and a need to renovate space to address program accreditation needs. Modest state appropriations and increasing assessments have caused further economic trouble. Plans to dip into its reserve fund to offset the anticipated \$147K tuition deficit in 2001-2002. Requests the following from campus reallocation funds: 1) \$191.4K for Faculty/Staff salary raise in 2001-2002 (previous raises of 2, 3.5, 1.5% have placed the salaries at a low level for some faculty and staff), 2) \$500K for Supply/Expenses, Faculty Line and other base monies for academic retention.

B.2 Herron School of Art. Requests \$75K to help pay the projected 2001 Campus Campaign expenses of \$158K. Asking for three new faculty positions. Creating a Master of Fine Arts program is a high priority. Expects enrollment increase with the planned move to the campus.

B.3 Kelley School of Business. Appears to have very strong financial health. Current reserves are at \$1.9M following expenditures of \$1.6M for building renovations in 2000. Has made a number of new initiatives including the creation of a Computer Information Systems major; formation of a placement center; hiring of an advertising/public relations firm to "brand" the school in Indianapolis; expansion of the online MBA program; completion of an agreement with General Motors designating the school as the GM's online MBA choice; creation of a joint MD/MBA degree; creation of an honors section of the integrative core. No reallocations funds have been used. No new reallocation funds are requested.

B.4 IUPU Columbus. During the last couple of years IUPU Columbus has spent its reserve fund from a high of over \$600K to less than \$40K projected for 2000-01. The current reserve fund is significantly less than the 3% requirement. Factors affecting this are: 1) credit hours increased less than anticipated in 98-99 and 99-00 and have decreased significantly in 00-01, and 2) the hiring of additional staff and full-time faculty has increased recurring expenses substantially. Received \$100K from reallocation funds to hire a business faculty member for 2000-01. However, this money was not used last year since no faculty was found for this position. Campus has expanded its business program to offer the complete business degree and wants to start an MBA program too. Expects to have a deficit of \$100K this year unless reallocation funds are given. Requests \$180K

in reallocation funds; otherwise non-tenured faculty and staff positions may have to be terminated.

B.5 School of Dentistry. Accumulated a \$1.7M deficit on an annual budget of over \$35M at the end of FY 1999. This included the depletion of the school's 3% reserve fund. The school has improved its financial situation over the past few years. Per IUPUI policy, the school developed a financial recovery plan to repay this deficit by the end of FY 2004. They hired an external consultant to review their financial management system, hired a Chief Financial Officer, and conducted a review of clinical operations. This and other measures taken have resulted in significant changes. For FY 2000 they stabilized the situation with a balanced budget and placed this year's repayment in their reserve fund. There is no request from campus reallocation funds.

B.6 School of Education. Has a cash balance of \$483.6K. Accurate undergraduate credit projections allow near-capacity enrolment. However, struggles with accurate graduate credit predictions. Requests reallocations funds of \$320K for: 1) a new Executive Associate Dean (\$95K + \$15K for search), 2) development of an 'Executive Education' program (\$48K), 3) to support three new positions to bridge Education and key discipline departments/areas including English, Social Sciences, and Science (\$162K). Appointments would be joint between education, liberal arts and science schools.

B.7 Purdue School of Engineering and Technology. Has taken a fiscally conservative approach. Even though the credit hours have increased substantially over the last few years it has not received any campus funding for enrollment growth. Recommends that some sort of base sharing plan from the campus reallocation funds should be established to fund full-time faculty positions since the student credit hours continue to increase. Currently spends \$250K more than the budgeted amount for associate faculty salaries and \$106K for summer salaries than the budgeted amount. Received campus reallocation funds in 1999-2000 for a shared faculty position with the School of Informatics. Requests \$960K from campus reallocations for: 1) salary equity adjustment (\$360K), 2) three new faculty positions (\$250K), and 3) capital equipment for teaching laboratories (\$150K).

B.8 School of Journalism. Financial status is deemed stable. There have not been any peaks and valleys to affect the school's operations. The guideline of 3% reserve fund has been met. Building reserves in anticipation of the move to their new building. Seem to have improved their computer facilities considerably for instruction and research purposes, but the source of the funds not stated. Need for video cameras for some courses is expressed. The school has already bought some cameras from its own resources but needs \$10K to help purchase more.

B.9 School of Informatics and New Media. Since it is a new school, this school does not yet have a significant base budget – waiting to be funded from the State. Over the last year, faculty expansion and course development were implemented with reallocation

funds (amount not given). The campus reallocation fund also enabled the New Media program to begin the renovation and equipping of the three vacated classrooms in the Mary Cable Building. These computer laboratories are enabling the growth and expansion of the application development components of the curriculum. Concurrent with this development has been the integration of software programs that also support the undergraduate and graduate informatics degrees. The 2001 funding for informatics and New Media constitutes the central new program request from the legislature for the biennium. The school requests \$176K base addition and \$246K in cash to bridge the first year of the new biennium. The need for five new full-time faculty positions to be added to the school is expressed: three in the New Media, one in General Informatics, and one in Graduate Informatics. The school claims that the increase in student interest suggests the need for these fields is there.

B.10 School of Law. The school has been extremely productive in meeting its 2000 goals, but expects to experience a deficit for the first time in 2000-01 (approximately \$500K) but surplus funds will cover the deficit. Current rate of 5.5% annual salary increases for faculty and 5% for staff are considered low compared to other comparable law schools. Spends about \$600K in scholarships annually which is less than other schools (e.g., IUB law school spends \$1.5M). Moving to the new school is expected to improve the image of the school among students and public. No campus reallocation monies were received last year. No request was made for additional funds from the current reallocation monies.

B.11 School of Liberal Arts. Several issues impacted the fiscal health of the school this year. There was a 3.3% decrease in the credit hour income in the Spring of 2000; and a 3.3 % decrease in the Summer II session. As a result the school was forced to spend most of its reserve. It is hoped that increases in credit hour income in Fall 2000 and Spring 2001 will allow the school to recoup its losses and break even. Several steps were taken for fiscal constraints, including hiring freeze on new tenure track positions; minimum salary increases (average 2%). Received \$150K of reallocation funds (now in the base budget) used for: hiring of two lectures, hiring of a research assistant, summer faculty initiatives, and support of faculty salaries. Requests campus reallocation funds of \$767K for scholarships, research assistants, university college advisor, post-doctoral research associates, graduate student supports, salary raises, a faculty positions, and a joint appointment with the center of Bioethics.

B.12 School of Medicine. The overall fiscal health remains sound. About \$1.2M of general fund balance was set aside as a reserve against future costs associated with the 18/20-retirement program. The 20% RC/department contribution of the 18/20 is planned to be provided at the school level rather than at the department level. \$250K in campus reallocation funds was received last year. These funds were used for research enhancements and were allocated in their entirety to the Department of Medicine to help enhance and maintain their research infrastructure. This department is the largest single unit within the school receiving close to \$60M in new grant awards in last fiscal year (42.7% of the school's total grant awards of \$133.2M). Two new endowed chairs and

four new professorship positions have been established. Lack of space appears to be a problem. A mission-based management system is being implemented in the school, which will focus on the school's tripartite mission of teaching, research, and service.

B.13 School of Music. Appears to be on sound financial ground. The cumulative balance appears to be small but positive. Financial management practices have been streamlined. The school requests \$125K for: 1) hiring a graduate faculty member who would have a joint appointment with the TATRC (\$40K), 2) supporting the Student Music Ensembles; Jazz, Band, Pep Band, and African American Choral Ensemble (\$35K), 3) to expand live music performances on campus (25K), 4) purchasing musical instruments for their programs and students.

B.14 School of Nursing. The ranking of the school in research and graduate education has risen substantially over the recent years. Previous cash reserve of \$1M fell to the mandated \$330K. This was affected by: 1) increasing faculty salaries by 4.9% to make them closer to national averages, 2) faculty-staff development, 3) refurbishing/maintenance of facilities, 4) declining credit hours, 5) sponsored program decrease, and 6) increase in total gifts to the school. As solution to the reduced cash flow the school plans to: 1) increase revenues in recruiting more students in the campus, 2) increase grant proposal submissions by 12%, and 3) delay expenditures for further refurbishing/maintenance. Reallocation fund request for two research-intensive new faculty is requested for 2001-2003 biennium and two research-intensive new faculty for 2003-2005 biennium totaling \$500K. The school also requests \$166K for faculty salary adjustments from the campus reallocation fund.

B.15 School of Public and Environmental Affairs. There is a new dean in the school. The deficits run in the past are being eliminated. The need to have faculty teach a forced overload has been discontinued. A few faculty were lost during the period of financial distress; however, with improved compensation and a return to normal teaching loads the future looks quite optimistic. The unit should require no additional funds and feels that RCM has been a positive management mechanism to solve the financial problems.

B.16 School of Physical Education: Financial health is deemed very good. Received campus reallocation funds of \$55K to hire a new faculty in the department of Tourism, Conventions and Event Management. The school does not directly request campus reallocation funds this year; however, supports a request from the Department of Intercollegiate Athletics to hire one additional certified athletic director.

B.17 Research and Graduate Education. A number of accomplishments have been made to bolster the graduate education and research programs on the campus. Initiatives for FY 2001-2001 that require funding include: 1) creation of a position for Associate Vice Chancellor for research, 2) upgrading the existing position of Grant Specialist (60% FTE) to Contracts Specialist (100% FTE) and adding a legal assistant position, 3) funding the Graduate Student Orientation and Graduate Program Showcase, and 4) hardening the position of Information Specialists.

B.18 School of Science. The fiscal health of the school is described as in a very lean state. Expenses, particularly assessments, have risen faster than state appropriation and tuition and fee income. Compared to past, the school is becoming progressively more dependent on tuition and fees to pay assessments, salaries, and benefits. Salary savings of 1M have been achieved by not filling a number of vacant positions. Has a reserve of \$515K, which will not be used unless absolutely necessary. Received \$100K from Campus Reallocation to hire two faculties in Computer and Information Science. No new reallocation is requested.

B.19 School of Social Work. Fiscal health of the unit is stable. There is a new dean and a new fiscal officer. The fiscal year should end with a projected cash carryover of \$73K. Student credit hours did not change during the last two fiscal years. The school makes plans to generate more income from research projects. No reallocation fund is requested.

B.20 University College. The school is in good financial health largely because of outside funding. Out of the \$4.7M general funds, \$2.4M is outside funding. The probability of continued funding from Federal and State sources is high. However, a large grant from Lilly Endowment will expire in a year. If replacement funds for the grants that will expire are not found, mentoring and learning assistance activities will have to be downsized after another year. Current reserves are well above the 3% requirement. No reallocation funds were received last year and none is requested this year. A serious concern for University College is obtaining a funding base for technology to support entering students. Even though the college has to provide a substantial level of technology support to entering students, it currently does not benefit much from the student technology fees because it is allocated to the schools in which the students are registered.