

Minutes: Budgetary Affairs Committee

Thursday, May 12th, 2005

UL 2115E, 1:30 pm

Members present: Rachel Applegate, Anthony Cox, Randall Halvorson, Bob Hickey, Steve Mannheimer, David Malik, Robert Martin, Keith Morran, Fred Rees, Jean Robertson,

1. Minutes of 4/21/05 approved.

2. Robert Martin report, a walk-through of information in the Chancellor's report to the Faculty Council and Deans' Council presentation.

a) Legislative appropriations: added \$2.7 million for enrollment growth, \$2.3 million for research, \$100,000 for Columbus; however, then had a 5% across-the-board reduction, therefore: -0.5% in dollar amount from previous year.

Because enrollment change funds have been treated as part of Chancellor's reallocation funds, and research must be spent for research support, the net effect is a reduction of \$6,000,000 – a 10% reduction over the biennium.

b) Capital projects approved: hotel acquisition, IUB plant, transit study; some money for repair / rehabilitation but it might be cut.

c) Fees: everything now termed "combined fees" [includes "instructional fees" = tuition]. Trustees placed a 4.9% cap on combined fee increase for undergraduates, at IUB, IUSB and IUPUI, for the next two years.

Note: as some mandatory fees (e.g. for student center) go away, this leaves room for increases elsewhere. These "fees" are ONLY those which apply to all students, not per-course or other more discriminating fees.

d) Graduate and professional rates: Schools/programs made recommendations for increases along market lines (defined and defended for each school in consultation with IMIR), which the Trustees approved with an added .5%. These are not set for two years.

Question as to why there is an "other" category: schools/programs in this category have (themselves) chosen not to arrange for a separate rate.

e) Salary policy. Range: 1-3%. Some exclusions (market considerations, equity, and promotions); staff raise roughly 2.25%.

f) Overview of 2005-2007: possible because tuition-fees are fixed; enrollment is assumed steady; the only other income is indirect cost recovery from grants.

g) Budget issues: \$5.5 million will be passed along as taxes to cover (mainly(plant expansion (\$1.5 million), peoplesoft (in addition to normal

people's soft operating expenses; \$2.5 million) [the usual commentary about people's soft], increased utility costs (\$500,000) and a few other items.

h) Pro forma per-school budget (income, expected expenses – based on last year). Note all support areas will have to reduce expenditures as their expenditures are higher than their anticipated income.

In academic units, dentistry, medicine, and labor studies – the latter two because so much of their money is appropriations – are particularly affected.

In general:

Keep remembering that higher education suffered a 10% cut.

A few schools are close to exhausting their reserves.

Academic units are highly sensitive to enrollment changes (support units, far less).

Purdue has initiated a facilities fee, to replace lost plant operations appropriations.

Discussion:

Need to realize that cost reductions (vs. income enhancement) are necessary.

Role of faculty governance is also to advance knowledge of these realities among faculty in general. (communication “down” as well as representation “up”).

Need to consider rethinking entire structure. Comments that this campus has always been starved for resources. There is ongoing academic overlap, but little analysis of whether it is a response to need or is duplicative.

3. Questions for Trudy Banta for deans.

Discussion of those proposed in the agenda.

David Malik, Chair, to create questions based on:

- ◇ combine 1, 2, 5: ask what if financial conditions worsen (due to assessments or cost increases) how will you restructure?
- ◇ revise 6 to ask about faculty input in budget decision-making.
- ◇ revise 3-4 to ask specifically about competitive courses (same topic, taught in different schools): how might this be resolved?

Chair will finalize via email.

Adjournment....sine die.

secretary, Rachel Applegate