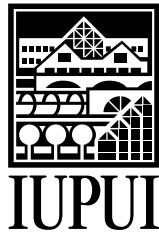


IUPUI FACULTY COUNCIL COMMITTEE

BUDGETARY AFFAIRS COMMITTEE

ANNUAL REPORT

2005 – 2006



INDIANA UNIVERSITY-PURDUE UNIVERSITY INDIANAPOLIS

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COMMITTEE ROSTER

Members with Terms expiring June 30, 2006 who contributed to this Report:

Ford, David (Liberal Arts: Sociology)
Hassell, John (Kelley Business)
Johnson, Karen (Liberal Arts: English)
O'Palka, Jackie (Health and Rehabilitation Sciences)
Hickey, Robert (Medicine: Hem/Onc)
Holmes, Ann (SPEA)
Morran, Keith (Education)
Sandy, Robert (Liberal Arts: Economics)

Members with Terms expiring June 30, 2007 who contributed to this Report:

Applegate, Rachel (SLIS)
Atkinson, Simon (Medicine)
Baumer, Terry (SPEA)
Bennett, Bob (Social Work)
Berberi, Edward (Engineering & Technology)
Boukai, Ben (Science: Mathematical Sciences) (**Chair**)
Fierke, Peg (Herron/Art)
Halverson, Randall (University Library)
Moore, B. Keith (Dentistry)
Mannheimer, Steven (Informatics)
Mikesky, Alan (Physical Education)
Sloan, Rebecca (Nursing)

Liaisons for 2005/06 (or Ex Officio)

Banta, Trudy (IUPUI Administration: Planning and Institutional Improvement) (**Administrative Member**)
Vermette, Rosalie (School of Liberal Arts) (**Executive Committee Liaison**)
Martin, Robert (IUPUI Administration: Administration and Finance) (**Administrative Member**)

BUDGETARY AFFAIRS COMMITTEE CHARGE

This committee shall review the general academic priorities of IUPUI and the reflection of such needs in the creation of budgets, inform the Council on budgeting procedures and points of potential faculty input, and alert the Council to matters of budgetary importance external to IUPUI (Bylaw III.B.3).

Reference: www.iupui.edu/~fcouncil/committees/committees.html

The nature of the campus Budgetary Affairs Committee places it in a unique position to detect impending financial difficulties. It can bring to bear the experiences and insights of a broad base of faculty representatives knowledgeable in budgetary matters for review or development of plans to address financial problems at the campus, school or unit level. While the annual budget hearings in which the campus Budgetary Affairs Committee participates is the best mechanism for monitoring overall developments, budget committees at the school or unit level should be encouraged to communicate to the campus Budgetary Affairs Committee any information and concerns pertinent to the early stages of financial problems whenever they arise.

Reference: www.jaguars.iupui.edu/handbook/2002/financialdifficulties.html

SUMMARY OF COMMITTEE ACTIVITIES

As part of its charge, the Budgetary Affairs Committee (BAC) participated in the 2005-2006 exercise of budgeting and planning hearings held by the university administration. Through these hearings, the committee reviewed the fiscal health and budgetary conditions of schools as well as academic and administrative support units.

In its Fall and Spring meetings, the committee discussed a range of campus-wide issues concerning such matters as, the state of the campus budget; campus assessments and state appropriation; RCM as the budgeting system and its impending review, and campus-wide priorities for investments.

The committee concluded its activities for the year with a compilation of this report to the Faculty Council and the Chancellor, addressing some of the budgetary concerns and issues that were raised, making several recommendations on processes and campus priorities, and summarizing its assessments of the fiscal health of the various schools and the academic and administrative support units reviewed.

THE BUDGETING AND PLANNING HEARINGS

For various reasons the budgeting and planning hearings exercise was not held in the previous budget year (2004—2005) and the committee was eager to have them reinstated for the current budget year. The hearings were conducted for all the academic units and four administrative/support units: UITS, Student Life and Diversity, Research and Graduate Programs, and Academic Affairs. In all, the committee participated in a total of 27 such hearings, including two special sessions convened by the Chancellor to specifically address the *Teaching and learning doubling goals in the health and life sciences* and the *Doubling of research in the health and life sciences*. These special sessions also highlighted these as areas of priorities for campus investments to advance the mission and strategic goals of the campus (the doubling goals), as mentioned in the revised campus mission statement approved by the IU Trustees in November 2005. In each of the scheduled hearings, two members of the committee were present, who then submitted a written report to the BAC on the unit they reviewed with an assessment of their financial health and other financial issues. These reports are included at the end.

Questions Posed to Units

This year's hearings were conducted to focus upon efforts to enhance efficiency and cut costs via collaboration between units. The committee deliberations have led to the following questions to the Deans and Directors of units that were reviewed:

- a) The unit's internal process of budget decision and planning: How are budget decisions and plans made in your unit? Does your unit have a budgetary affairs committee or the likes? What is the extent and impact this committee and the faculty have in this decision making process?
- b) Financial trends, planning and restructuring: If the financial outlook continues to deteriorate, what structural changes do you plan to make in your unit (e.g., program elimination, personnel reduction, etc.)? What was the faculty input for the suggested restructuring? What innovative approaches are you considering to help in maintaining the fiscal health of your unit? What are the specific ways your unit is striving to be more efficient in achieving its mission and reducing costs?
- c) Campus coordination and cooperation: Are you willing to work with an adjudicative group in resolving conflicts in course and program offerings in the spirit of reducing campus duplication and overlap? Please cite examples of past cooperation with other units in resolving such conflicts and please cite any such ongoing issues or conflicts that might need to be resolved.
- d) In aspiring to meet the Chancellor's doubling goals (retention and graduation, research and scholarship and civic engagement), what strategies has your RC developed? How successful have these strategies been and at what cost? Expand on the approaches your unit is employing to enhance/improve the care students receive to support the successful completion of their degrees.

Some Concerns and Recommendations

- *Inclusiveness:* The committee has expressed its strong sentiment that *all* RC units, namely; all academic schools and all administrative and academic support units be included in the budgeting and planning hearings exercise. The BAC will endeavor to work with the office of the Vice Chancellor Planning and Institutional Improvement to assure an efficient schedule of hearings.
- *Faculty Involvement:* The committee has expressed its strong sentiment that steps must be taken to assure that each school has the mechanism to allow faculty participation in serious financial and planning decisions.
- *Timeliness:* In order to allow an adequate review by the committee members, the committee has requested that posting of unit reports and budget information be done in a sufficient time prior to the scheduled hearings.
- *Uniformity of Reports:* The committee has recommended that some key financial and budgetary figures for the hearings, (including anticipated commitments such as start up costs and the likes) be reported by the units via a uniform template or outline of required information, to be developed jointly with the administration.
- *Reserve:* Some units did not have available this year the required level of reserve funds (3%) (e.g. Columbus and Law). Units without adequate level of reserves in this financial climate should *strongly* be encouraged to remedy the situation.

CONTINUING CAMPUS PRIORITIES

For several years now the Budgetary Affairs Committee has taken clear and sustained positions on priorities for budgetary decisions. The Committee continues to advocate these positions for maintaining a strong and healthy environment for our campus to prosper. While the Committee recognizes that many of the priorities of previous BACs have received attention by campus administration, it urges the campus to seek ways to further leverage these past investments, upon a careful assessment, to support further progress toward the doubling goals and meeting the campus strategic plans.

Priorities for Reallocations Funds

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

Teaching and Learning:

- Providing merit-based student scholarships to attract talented and better-prepared students, and to improve competitiveness with other institutions.
- Enhancing student recruitment efforts, including out-of-state and international students.
- Enhancing student retention and graduation rates.
- Enhancing student support structures and programs, including advising, mentoring, tutoring, learning centers and financial aid.

Research and Scholarship:

- Strengthening research and graduate program infrastructure, including provisions of competitive start up funds, research stipends for graduate students and postdocs, discretionary fund for seeding new research and for supporting collaborative research ventures.

Campus Infrastructure and Promotion:

- Investing in new and renovated research, as well as teaching-and-learning facilities.
- Publicizing the quality and diversity of degree programs and faculty.
- Creating a more positive image of IUPUI (e.g., world-class institution).

New Faculty/Staff:

- Supporting essential and high-quality new faculty/staff lines.

Reallocation requests for new faculty/staff lines should be considered favorably only if units provide some matching funds. This will require units to better prioritize their programs and underscore the necessity for adding any new faculty/staff lines.

Faculty Salaries

As in previous years' reports, the Budgetary Affairs Committee voices and echoes concerns about faculty salaries. We reiterate that IUPUI needs to establish a systematic and campus-wide procedure to document what individual school/unit needs exist across campus and to propose a timely and equitable remedy. 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. We also recognize that salary issues have been addressed systematically on some campuses, but it does not appear that our campus has received similar focused attention. We fear that without a systematic effort to improve salary competitiveness, the level of excellence of IUPUI faculty cannot be maintained indefinitely.

OBSERVATIONS AND RECOMMENDATIONS RELATED TO CAMPUS BUDGETARY ISSUES

On RCM, Assessments and State Appropriation

Previous BAC reports focused on the need for having a better clarity of the formulae used for campus assessments and for instituting some metrics in the distribution of state appropriation funds. Many of these concerns continued in 2005-2006, especially in light of the anticipated study of the RCM, commissioned by the BOT. The committee reviewed the August 2005 Dean's Retreat report on budgetary issues facing IUPUI, and the ongoing work by the Fiscal Futures Team. The committee continued to note the need for updating the mechanism for distributing appropriation funds. Members observed that unit income is determined by the relationship between assessments and state appropriation funding. The net value—appropriations minus assessments—is a key parameter for the academic units.

The committee examined a chart showing data for one IUPUI School, of state appropriations minus assessments, year by year from 98/99 to estimates for 06/07. This data was cited as an example of the risk to an academic unit, if the relationship between appropriations and assessments becomes seriously out of balance. As of 03/04, appropriations lagged behind assessments by more than \$4 million. The growth in the difference that academic year was more than \$2 million, the largest increase during the years shown. It was pointed out that this change occurred at a time corresponding to a change in the administration of RCM.

Other comments by committee members:

- RCM results in greater fluctuations in income for units which are assessed, that is, academic units, than for units which are funded by assessments. RCM also has the unfortunate consequence of giving incentives for units to offer courses which will be popular, regardless of their relevance to the discipline. Likewise, relying upon grant income shifts proposals for research toward topics which are more likely to be funded, rather than topics which may be most beneficial for the local community or for a discipline.
- Metrics are critically important in order to assess the financial health of units. For example, a metric showing the cost to produce degrees in a discipline would be very helpful in order to understand whether the financial state of the academic unit is sustainable.
- The logical outcome of diminishing state appropriation funding may be that this funding source will become inconsequential or disappear. For IUPUI, state appropriations are now 13% of the overall campus budget, and only 5% of the budget in medicine.
- In principle, there is a formula for assessments, but this seems to change often. Moving to a flat assessment rate has been considered. However, implementation would be challenging since campus units are divided among several financial entities, the medical school, for example.
- Efforts looking only at improving the rationale of how assessments are calculated may be futile because unit income is determined more by the relationship between assessments and state appropriation funding. The net value—appropriations minus assessments—is a key parameter and both must be accounted for.

Other developments affecting campus finances in 2005-2006

This current biennial funding period marked a significant shift in the state's policy, with no new funds provided to operate new buildings. Additionally, zero funds were budgeted for Plant Expansion (the operating costs of new facilities). Thus, when the campus opens new facilities, it must absorb all of the operating costs. As an example, when we open the new Medical Information Sciences Building in 2007, without plant expansion funds, we expect that the School of Medicine will split the expenses 60/40 with the campus, with the 60/40 split derived from past cost sharing models.

Similarly, no “fee replacement” funds were included in the biennial budget. These are funds which have been provided transitionally to make payments due for bonds issued to pay for a new facility. There are some doubts as to whether this program will be restored after the current biennium. The campus considers that it is vital that the legislature restore funding for the “Plant Expansion” and “Fee Replacement” programs in the next biennium.

In Fall 2005, the 2-page document “IUPUI Operating Budget 2006-07, Proforma” indicated that the campus faces \$4.6 million in additional costs as we move into 2006-07. The campus and units must seek ways to absorb the anticipated additional costs and to mitigate the ensuing adverse impact. Given the financial circumstances and realities, effective strategic planning is critical in order to achieve campus and units goals.

REPORTS ON ACADEMIC UNITS

Kelley School of Business

The Kelley School of Business (Kelley) is largely dependent on tuition to generate revenue. It runs four degree programs: undergraduate, Master in Public Accountancy (MPA), Master in Business Administration (MBA), and the online MBA (Kelley Direct). Kelley reports that the undergraduate and on-line programs yield positive margins, while the residential MBA and MPA experience negative margins. The latter two programs are taught at a higher cost than the undergraduate program (because they are supported by tenured/tenure-track faculty rather than lecturers and adjunct faculty), and receive lower revenue than the on-line program because of lower tuition rates. Potential fiscal improvements are limited by

1. increasing assessments (which are now 164% of appropriations)
2. a limited ability to expand student headcount at the undergraduate level because of limited classroom space and availability of adjunct faculty;
3. a limited ability to expand student headcount in the MPA and on-line programs because of limited demand;
4. a limited ability to shift the allocation of profits from the on-line program between the Indianapolis and Bloomington campuses;
5. a prohibition on increasing tuition in programs with excess demand.

While Kelley has typically not generated much income through indirect cost-recovery, four tenured/tenure-track faculty have recently succeeded in securing grants from the NIH and NSF, with more applications planned for the coming year. While the amounts secured by indirect cost recovery are relatively small, the diversification of income sources will help offset any unanticipated adverse conditions in the educational service line.

Progress has been made towards establishing the Supply Chain Control Center, including the hiring of Mark Frolick, a leading researcher in the field. It is hoped that the center will be supported through the State's 21st Century Fund, drawing on the positive relationships that the School has developed with several regional businesses.

Fiscal Health Summary. Kelley broke even in 2002-3, has maintained surpluses since (with a fund balance of 4.4% of income in 2004-5), and is projected to break-even in 2005-6. Kelley's financial drivers are fairly stable, including the share of profits from Kelley Direct with Bloomington (roughly 1/3, based on faculty participation in the program).

Internal process of budget decision and planning. Faculty membership on Kelley's Budgetary Affairs Committee is voluntary, and reflects individual interest in fiscal matters.

Doubling Goals. Kelley's ability to double undergraduate degrees is limited by capacity constraints (as noted above) and already high retention rates. Programs have been established to improve the graduation rates of high-risk students, particularly minorities, and doubling may be feasible if targeted on such specific subgroups. Courses, prerequisites, and course schedules have been reviewed to facilitate progress to degree. The faculty in Kelley should be commended for their recent success in obtaining external funding for their research. Doubling on this measure of

research productivity is a realistic goal towards which significant progress has been made, although collaboration with other units on campus may be discouraged by the limited publication outlets which count towards promotion and tenure.

Financial trends and restructuring. If the financial condition of the school deteriorates, costs will be constrained by limiting pay raises (salaries of faculty are currently comparable with Kelley faculty in Bloomington), and shifting towards more lecturers and adjuncts in the classroom rather than the more expensive tenure/tenure-track faculty. Marginal decreases in the less profitable graduate programs would not improve fiscal health because most costs are fixed.

Overall Assessment. The Kelley school is to be commended for assessing its programmatic cost drivers and market for its “products.” The School’s ability to act on this information has been limited by external constraints on pricing (outside of the Kelley Direct program, tuition and fees have been held below what is charged in Bloomington and what the market would dictate), and classroom capacity available on the campus. The School has successfully responded to the incentives of RCM, notably through its development of the Kelley Direct program. The financial returns of the on-line program may have diverted some faculty effort from less profitable activities, such as grant writing, although overall productivity remains impressive.

IUPU Columbus (IUPUC)

The unit’s internal process of budget decision and planning: A new Faculty Senate standing committee, Budgetary and Resources Policy, was created in 2004. According to the unit report and hearing presentation, this committee meets regularly with the campus administration in regard to the campus budget and planning process.

Financial trends, planning and restructuring: Some financial challenges are evident for the campus, perhaps derived in part due to ambitious changes and improvements over the last several years in areas such as physical plant, and academic and service unit restructuring. Several of IUPUC’s new programs have not received Indiana state financial support, and rely instead upon approximately \$700, 000 in annual funds from community sources. For example, the nursing program is being supported entirely through funding by local hospitals and foundations.

Total income at IUPUC increased steadily, from \$4.67 million in 01/02 to \$6.49 million in 04/05. However, in 04/05, expenses exceeded income by \$74, 551. As of January 2006, the budget for 05/06 showed a deficit of \$299, 106. The campus last attained its trustees-mandated 3% income reserve in 02/03.

The campus expects that its deficit will be reduced through summer school revenue. This expectation gains credibility through IUPUC’s 27% increase in credit hours for Summer 05, in comparison with the previous year. Credit hour counts for Fall 05 and Spring 06 increased by 8.2% and 6.0% respectively.

The campus is experimenting with a new resource allocation model, which should improve efficiencies by providing some discretionary funds to division heads. Also, fund raising results are very positive. In Spring 2004, the campus began a \$4 million capital campaign. By January 2006, the

campus had received gifts and pledges totaling over \$3.8 million. In 04/05, IUPUC received over \$1.4 million in gifts, the largest amount received among IU's six regional campuses. These campaign totals were achieved without contributions from Cummins, which traditionally is a major community benefactor of the campus. Support via \$1.5 million in matching funds is expected from Cummins, but is contingent upon the campus demonstrating sustainable academic and financial progress.

Campus coordination and cooperation: An IUPUC faculty member attending the hearings reported that there has been some faculty concern regarding changes at the campus, but that overall there is recognition that it is important to move ahead to develop unique offerings for students which do not complete or duplicate offerings by other institutions such as Ivy Tech Columbus.

The campus has taken significant steps to avoid competition and duplication of services provided by other state supported institutions of higher education. IUPUC is collaborating with Ivy Tech to share some physical facilities and has developed articulation agreements to streamline transfer of credits. IUPUC has developed 10 academic cooperation agreements with eight IUPUI schools. In the last two years, academic agreements have been made for 14 new joint IUPUC/IUPUI degree programs.

Doubling goals: IUPUC has worked to enhance retention and graduation rates via civic engagement and internship programs for students, and has focused attention on customer satisfaction via a 3-year project started last year. Its hearings presentation showed an increase in student applications, admissions, and enrollment in 2004 and 2005, which reversed annual decreases from 1999 to 2003. From 2003 to 2005, the number of students ranking in the top 10% of their high school class increased from 2% to 6%, while those ranking in the bottom one third have dropped from 30% to 15%. IUPUC was the only IU campus to have an increase in freshman retention from 2004 to 2005.

IUPUC traditionally has limited funds for scholarships, but has set the goal of increasing the number of merit-based and admission scholarships. IUPUC can point to an example of faculty efforts leading to improving financial support for students. By collaborating with IUPUI, Columbus faculty were able to obtain \$10,000 in increased service learning funding for IUPUC students.

With the exception of its business faculty, IUPUC faculty are tenured at IUPUI. The campus is working to increase the number of full time faculty, while it provides support to enhance research opportunities. For example, new tenure track faculty will receive a 12 month contract for their first two years, along with 50% release time to enable collaboration with IUPUI faculty, and a "modest" research start up package. The campus is also asking its Faculty Senate to institute new research awards. Particularly for the next several years, these efforts may increase total faculty costs. As of 05/06, over two thirds of its faculty remain in categories of visiting faculty, lecturer, and non-tenure eligible, providing flexibility as program changes occur, and in case downsizing is necessary.

Dentistry

The unit's internal process of budget decision and planning: The School of Dentistry has a well-developed process for planning and budget, and it appears that faculty are well represented in the decision making process. Budgetary decisions involve the Administrative Group (Dean, Assoc.

Deans, CFO; meeting weekly), the Chairs Planning Committee (monthly), the School Faculty Council (periodically and as needed), and the School's Budgetary Affairs Committee (semiannually and as needed). The school appears to have an unusually effective process for soliciting faculty input into fiscal decision-making. In particular, faculty input is sought in any situations where major reallocations or program elimination are proposed.

Financial trends, planning and restructuring: The school is engaged in a process of economic modeling of its operations. Other initiatives that are aimed at improving the fiscal future of the school include implementation of a new clinical information system, an effort to prioritize faculty and staff replacements and a fiscal and marketing assessment of all programs. Cost savings may come from using School of Medicine faculty for some selected teaching (although one imagines that the SOM will not endorse more than a very limited use of its faculty in this way). These efforts have contributed to an improvement in the schools fiscal situation.

Campus coordination and cooperation: This issue was not specifically addressed, and is probably not an area of concern for a school with a well-defined mission in professional education such as the SOD.

Doubling goals: The school faces limitations in meeting the doubling goals in enrollment since these numbers are constrained by the requirements of the various dental professions that the school serves. Although national trends predict a future shortage of dentists, this is not presently the case in Indiana, and there is minimal room for growth in the DDS program. Another limitation is the difficulty in recruitment and retention of faculty to offset attrition. The school is exploring the use of distance learning to augment the dental hygiene program, and is actively investigating the option of transferring the dental assisting program to Ivy Tech. Research is a potential area of growth. The school needs to increase external research funding and has articulated a strategy of strategic hiring of research-intensive faculty and "magnet" PIs. This appears an ambitious strategy in the face of an unfavorable environment for faculty recruiting in general. The school is active in many aspect of service learning and community engagement, and is making efforts to continue growth in these areas. Mechanisms to increase revenue include a limited capacity for increasing fee rates in specialty programs.

Education

The unit's internal process of budget decision and planning: The School of Education utilizes a Budgetary Affairs Committee to advise the Dean and Fiscal Officer on budgetary issues. A faculty representative is on this committee. The faculty are kept apprised of budgetary issues and have a voice through their representative. It is unclear as to whether this representative is appointed by the Dean, or is elected by the faculty.

Financial trends, planning and restructuring: The School of Education continues to exhibit growth and to have an excess of appropriations over assessments. The current fund balance is \$1,954,582.00. It is also noted that the School of Education has had net gains during each of the past four fiscal years. There is close monitoring of the financial trends and reports are reviewed frequently. The school has a three projection model which is up-dated as needed based upon the

fiscal outlook. Additionally, the dean is meeting with other responsibility centers to explore efficiency opportunities.

Fiscal planning may focus upon several strategies. These include: increasing externally funded research; increasing graduate credit hour production through professional development and an urban leadership program; and, strengthening enrollment in math and science pre-service teacher education.

Should the need arise for reduction in expenditures, the school will place a moratorium upon hiring new faculty as others retire.

Campus coordination and cooperation: The School of Education has formed a Committee for Teacher Education to facilitate collaboration with the School of Science, School of Liberal Arts, Department of Physical Education and the Herron School of Art. This provides a forum for discussion regarding teacher education as well as for conflict resolution if necessary. In addition, the school has collaborative projects with the School of Social Work, the School of Nursing, and Liberal Arts.

Doubling goals: The School of Education is making considerable gains with regard to the doubling goals. The increase in the fall was from 90 to 120 students in the elementary program. This program increased from 60 to 90 in the spring. The school added another cohort of secondary students this spring.

The school has obtained a grant to increase the number of students in the math/science Transition to Teaching Program.

The trend for grants has steadily increased for the past 3 years. The increase in awards from 2004 to 2005 was from \$451,008.00 to \$792,945.00.

The faculty have expressed a strong desire to development of a doctoral program in Urban Education and an Institute for Educational Performance Assessment. This is an area which is felt to be necessary for further growth of the School of Education. The school would initially utilize internal reallocation of resources with the notion of obtaining external federal and agency funding to fully develop and implement the program.

Summary: The presentation was thorough in scope and thoughtful in discussion of the salient points. The school continues to be fiscally sound. The growth of the school with regard to students, programs, and grants is moving forward at a steady rate. Plans and projections appear to be reasonable and supported by the faculty of the school.

Engineering and Technology

The unit's internal process of budget decision and planning: The School of Engineering and Technology operates on a 3 year budget planning cycle. The data presented were for the 2006-2009 strategic plan. This plan is developed by discussions at the dept/program level and at the School Faculty Senate. Input is considered from faculty, alumni, staff, student council and industry partners.

The Faculty Senate has a BAC. The fiscal state of the school is reported to the faculty annually at the first of the calendar year.

Financial trends, planning and restructuring: The School projects a balanced budget for 05-06 with income shortfall reserve meeting the BoT 3% requirement. The School does NOT budget fees from out-of-state students and uses these as discretionary funds. School cash reserves, \$1.1 million, are being used to remodel the basement of the ET building in phase I. Phase II will begin Jan. 2006 and involve an additional \$1 million to be taken from money set aside by the campus for renovation of space for the BME program. Until the school's cash reserve is rebuilt, temporary changes in policies concerning salary savings and indirect costs associated with grants and contracts will be altered. As faculty retire the line items will be reviewed considering department and program needs.

Campus coordination and cooperation: Retention remains a problem with low 6yr grad rates. This may be in part related to the Technology programs which typically enroll students working full time and often involve AS degree programs. Long range plans are to transfer these programs to IVYTECH but requirements for professional accreditation has slowed this process.

Doubling goals: The school has made good progress on research doubling and diversity. The school appears to be very proactive in addressing current and future challenges.

Health and Rehabilitation Sciences

The School of Health and Rehabilitation Science (SHRS) is comprised of four departments – Health Sciences, Nutrition & Dietetics, Occupational Therapy, and Physical Therapy. There are 25 faculty positions in the SHRS with 88% of the faculty having doctoral preparation, with the following breakdown of the positions: 15 tenure/tenure track, 9 clinical, and 1 research. 52% of the faculty are tenured or on long-term contracts. The SHRS offers only graduate programs and has 200-225 graduate students, a ration of 8-10 students to one faculty member.

The unit's internal process of budget decision and planning: SHRS has a Budgetary Affairs Advisory Committee made up of 3 elected faculty members plus the Dean. The 3 faculty are department heads and represent the leadership team. The chair of the Budgetary Affairs Advisory Committee was present at the 2006 budget hearing along with Dean Sothman. The Budgetary Affairs Advisory Committee is monitoring a departmental/investigator incentive program adopted by the school faculty whereby 60% of indirects go to departments on a two-year cycle of give backs to promote more research. The faculty as a whole has approved the newly instituted school practice of holding each faculty member and administrator responsible for generating a minimum of 75% of his/her salary, with departments securing a minimum of 80% of departmental faculty salary and fringes over a 3-year period. The faculty knows where the money is coming from and where it is going. The budget process is transparent and there is participation of the faculty in the final implementation of budgetary decisions.

Financial trends, planning and restructuring: Having faced financial hard times and restructuring, the SHRS embarked on a 5-year transition to strictly graduate programming beginning in the fiscal year 2002-2003. There has been a significant change in graduate credit hours generated – from 1, 191 in 2002-2003 to 5, 025 in 2005-2006 – with more rises bringing the credit hours to

over 6,200 projected for 2009. This change reflects the change in the school's infrastructure, with the move to graduate programs and online courses. The 5-year transition includes a move to a Doctor of Physical Therapy, the beginning of a Master of Science in Occupational Therapy, the implementation of an M.S. in Health Sciences, and the development of 2 post-baccalaureate certificates to be delivered online through Jump Start. The school has taken steps to align its fiscal resources to realize its prioritized academic mission. These steps include a faculty approved strategic plan that identifies specific benchmarks for tuition generation, securing grants/contracts, and development; the development of an economic model that projects revenue and expenditure streams for long-term decision making; the adoption of an incentive plan that directs the bulk of monies generated from grant salary buyouts and indirects to departments; and the renovation of Coleman Hall for better teaching, research, and office facilities to meet the needs of the strategic plan. The steps taken should allow the SHRS to be better positioned for accountability and for a more solid financial foundation now and later as it carries out its prioritized strategic mission. Since individual faculty salaries account for the largest share (85%) of the school's expenditures, the SHRS has come up with a review plan that provides for an accounting of the income generation by individual faculty that will serve as a basis for departmental/school evaluation and planning. All of this provides for planning at the individual level that blends academic mission and fiscal reality. If funds continue to erode, the SHRS will need to be restructured again. Chairs were asked in Fall 2005 if they wanted to consider relocating in other units and all said no. As a cost-cutting measure, the SHRS no longer has a development officer and no fancy promotional materials, just online Web advertising. When asked if they would consider raising tuition fees, the answer was yes, by 10% this year if the university allowed (8% is the projected raise). The programs in the SHRS attract a high number of applicants and could sustain a raise in tuition costs. The school has also put off filling 2 faculty lines. It has also become part of the Indiana Center for Rehabilitation Sciences and Engineering Research (ICRSER), a center partnership of 7 schools on campus with Dean Sothman as interim director, to seek substantial grants from government agencies, e.g.

Campus coordination and cooperation: The SHRS does not duplicate courses generally with courses from other programs on campus, but if there were overlap they would work with other units to resolve the issue(s). As a professional graduate unit, the programs of the SHRS require certain courses for their specialties, but they do not have the personpower to teach courses in the sciences, e.g., that their students might need, so they "use" courses from other schools to meet their students' academic needs. When asked if they might want to share a development officer with another unit, the answer was no because the SHRS does not have the money to help support that officer.

Doubling goals: The SHRS has become a mostly graduate unit, so there are no undergraduate initiatives underway. It is focused on creating high quality graduate programs and, through its programs, it could attract more undergraduate students to campus who are considering entering into its graduate programs later. The SHRS is participating in the Undergraduate Center for Health and Life Sciences Advising that is being organized as a way to better serve incoming students to IUPUI's health and life science programs. The SHRS has made good strides in securing grants (from \$150,000 in 2003-2004 to \$739,491 in 2005-2006 with a projection of over \$1 million in 2006-2007) and there is the intention that that will improve, especially with new faculty hires in the near future. The SHRS is also trying to improve its minority head count among faculty and students, in part with the help of Indiana University's recruiter who is trying to attract students from minority institutions, and also from around the state. Other ideas the SHRS proposed are joint admissions with the School of Science, perhaps, as well as providing jobs for minority students to work in departments on campus.

Herron School of Art

The Herron School of Art and Design provides training in various aspects of the visual arts ranging from drawing, painting, and design to art history and art education. They serve majors who seek careers in the visual arts and both students and members of the public who seek greater understanding of the arts. The school's primary goals, as identified in the 2005-6 Annual Planning and Budgetary Report, are 1) to launch a \$5 million endowment campaign 2) to attract and retain highly qualified and engaged faculty, 3) to serve increasingly as a resource in the arts locally, regionally and beyond, and 4) to provide exceptional educational opportunities to a diverse array of students. The School has completed its move to Eskenazi Hall, but its transitional phase continues as it deals with a variety of logistical problems occasioned by the consolidation of its programs on the main IUPUI campus.

Financial trends, planning and restructuring: Given the move and its attendant costs, the net operating surplus shown by Herron in 2002-3 has given way to a net deficit in 2004-5 of \$194,853, and Herron predicts no surplus (or deficit) for 2005-6. However, despite increased enrollments, credit hours at the end of fall semester are only at 34.5%, although the School expects tuition to make up more than half (53%) of its income. Thus, tuition income is coming in well below what the School needs to balance its budget. Meanwhile, non-competitive faculty salaries remain a serious problem for Herron.

Priorities:

- 1) Capital Campaign and beyond: It appears that Herron's donor income for 2004-5 (including both designated and restricted gifts) was \$199, 849; in addition Herron has been charged with raising \$17.8 million to complete payment for the School's two facilities (Eskenazi Hall and the sculpture and ceramics facility off campus); it appears that this campaign is still underway, with at least \$15.5 million raised by 2004. In addition, Herron plans to capitalize on the widespread attention (including 5 awards) garnered by Eskenazi Hall to find further sources of funding for the Gallery and for art and art education projects for the public as well as for the university community. On completion of the capital campaign, Herron is planning to launch a new campaign to raise a \$5 million endowment.
- 2) Faculty Issues: Herron continues to lag behind in faculty salaries compared both to the campus and to comparable art schools and departments, primarily for its mid- to senior-level faculty. The School has been able to recruit junior faculty at competitive salaries.
- 3) Center for Art, Design and Public Life: Plans for enhancing civic engagement and community partnerships largely focus on this Center, which is expected to be self-sustaining. Herron projects that Center work will lead to doubling of Herron's externally funded research and creative activity and of civic engagement projects. A number of successful civic engagement projects and community partnerships have taken place, and the School's new location should facilitate more.
- 4) Curriculum: Building on increased enrollment and projected further increases as Herron establishes itself in its new location, the School has created an ambitious program of curriculum assessment and development, ranging from the creation of new courses to the creation of new programs, especially ones that involve collaboration with other departments. An already approved new MFA in Visual Communication is projected for start up in 2007.

A new Master of Design Methods, a collaboration with Kelley School of Business and the School of Engineering and Technology, is in the works.

Long Range Steps: Herron focuses on the adoption of tuition differentiation, both to address an imbalance between the tuitions of other nationally recognized art schools and to address the costs of art education (many necessary courses require expensive facilities and low student-teacher ratios). The School is ready to do what is required in terms of cost cutting.

Summary: Given Herron's recent move and its concomitant launching of a number of new projects to take advantage of its location, it is too soon to make accurate long-term projections of how the School's fiscal health will develop. It is, however, already making very good use of its faculty and new facilities—especially the gallery—both to increase enrollments and to enhance its civic profile. Because many of its projects are heavily dependent on external funding, it will be vital for planners to monitor closely their projections. Likewise, as the School adjusts to its new surroundings, it must be cautious about projections of income from tuition and from the state. The school makes a persuasive case for its achievements and its potential for growth, and it must move to find solutions to the various concerns that might affect its continued health, ranging from faculty salary equity to parking issues. Discussions of the possibility of tuition differentiation might also be supplemented with considerations of other possible solutions to financial shortfalls, including a School-wide discussion of priorities and evaluation of departments and programs with an eye to cost-cutting and streamlining.

Informatics

The School of Informatics is a multi-campus unit with about 40% (30) of its faculty on the IUPUI campus under the leadership of Executive Associate Dean Darrell Bailey. Informatics enrolled about 700 undergraduates in 2004-05 (in comparison to 420 at IUB) and about 160 graduate students (in comparison to 100 at IUB). The stated goal of SOI "is to offer interrelated degrees that complement existing academic programs and to expand opportunities for careers involving information technology." To that end, SOI seeks: 1) to recruit, motivate, and retain "a community of degree seeking students who are committed to achieving their academic goals;" 2) to recruit, support, and retain "faculty of the highest quality representing the core disciplines in its diverse degree programs;" 3) to foster and support "an active and robust research program focused on human need that builds upon existing strengths of the university, state, and beyond;" 4) to develop "active and dynamic collaborations with business, education and industry to cultivate mutual opportunities for students;" and 5) to "engage with the community in mutually beneficial projects to enrich the community and its people."

- 1. Credit Hours.** Both undergraduate and graduate credit hours have increased over the past few years although in the past two years actual credit hours have failed to meet expected credit hours for budgeted income. Student fees contributed \$1.9 million to the School's 2004-05 budget.
- 2. Net Operating Budget.** At the end of 2004-05, the School had a negative Net Operating balance. Despite higher income and reductions in spending for travel and student aid, higher expenditures in Compensation, S&E, and Capital resulted in a deficit of \$41,921. This was easily

covered by the previous year's Ending Fund Balance. Dean Bailey acknowledges that this is not a desirable strategy for meeting expenses from year to year.

3. **Reserve Funds.** The School of Informatics has met the Trustee 3% Reserve Requirement in each of the past 3 years. The total reserve in 2004-05 was \$175,198.
4. **Overall Financial Health.** SOI appears to be fiscally healthy and well-situated to pursue its mission at IUPUI. Despite the Net Operating Deficit, the School's Ending Fund Balance for 2004-05 was \$1,052,137.

Overall Evaluation of Future Plans/Prospects: The SOI has matured as an academic unit to the point that it can realistically pursue its goals and objectives. As a new field of study, with important applications in the health sciences, the SOI has succeeded in bringing substantial grant income from major foundations and federal agencies. Dean Bailey identifies securing grants with indirect costs as one of the School's challenges. Its life-sciences emphasis should also help to increase credit hour income. Other challenges include living with increasing assessments and avoiding reliance on carryover to keep solvent from one year to the next. Of special concern is the life-cycle funding needed to replace high-end equipment essential to informatics that cannot be covered by student tech fees. Lab fees, moving to a 4-year LCF cycle, and soliciting in-kind contributions from business and industry provide some relief. But SOI clearly needs to generate income to keep up with its technological needs.

Summary: The School of Informatics stands at the forefront of life sciences research and service at IUPUI. Moreover, it has entered into relationships with many other schools on campus that stand as mutually beneficial collaborations. Its growth has been focused and rapid. From a financial perspective, SOI is well-positioned to achieve its goals and objectives.

Journalism

The IUPUI School of Journalism has been a part of the system wide School of Journalism based in Bloomington since 1982. The school in Indianapolis has an Executive Associate Dean.

Journalism is currently a school in transition. Dean Bradley Hamm from Bloomington and Executive Associate Dean James Brown both attended the budget hearing for Journalism on Wednesday, March 1. Dean Hamm spoke of the changes in structure that will be taking place. The IUPUI School of Journalism will no longer have an administrative connection with the Bloomington School. Going forward, there will be some communication and cooperation between the school in Bloomington and the program at IUPUI, but this will be greatly diminished. Efforts to develop policies that allow students to transfer between the two campuses without credit loss was mentioned.

Chancellor Bantz has asked the IUPUI School of Journalism to put together a dossier in order to present itself to other IUPUI schools as it seeks a new home. Dean Brown has already had conversations with Informatics, the School of Liberal Arts, and SPEA. The goal is to merge Journalism with one of the larger schools by July 2007.

Journalism is already preparing for some changes in degree requirements. It has been possible for students to take some masters level courses in Indianapolis to be applied to the degree program in Bloomington. Presumably this will continue. A new masters emphasis for IUPUI is being considered. It would be in public relations with a focus on health and medicine.

Reasons cited by the Chancellor for instituting the merger of Journalism with a larger school had to do with its small size relative to other schools having a dean and some concerns about its fiscal health in the near future. One of the things mentioned is the fact that of the four (including Dean Brown) full-time faculty members, three are full professors not far from 18/20. Given its fiscal history, it would be difficult for the school to carry the cost of the majority of its faculty on 18/20.

Law

The unit's internal process of budget decision and planning: Two years ago, a significant budget deficit lead to intervention by the campus central administration. The School is now working with campus administration to address its deficit. The School has taken measures to develop a more transparent decision making process. The faculty now decide what programs to discontinue or to add; faculty vote in the creation of any new program. As of 2005, the School has an elected faculty Executive Committee, whose functions include budgetary matters.

The School's more open approach to financial matters contrasts with past practice, and is important in order to overcome its financial challenges.

Financial trends, planning and restructuring: The School has had a deficit for several years, starting in 00/01 for the first time, with a deficit of approximately \$.5 million, which was covered via surplus funds. The deficit reached over \$1 million in 03/04, and was reduced to \$636, 000 in 04/05, but, at the time of Law's 05/06 planning and budget hearing in January 2006 was at \$1.7 million. As of 02/03, the School's income reserve was 1.76%, rather than at the Trustee-mandated 3%, and subsequently has been essentially zero.

In its Annual Planning and Budgeting report, the School lists a number of ways that it has reduced costs, including reducing the number of faculty though attrition. The School has significant upcoming retirements, and is considering phasing out certain administrative positions. Law already shares a fiscal officer with Social Work. If necessary, the School could cut two of its five law clinics. The International Law and government internship programs are very popular; for example the government internship program regularly sponsors over 40 placements. However, these could also be cut. The School has begun to charge for printing and to economize on equipment spending.

The School's faculty have traditionally not generated large amounts of grant revenue. However, grant revenue doubled or trebled, starting from a low base after the school hired a director of grants management in 2003. This position was later reduced to part time as an austerity measure. The School's 04/05 report indicates that it has supported faculty efforts to obtain grant funding, and has received funding through several grants in the past year. Grant funding is being used creatively and effectively. For example, a U.S. Department of State grant is by far the largest new grant received

(over \$400, 000 in two years). This project, which provides training for judges in China, also provides valuable international experiences for students and faculty. The school is applying for grant funds for several additional large projects.

Campus coordination and cooperation: The School sees opportunities to collaborate in order to reduce IT costs. The School collaborates with units in medicine, regarding public health, and with the Center for Intellectual Property. The School's Center for Law and Health was established in 1987.

Additional strategic collaboration may be possible, particularly in conjunction with the IU Life Sciences Strategic Plan. As presented at a campus Brown Bag discussion in April 2006, this plan addressing economic development, in terms of the development of new products and services for the medical and life sciences, is fundamentally based upon the creation of intellectual property through research and development activities. In order to achieve its goals, medicine needs to double the annual size of its research budget from \$200 million to \$400 million. Units such as Law may be able to make vital contributions toward enabling the campus to achieve growth in research activities and educational opportunities on the scale that is called for by the doubling initiatives. The development of additional joint degree opportunities and research activities related to the life and medical sciences may be augmented through means such as creating new joint faculty positions, and by sharing proposal development expertise, with Science and Medicine. However, given its current commitments, in order to undertake other initiatives, faculty time buyouts or hiring new faculty are likely to be required, resulting in additional costs.

During the 05/06 hearings, School representatives indicated that it has a plan in place in order to return to a sound financial basis within five years. In the 03/04 BAC report, the School indicated that it would "make a very significant turn around this year", and achieve a \$602, 000 surplus. Unfortunately, the School had a deficit that year, in part due to costs to furnish its new building. However, those costs were expected to end during that fiscal year, but the deficit has continued. Given the significant efforts that the School has made in the intervening years to reduce costs, it may now need to take steps to increase revenues. The 03/04 BAC report indicated that the School's reputation and numbers of applications would support "significant tuition increases". Tuition increases may be necessary. The School may also be able to increase fund raising, in order to help cover the costs of programs which contribute to excellence in community service and learning opportunities for students, but which consume scarce funds and faculty time, increasing the risk of a continuing deficit.

Doubling goals: The School reports a high involvement with civic engagement. It indicates that doubling in this area is probably not possible, but that it should do a better job of publicizing its accomplishments in this area. The School has developed a student law program at Crispus Attucks Middle School, which acknowledges the need for students to start thinking about law as a career while still in elementary or middle school grades.

The School reports that retention has been good this year. The School has unique LL.M. (Master of Laws) programs. Since students can start these programs in the spring semester, they are particularly valuable to international students, whose home degree programs may end too late in the academic year for them to start as of the fall semester. This program helps to offset any loss of graduate tuition when attrition occurs in the J.D. program. The LL.M. program combines writing program

offerings and courses taught by adjuncts, so that instructional costs are relatively low. Enrollment in the LL.M. program is increasing. The School plans to reach its goal of 100 LL.M students by 2008.

Liberal Arts

The IUPUI School of Liberal Arts (SLA) consists of 11 departments, 14 academic programs and six institutes and research centers. The school offers a range of bachelor's degrees, undergraduate minors and certificates as well the PhD in Philanthropic Studies and master's degrees and certificates in several fields. The SLA Strategic Plan (2006-2010) has as its goals the teaching of students; recognition as a center of excellence in research and scholarship in the humanities and social sciences; establishment of partnerships that shape and support constituent communities; provision of a learning and work environment that is welcoming and promotes opportunities for individual growth; maximization of resources and better communication of purposes and value to community.

1. **Credit Hours.** Between FY 2003 and FY 2004 credit hours for SLA were essential stagnant followed by a 1% drop in FY 2005. Between FY 2003-04 and FY 2004-05 there was a drop of 3, 951 undergraduate credit hours coupled with an increase of 2,851 graduate credit hours (65%).
2. **Reallocation Funds** of \$200,000 dollars were received in FY 2005-06, these were utilized to partially fund a grants officer (\$45,000), cover faculty costs of the Public Scholars Program (\$100,000); some renovation, departmental supply and expenses and scholarships for students.
3. **Net Operating Budget Situation** is positive for 2004-2005 with a positive outcome of \$778,486. The SLA is increasingly dependent on student fee income. In FY 2004-2005 student fee income provided 75% of the SLA Budget; in FY 2005-2006 the SLA budget expected over 79% of the school income would be provided by student fee income. The gap between state allocation dollars (17.9% of income) and campus assessment (32% of expenses) in FY2005-2006 should be noted. It should be mentioned that \$20,000 (10%) of the reallocation funds received by SLA in FY 2005-2006 were used to support supplies and expenses for the departments.
4. **Reserve Fund Situation** is positive in SLA. The school was able to meet 98% of the Reserve Fund requirement in FY 2004-2005 and was able to meet 100% of the 3% Reserve Fund requirement in FY 2005-2006.
5. **Financial Trends, Planning and Restructuring** occurring with in the SLA is allowing the school to stay within its current budget. To control costs, the SLA held department budgets flat for the last three years, limited authorizations to replace retiring faculty members, limited the amount paid for summer teaching for full time faculty members and required that all summer courses have a minimum of 15 students. The faculty Resources and Planning Committee that meets regularly with the Dean and Assistant Dean for Finance and Administration provided in put along with the department chairs and program directors in meeting budget constraints.
6. **Campus Coordination and Cooperation** is evidenced through the joint effort of the SLA and the School of Education in their combined support of the Center on Economic Education. SLA is working with the Schools of Nursing, Law and University College in various joint projects.

Summary: The School of Liberal Arts is in a precarious financial position. Flat lined student enrollments coupled with an increased dependency on student fee income does not bode well for the future. The SLA is attempting to increase extramural funding (ICR) which at present represents only 2.6% of the FY2005-2006 budget. The SLA recently hired a grants officer to assist with this effort. Strategies to reduce costs were implemented in the SLA. These include flat-lined budgets and hiring deferments. Additional cost savings will likely require significant changes within the school.

Library and Information Sciences

The School of Library and Information Sciences (SLIS) presented an optimistic picture of its fiscal situation. The SLIS program has grown from three tenure-track faculty members in 2003-04 (six including lecturers and visiting) to six tenure-track faculty members (eleven including lecturers and visiting) in 2005-06. Likewise, student enrollments have increased greatly as indicated by the fact that SLIS granted 67 Master of Library Science (MLS) degrees in 2000-01 and 119 MLS degrees in 2004-05 (a more than 75% increase). Much of the increase in enrollments is attributed to the adjustment of course scheduling to include more evening and week-end classes, increased use of distance education, and the development of dual MLS degrees with Law, Philanthropic Studies, History, and SPEA (a joint certification program). Additionally, plans are being made to add dual degrees with Medical Informatics and Museum Studies.

Enrollments for the MLS degree are expected to continue growing in the next several years. SLIS reports an increase in inquires from out-of state prospective graduate students interested in distance education programs and minority student enrollment has been increasing (from 2% in 2001 to 6% currently). Additionally, a third of the librarians in the state are expected to retire in the next three years, new library positions are being added, and a growing number of prospective students see library science as an avenue for a second career.

Fiscal Health: SLIS appears to be in solid financial shape. For 2005-06, a balanced budget of just under \$1.4 million was reported. The Trustees 3% shortfall reserve requirement was met with \$41,381. The fund balance going into 2005-06 was \$612,385.

The unit's internal process of budget decision and planning: Since July 2001, the Indianapolis program has operated independent of the Bloomington program and has been responsible for its own budget. SLIS does not report having a specific unit budgetary committee; however, faculty are involved in discussions concerning such items as annual salary raises, travel and conference allocations, research support, graduate assistantship support, and expenses for maintaining computer technology.

Financial trends, planning and restructuring: Given the trend of increasing enrollments, SLIS does not anticipate the need to eliminate programs or personnel in the near future. Any decline in revenue would be handled by reducing the amount of dollars used for graduate assistantships or possibly by reducing the number of adjunct faculty. Enrollments are expected to continue increasing in the next few years due to the efforts put into developing distance education courses

and the development of joint degrees with other programs. A total of 5,031 credit hours were reported for 2004-05 with a goal of 7,000 credit hours by 2008.

Campus coordination and cooperation: Representatives from SLIS have served on campus committees to help address issues related to course duplication and conflicts. It was noted that cooperative relationships already exist with other campus units, such as their technology consortium with Education, Physical Education/Tourism, and Social Work and the sharing of funding for graduate assistants with the University Library. Additionally, SLIS contracts with SPEA's HelpNet service to maintain their Website and computer systems. SLIS reports no conflicts concerning courses, certificates, or degree offerings.

Doubling goals: As noted above, SLIS has increased the number of MLS degrees granted by over 75% since 2001. While further increases may be more modest, SLIS expects to grant twice the number of MLS degrees in 2008 as it did in 2001 (67 degrees). This increase is expected to come from innovative scheduling of classes, increased use of distance education, and the development of joint degrees.

SLIS has been active in research grants totaling nearly \$2 million since 2001. With the increase in tenure-track faculty, it is likely that SLIS will apply for nearly \$4 million dollars in grant funding by 2008.

SLIS reports plans to further define and enrich the School's civic engagement over the coming three years. They have engaged area library leaders in providing a series of lecture events on literacy, have provided leadership to the professional library associations in the state, and plan future activities that may lead to revision of core curriculum and greater awareness of civic engagement opportunities.

Medicine

The IU School of Medicine's fiscal status has not changed dramatically from last year. According to the Dean it is still precarious. This is based primarily on a flat or declining income from the state. As the largest fiscal unit on the campus it has an annual total budget of about \$830 million. Of this amount approximately 10% comes from the state, 4% comes from tuition, 34% is from clinical income, the rest of the income is from grants (including indirect costs), royalties, and gifts. The Dean's conclusion is that even large increases in tuition (either through increased enrollment or higher fees) will not significantly impact the "bottom line". To meet the ever increasing costs there are three avenues for significant income growth. These are in research, royalties, and gifts.

The Dean has instituted the 3-D approach to management and accountability. This Data Driven Decision approach is mission based. Among its chief goals is to account for faculty time/costs based primarily on the teaching and research mission of the school. There are 61 departments and centers in the school, each of which files a comprehensive annual report with full faculty input. These reports will form the basis of resource allocation and the process is aimed at full transparency. The school made several adjustments in costs during the past year due to a decline in indirect cost recovery (\$700,000) and an increase in the university assessments (\$1.7 million). This has resulted in a \$6.5 million total in budget cuts and reallocations. Many of these cuts were made in the Dean's Office, and included cutting 22 current positions and 11 vacant positions. One element of these

cost reductions is to look at the campus community for more support in areas where duplication had occurred, e.g. faculty development office. The added emphasis of the campus' life science mission should provide numerous collaborative opportunities for almost every unit on campus. For the upcoming year another \$4.1 million in cost reduction is anticipated.

In order to grow the research income of the school and in keeping with the Chancellor's "doubling" goals the need to build more research space is critical. The Dean has outlined several key recruitments in areas such as diabetes and neuro-imaging for targeted growth. While maintaining ambitious growth plans in a time of reduced income the school has a great challenge in achieving its goals. The academic/teaching mission has been improving in both quantitative measures(test scores) and from student satisfaction surveys. It appears that this core mission is relatively protected from large budget cuts. However, the research mission, as an engine of growth, seems to have several potential obstacles. Most of the growth is predicated on the increase in space, but with declining NIH income and the apparent continued decline in the NIH budget it is difficult to see how this growth in space can be achieved. The philosophy seems to be "build it and they will come" yet it is not clear which income stream will support the full faculty salaries of those who will work in the new space. This is not addressed by the Dean.

The School of Medicine has a number of financial challenges. The Dean has developed a transparent 3-D approach to resource management which appears to have included a wide range of faculty/department inputs. Significant cuts in existing administrative budgets while developing a plan for significant research growth is ambitious. One may be concerned that expectations of faculty output may become difficult to meet and that new faculty hired to meet the growth in research will be in less secure "soft money" positions. Both will lead to greater anxiety among the faculty and may in fact become a counterproductive strategy especially as the national funding picture remains bleak.

Music

In Progress

Nursing

The unit's internal process of budget decision and planning: A tenure faculty group forms a budgetary affairs committee, which provides specific guidance on prioritizing school related initiatives. This committee also handles the merit review process. In addition, 98 faculty and an outside consultant participated in strategic planning for developing new initiatives within the school, This committee handles the merit review process, and guides strategic hiring of new faculty.

Financial trends, planning and restructuring: Overall, the unit appears to have a very positive outlook, and has put in place efforts to increase revenue through increases in online course offerings, expansion of graduate level programs, and support for external grant development and philanthropy. A budgetary shortfall this and next year will be met with reserves and revenue from new planning. Efforts to improve faculty satisfaction and productivity have been described and can be anticipated to positively affect the overall health of the unit. Faculty input on these matters has led to the progress reported in section D. Innovative approaches for improving fiscal health of the

unit primarily focuses around its teaching mission, expanding course offerings, expanding degree programs, seeking scholarship support from external sources and improving externally funded research support. Web-based course offerings appear to provide the primary means of improving efficiency and achieving the mission of the unit while reducing costs. In addition, extensive community involvement efforts provide visibility and could enhance recruitment and retention of students through practice, educational, and service efforts. There is a clear need to increase the number of faculty in order to improve course offerings and quality of service, and to improve the societal commitment of the school. Forecasts related to improving the relationship of the school and its graduates to the community are being prepared by outside consultants. One of the biggest single challenges facing the administration is enabling faculty to develop a “big-picture” mentality instead of maintaining a single focus which leads to independent “silo’s” within the school.

Campus coordination and cooperation: The report did not describe any effort to address who provides the basic course offerings required of BSN students. However, there appears to be some degree of duplication between IUSOM and SRR with respect to potential clinically related course offerings. Patient safety curriculum overlaps with that taught by the school of medicine, Butler, and Pharmacy School (assume Purdue – not clear from the report). The SoN has simulation lab space for teaching procedures and data assessment, but little space to expand these facilities. Cancer related research being done by some investigators overlaps with IUCC interests, and space in the IUCC could free space for research/teaching in the SoN. There is also a need to improve Spanish language skills for the students. This will require at least 2 years of training for non-Spanish speaking students. Better coordination of the needs of the SoN and the available course offerings of the Schools mentioned could improve the efficiency and reduce some of the costs associated with training their students.

Doubling goals: The reports primary focus was on Teaching and Learning, and described in considerable detail the plans and accomplishments of the unit. During the presentation the administration indicated that it did not have any information on retention rates for its students. In addition, enrollment across specialties was uneven. The school offers the only Ph.D in nursing in the state. Students are usually lost after the qualifying courses, and to a lesser degree during their research. Grants are being submitted to provide full-time support for their studies. With respect to recruitment of BSN students, the school is making considerable effort to recruit a diverse student population including minority women students and men. These efforts are being made beginning at the middle school and high school levels. Expansion of this effort is made by attendance at events such as the Diversity Research Scholars Program, the Hispanic Festival, Indiana Black Expo, and in discussions with local high schools, churches and Recruitment is intended to attract a student body that is reflective of the population of Indiana. Programs are in place to support student performance early in their training, and throughout their entire education through the doctoral level. Efforts to increase student headcount to capacity were described, and include the development and presentation of distance learning courses on line. Evidence for progress in the form of student enrollment from the BSN through PhD level was presented as well as the dramatic increase in teaching hours from 18,025 in 00-01 to 23,654 in 04-05; down approximately 3,000 hours from 03-04, 1,300 hours from 02-03 and 1,100 hours from 01-02. The development of a PhD option for training of nursing educators is planned. Efforts to increase student and faculty satisfaction by providing new opportunities for faculty development were described. Planned activities include the establishment of a Learning Environment committee within the Dean’s council in conjunction with faculty governance.

The school of nursing has made a considerable effort and progress toward supporting and enhancing scholarly teaching: by becoming a Center of Excellence in Scholarly Teaching. These efforts are directed in part at becoming a destination school, by involving presentation of 12 on-line courses, marketing of teaching programs nationally through partnerships, a national benchmarking project, and expansion of the focus of the PhD program to scholarship of teaching and learning. Evidence of progress was presented with respect to the presentation of scholarly papers at the NLN education summit, as well as the number of awards for excellence in teaching. Efforts to develop the infrastructure supporting scholarly teaching were described. These primarily include space and equipment/software enhancements designed to improve the learning experience and efforts toward teaching. Toward this end, a visit to the Cerner Corporation and Kansas University Medical Center School of Nursing is planned for 05-06, and Clarian Health has committed \$3 million for a new learning laboratory. Efforts at increasing access through distance learning and expansion in areas of study have been made. Over the last 3 years there has been a considerable increase in the number of students using the web based offerings. Progress in honoring teaching excellence was also made and the school has made a considerable effort to nominate faculty for campus, School, and national teaching awards, which average between 12 and 15 over the last 3 years. The school has also made progress in rewarding teaching excellence using increase pay for meritorious doctorally prepared faculty, and supporting faculty development through providing start-up packages, pilot funds, faculty development days. Evidence of progress included an increase in the number of nurses attending conferences and online courses through the office of lifelong learning. Development of a Capstone BSN experience to improve undergraduate learning and persistence was undertaken. Progress as measured by a numerical score for both students and preceptors appeared to be flat over the last 3 years. Efforts to improve undergraduate retention were also described and involved early warning system and workshops to increase coping and improve test taking, and the planning of multiple empowerment session for 04-05 – which should have been completed by now (page 6). Efforts to improve NCLEX scores are being made through discussion of the examination with students and the availability of practice examinations. Progress has been measured as a slight increase in test scores from 78.4% in '02-03 to 93.55% in '04-05. The School is making efforts to provide increased scholarship support of approximately \$100,000 over the support provided in 00-01 for undergraduate training; which is down approximately \$63,000 from 03-04? Scholarship support for graduate education using training grant mechanisms is ongoing, however there has been a decrease in scholarship support for these students reported in 03-04. Efforts are also being made with respect to achieving top 10 status, by improving marketing of curriculum innovations and re-examination of the MSN and Ph.D. curriculum to insure best-practices. The school is ranked 15th overall, and 4th in adult health, 5th in psychiatric mental health, and 7th in nursing administration by US News and World Report (03). Students are encouraged to apply for external prizes and honors. Evidence of progress was reported for two doctoral level students who were featured in either publications on Research Activities or at annual meetings. Success was also measured in the note that all Pediatric Nurse Practitioner graduates passed certification in 02-03, and all family Nurse Practitioner and Acute Care Nurse Practitioner graduates passed certification since 02-03.

With respect to research and scholarship the school has made progress in defining areas of excellence. The unit has partnered with University of Iowa's Hartford-funded Center in Geriatric Nursing, and plans on partnering with Iowa, Michigan and Wisconsin-Madison in Nursing and Clinical Informatics. Evidence of progress was provided in the form of being or having NIH funded Centers, and receiving NIH ranking in areas of excellence such as enhancing quality of life in chronic illness and behavioral cooperative oncology placing the school in the top 15 (at times in the top 10) of public universities. Efforts to continue to build a strong and diverse research faculty are

ongoing, and include recruitment of a well-funded senior investigator for the Cullipher chair and McBride Professorship. An extensive listing of awards received by the faculty was provided as evidence for progress in this area. Increases in scholarly productivity and external funding were also noted with external funding through grants and contracts. Funding appears to have increased slightly from \$6-10 million in external support over the last several years, with a slight decrease in NIH funding over this period. Both large and small grant submission to the NCI and NIH have increased, and Indirect Cost Recovery is being shared with investigators. There has been little interest in the research scientist tracks. External support for expansion, fellowship and endowed faculty positions is being undertaken. Two endowed professorships reside within or are being recruited to the school. A goal of 10% of the faculty to hold endowed chairs is intended by the school, and increased support for graduate fellows is being undertaken or is active currently. Among the challenges is the lack of space for expansion, the need for additional faculty to relieve the heavy teaching load – particularly with clinical aspects of the training provided, a lack of experience in grant writing, and the fact that research faculty are expensive in that their efforts take from the clinically focused faculty needed for the BSN and MSN programs. The administration would prefer that most faculty members, being considered for tenure, go up on the Research or Teaching categories. However, most are considered under the “Service” category.

With respect to civic engagement, efforts to reward and honor faculty are on-going. Faculty have been nominated for service awards for community service and with the WHO healthy cities program. A long list of awards and recognitions for service was provided, and included individual awards, nomination to national, state, and local service committees, merit pay increases for up to 62% of the faculty. Efforts to expand community activities and Partnerships are ongoing. These efforts include fund-raiser events for the Shalom Health Care Center and Community Partnerships and an activity for Critical Care and Perioperative initiatives is planned for 05-06. A long list of individual initiatives including the MOM project was provided as evidence of progress in this area. The MOM project provides prenatal care, wellness screenings, and well-child care. In addition, a variety of community training events were provided by faculty at the school through outreach projects.

Efforts to double diversity within the faculty include recruitment efforts through the National Black Nursing Association, as well as using internal Ph.D. students as potential future faculty. This attempt at diversity clearly extends to the student body as well, as the school considers on average 400-500 students with GPA's in the 3.6-3.8 range. This range is primarily filled by white middle class students, and not a substantial number of minority students. One potential course of action is to reduce the GPA requirement for specific groups such as older students, or students indicating an interest in filling specific under-served specialties.

With respect to the fiscal crisis, the school has reduced part-time faculty by 10%, while increasing teaching hours to replace the lost teachers. As noted, new hiring is strategic and follows succession planning initiatives guided by their budgetary affairs committee. A major concern limiting growth is the effective loss of 24 FTE's since 1992 while teaching the same number of students. This shortage of faculty and increase in teaching time/faculty member reduces civic engagement and research efforts. Efforts are being made to develop support from alumni, and specific support is being sought from Clarian Health Partners for training nurse practioners – based on the application of nurse practioners to fill-in for physicians. Tuition is being based on a market driven scale. However, salaries for faculty are 77% below the AACN mean, and the school needs a minimum of \$150,000 a year for 3 years (\$450,000) to achieve the mean salary for Nursing school faculty

nationally. Typically, once researchers achieve their first RO1, they leave for better paying jobs at other universities.

Physical Education and Tourism Management

The School appears to be in good financial shape. The fund balance is substantial and the trustee's reserve fund is more than double the required amount. Credit hours were up 16.6 percent during Fall 2005 and have increased over each of the past three years. The only note of concern is that the School experienced a budget shortfall in the 2004-05 fiscal year (after three years of surpluses). The primary sources of income for the School are student fees and the state appropriation, with a very small proportion coming from external grants and contracts. The Dean noted that since enrollments may be leveling off and no substantial increase in the state appropriation can be anticipated in the near future, they are trying to increase funding from external sources. One avenue toward this goal is to allow released time to faculty to prepare grant proposals.

Student retention rates for the School are very high. This was attributed to a faculty advising program they call "help us help you graduate." Of course, high retention rates are admirable, but more directly for this committee they serve to stabilize the income flow.

It was noted that faculty morale in the School is low. The Dean attributed this to low salary levels. The School has a goal of increasing salaries to the 60th percentile (above the average) of similar faculty in peer institutions, but it was indicated that budget guidelines generally have restricted movement toward that goal. It was suggested that the Supplemental Salary Policy could be used to increase salaries.

Public and Environmental Affairs (SPEA)

Over the past three academic years SPEA has moved from a position of being in the red or barely breaking even to a position of positive cash flow with a fund balance of approximately \$600,000, which is roughly four times the required reserve. Despite legislative cuts and increases in assessments that will reduce cash available in 2005-2006 by approximately \$250,000, SPEA is guardedly optimistic that they can maintain a solid fiscal position. Credit hours in Fall 2005 were up ~9% over a year ago and the increase will generate sufficient revenues to offset the 25-30% reduction in support for the academic year. SPEA is working to increase credit hours in Spring 2006, and are seeking additional external grants to increase indirect cost recovery dollars to the school. They believe that their reserves provide a cushion for two years during which time they can implement changes to overcome current and anticipated reductions in state support.

SPEA is refining strategic plans to increase both enrollment and external funding which will involve prioritizing the following areas: 1) public and nonprofit management, 2) healthcare administration, and 3) criminal justice and public safety. SPEA is revising and updating curriculum in both the undergraduate and graduate degree programs in these areas and intensifying marketing efforts via the web. They are also building infrastructure to support research and professional service projects in each of the above-mentioned areas. If further cutbacks are required they will convene their budgetary committee and discuss options, however cuts of existing programs are not foreseen.

SPEA is working to address the doubling goals through many initiatives. Notable activities include increasing enrollment in Criminal Justice and Public Safety from 350 to 500 via the new Public Safety Management Major, increasing FTE students in the Masters of Health Administration from 15 to 25 per year, increasing research grants, improving civic engagement activities via service learning and internships, and creating new long-term relationships with state agencies to bolster their data management and research capacities.

Summary: All in all SPEA has implemented effective strategies for dealing with their financial difficulties of the past and appear to have successfully returned back to a position of positive cash flow. SPEA administrators were commended for their successes regarding the financial stability of their unit.

Science

Prior to FY 2004-2005, the SOS relied heavily on salary savings from unfilled lines to cover its operations. In FY 2004-2005 and again in FY 2005-2006, the SOS substantially increased the number of faculty members. The salaries of the new hires, plus commitments for labs and other funds have increased the cost structure of the SOS. On top of its increased internal costs the SOS is facing the same increase in assessments and reduction in State of Indiana support as the other IUPUI schools.

Because of increased costs and no assurance of increased revenues, such as through tuition from either higher credit hours or for higher rates per credit hour or through higher indirect cost recovery, we believe that the SOS is facing a difficult long-term financial situation. These difficulties were clear this fiscal year. To cover a projected shortfall of approximately \$0.5M on a base of approximately \$22M, the SOS has to reduce departmental budget allocations midyear.

The projected budget allocations for operations (everything but faculty and staff salaries) for SOS departments for FY 2006-2007 are roughly 50% of the FY 2005-2006 allocation. These projected cuts in operating budgets are relative to what is already a tight operating budget for SOS departments in FY 2005-2006. Also, it is not clear that the SOS will be able to fulfill the commitments it made to recent hires for start-up labs. We believe the projected cuts in operating budgets for next year are not feasible. If these cuts were made the tuition revenue of the SOS would be sharply reduced because of the loss of adjunct instructors.

The budget situation in the SOS raises questions about the budget making process within the school. A school's budgetary process is supposed to open, and subject to consultation with a School's department chairs and its budgetary advisory committee. We do not have first-hand information about the process within the SOS. However, we do have first-hand information about how the SOS shared its budgetary information with the IUPUI Budgetary Affairs Committee. The SOS provided no information to the IUPUI Budgetary Affairs Committee in 2004-2006. For FY 2005-2006 the required information for the school's budget hearing was placed on a website the morning of its budget hearing. At that hearing Dean Cowen promised to improve the budget making process within the SOS. Our view is that promise has not been kept.

Social Work

The School of Social Work is a system wide school with programs on 6 campuses. IUPUI, IUB and IUFW operate on the same budget. The school's fiscal picture for the last 5 years demonstrated good budget management with small deficits or surpluses in most years. The 2004-05 budget year was an exception with a net operating loss of \$211,000. This was attributed to the loss at the end of the year of \$321,000 in budgeted income from the IUB program. These monies were retained unilaterally by IUB financial officers even though the School had made significant cash expenditures to critical repair and renovation of the IUB facilities. A budget surplus of \$215,000 is anticipated for 05-06 as a result of careful fiscal management of both expenditures and income.

Social Work has no faculty BAC. The budget is prepared collaboratively by the Dean, the Director of Fiscal Affairs and the Department/Program Chairs. Faculty input is assumed to occur at the department, program level. The budget is shared with both faculty and staff for review and comment.

Enrollments have grown steadily over the past 5 years with most increase coming in the MSW graduate program. Retention rates are very good ranging around 90+%. Degrees granted at the BSW level increased from 39 to 51 in the last 2 years.

Social Work has aggressively encouraged faculty involvement in research with a cash incentive program for submitting proposals. Results have been mixed. Expansion of the Title IV-E child welfare project is projected to provide \$10 million/year in contract income from the State of Indiana.

The School was recently reaccredited for the next 8 years and was one of only 2 schools to be allowed to submit a special project based on educational assessment rather than the traditional self-study.

The school is facing the future by concentrating on areas of strength and growing where income from the growth will advantage the school. At the same time expenses are carefully monitored. They have achieved significant growth without hiring full-time faculty, relying on Associate Faculty and PhD students to help meet instructional needs.

University College

University College lists 85 faculty members from different schools or academic support units as directly participating in the broad activities of University College. This indicates campus wide support and involvement in the goals and philosophies underpinning the University College. A financial concern for University College is finding alternate sources of base money to cover the costs of 2.5 FTE advisors currently funded through the Perkins Grant, which will be ending this year. A committed academic advisor program for students in the University College is a major strength for the college; however, they are facing a 456:1 student/advisor ratio. This is an unacceptable number given the numerous personal, financial and academic challenges facing many University College students. Advisors are not only important to new students, but may significantly affect student

retention. Retention is another goal of the University College. The University College Faculty Planning and Budgetary Affairs Committee have requested a \$35/semester fee for students enrolled in University College to support advising activities for the College.

Another challenge has been the loss of trained advisors to other departments where salary ranges are higher. The college is developing a career ladder system to encourage professional development and staff retention. The college is also prioritizing the implementation of a document imaging system to maintain all advising notes, and instituting an e-mail advising service to better meet the needs of the students.

It appears that University College has accomplished much with the funding available to them. They seek to increase the number of Honors Program and Bepko Scholars Program participants in the next year, develop a peer leaders program, and to partner with large employers in the community to support students with salary money while attending school. Additional initiatives include partnering with Ivy Tech and others are being developed.

REPORTS ON SUPPORT UNITS

Academic Affairs

In Progress

Research and Sponsor Programs (RSP)

Research and Sponsored Projects was formerly part of the Academic Unit including the IUPUI Graduate School. Separation of these 2 programs has created a new service unit to manage research and sponsored programs. Since this unit is new, there is no real track record of past fiscal history and in fact much of the first 6 months Dr. Froehlich has been in this position have been spent trying to clarify the budget and budget process for the unit.

An allocation of \$800,000 was received from Research and sponsored projects (McRobbie's Office) in March 2005 to improve the grant management portion of the IUPUI Office. \$462,000 was base with one-time cash of \$336,000 which must be budgeted by IUPUI for FY 2007. Since 1.5% of indirect costs generated at IUPUI go to University Research and Sponsored Projects administration the base portion can be viewed as a partial return of monies generated at IUPUI. Grant processing has significantly improved and this aspect is under joint management with Steve Martin from IUB. Work is also underway to attempt reassess the relationship between IU and the State of Indiana with regard to State sponsored research and contracts and the allowable overhead which can be charged. Administrative review and reorganization of the IU President's Office will likely significantly impact RSP and the division of responsibilities between campus and university offices.

Operation of RSP is funded by a base allocation from the campus (taxes on academic units) which has remained relatively static. Research development is largely funded from a portion of the indirect cost recovery from sponsored grants and contracts. It is only the latter source of income that provides any flexibility in allocations to meet campus or system priorities. Virtually all of the research development money is currently assigned by either long terms agreements with specific

units, such as the School of Medicine, and a traditional allocation to Deans of the various schools at IUPUI. These decisions were made on the most part unilaterally by former administrators without faculty consultation.

Meeting the Chancellors goal of doubling research will require a significant infusion of new funds to RSP. This could occur through an increase in the percentage of indirect costs returned to the campus, a redistribution of campus funds or acquisition of new external funding sources. Vice-chancellor Froehlich plans to involve faculty and the schools in making any new decision about distribution of resources.

Interim Vice-Chancellor for Research, Dr. Janice Froehlich, should be highly commended for the work she has already done in organizing RSP and seeking consultation on future directions of this very important service organization.

Student Life and Diversity

The unit's internal process of budget decision and planning: The unit has created an external funding and grant committee, which will seek new sources of revenue.

Financial trends, planning and restructuring: Various SLD services are funded via a variety of sources. SLD has experienced flat total income of \$2.4 million since 2001-02, thus experiencing decreased real income, while the number of students participating in Adaptive Educational Services and in other programs has increased substantially. For 2006-07, the unit has reviewed and downgraded some positions to reduce costs. Over the last several years, SLD appears to have successfully stretched its existing resources through means such as collaborations with other units. It is unclear if efficiencies can continue to be found without risking the success of portions of its mission. The unit has successfully attained the 3% reserve requirement. It plans to conduct monthly reviews to help ensure that its year-end budget is balanced. SLD reports that the occupancy rate in the campus student apartments was 71% in Spring 2005 and increased to 92% in Fall 2005.

Campus coordination and cooperation: SLD staff already collaborate with other units to efficiently provide services. For example, it collaborates with University College, in providing student orientation and advising, and in the development of the thematic learning communities and residential based learning communities programs.

Doubling goals: SLD is actively involved in numerous projects appropriate to meeting the doubling goals and is seeking ways to assess the impact of these efforts. Campus & Community Life (CCL) staff contributed to New Student Orientation, to the training of first seminar student mentors, and made 50 classroom presentations in first-year seminar courses. CCL now recognizes 160 campus student organizations, an increase of 20% in the last two years. This suggests increased interest by students in on-campus activities, as well as increased opportunities for involvement. SLD reports that over 50% of students who have used Counseling and Psychological Services (CAPS) clinical services have graduated within 6 years.

Summary: SLD provides on-campus employment for students, pairing students with professional staff mentors, in order to improve the effectiveness of student workers, to make their experience

more meaningful, and to enhance employee retention. Opportunities for student employment increased as the campus student apartment facilities were occupied. Additional student hiring is expected as of Fall 2007 when the Campus Center opens. An annual review of the student employee retention rate will be conducted to provide an indicator of the success of SLD's training and mentoring efforts.

University Library

In Progress

University Information Technology Services (UITS)

In the budget meetings, UITS was represented by Garland C. Elmore, Associate Vice President and Dean, and Laurie G. Antolovic, Chief Financial Officer.

Key Budget Issues: with UITS are

- the overall value to users it provides per dollar of assessment revenue
- the value to cost ratio of specific services

Dean Elmore presented several reports that dealt with the cost and quality of services. Using 2003-04 data, UITS used activity-based costing to cost out each one of its services, and it provided user satisfaction data for each service. Satisfaction measures are built into the discussions with each UITS program manager.

We were impressed with the breadth and depth of statistics UITS keeps related to users ratings of each service. UITS has a very good handle on which services are used, how much of each service is used, and how end-users rate their services.

Cost/Value of Services: Dean Elmore noted that costs to the campus are reduced dramatically by Partnerships with Dell (computers) and Microsoft and other vendors (software). When asked to identify a service that has a low-value, high-cost relationship, Dean Elmore singled out the delivery of equipment to classrooms because of the enormous cost of the staff required to deliver equipment to classrooms all over campus during fifteen minute windows (going down to ten minutes this Fall on MW). He noted that it would probably be cheaper to give all faculty members a notebook and a portable projector if they use computer displays in classrooms that do not have a permanent set-up.

The issue of the costs of setting up computer labs all over campus was discussed. Also, the opportunity cost of the lab space (foregone credit hour income at times when every classroom is used) was discussed as another poor value to cost service. Dean Elmore agreed that if everyone on campus had a laptop, then using laptops and wifi connections could free up dedicated computer lab space and reduce the fixed costs because fewer dedicated computer labs would be needed.

Oncourse CL: Dean Elmore spent a lot of time in the budget hearing discussing Oncourse. He explained that the cost of a license for a commercial product for course administration was prohibitive at the scale of the IU system and that the original Oncourse could not be modernized to handle the traffic the system generates. The construction of Oncourse CL, in conjunction with the Sakai Partnership, has been a difficult, time consuming event. The roll-out was also one that did not proceed as smoothly as hoped. During 2005-06, UITTS has supported both original Oncourse and Oncourse CL. The full migration to Oncourse CL should occur by fall 2006. The consortium product is successful in that a large number of universities are using it.

Other IT Projects: The UITTS Budget and Planning Report contained information about the major IT projects scheduled for 2005-06.

Planning for Any Budget Reductions: In a response to the question of how UITTS might reduce its budget if forced to do so, Dean Elmore indicated that the extensive cost and user satisfaction data would allow managers to determine where to best reduce costs. No specific examples were given. However, UITTS has gone through some internal planning exercises regarding what would happen if the budget were reduced by a certain percentage; e.g., 10%. Also, UITTS is going through a zero-based budget exercise during the current 2005-06 year.

Review of Financial Condition: As a support unit, most of the UITTS budget comes from Assessments. The 2005-06 budget and 2004-05 actual income and expenses are shown below.

	Actual	Budget	Percent	
	2004-05	2005-06	2004-05	2005-06
Income				
Student Fees	632,000	632,000	5.8%	6.1%
Other Revenue	53,263	26,093	0.5%	0.3%
	685,263	658,093	6.3%	6.4%
Assessments	10,274,767	9,696,575	93.7%	93.6%
Total Income	<u>10,960,030</u>	<u>10,354,668</u>	<u>100.0%</u>	<u>100.0%</u>
Expenses				
Compensation	7,917,002	8,189,691	72.2%	79.1%
Financial Aid	931	0	0.0%	0.0%
General S&E	2,641,978	2,220,874	24.1%	21.4%
Travel	117,731	169,391	1.1%	1.6%
Capital	1,345,080	1,527,939	12.3%	14.8%
Transfers (1)	(1,483,113)	(1,753,227)	-13.5%	-16.9%
Total Expense	<u>10,539,609</u>	<u>10,354,668</u>	<u>96.2%</u>	<u>100.0%</u>
Net Operating	<u>420,421</u>	<u>0</u>	<u>3.8%</u>	
			<u>100.0%</u>	
(1) Transfers				
Transfer in from university general fund		\$1.4 m		
Transfer out for university tax		(0.5) m		
Transfer in from auxiliary accounts		0.8 m		
Total		<u>\$1.7 m</u>		

The 2005-06 total income budget is \$605,362 below 2004-05 actual.

Income

- ***Assessments*** represent 93.7% and 93.6% of total income in 2004-05 and 2005-06, respectively.
- ***Student fees*** were budgeted in 2005-06 at the 2004-05 actual. The amount, \$632,000, represents a slightly higher percentage of total revenues because budgeted income fell slightly from 2004-05 actual.

Expenses

- ***Compensation*** comprises most of the expenses (72.2% and 79.1%, respectively), and it is up \$272,689 (up 3.44%) over 2004-05 actual.
- ***S&E*** accounts for 24.1% and 21.4% of 2004-05 and 2005-06 budgeted expenses, respectively; and is down \$421,104 over 2004-05.
- ***Capital expenditures*** are up \$182,859, from 12.3% in 2004-05 to 14.8% in 2005-06.
- ***Transfers*** (contra expense) are up \$270,114. Transfers represent transfers in from the general fund to fund IUPUI campus specific strategic plan, transfers out for university tax, and transfers in from auxiliary accounts.

At year-end, 2004-05, UITTS has a General-Fund fund balance of \$1,790,697 and a Non-General-Fund fund balance of \$8,566,920, of which \$6,775,200 (79%) is an auxiliary fund. The auxiliary fund belongs to the Telecom Divisions, which provides services to IUPUI and Clarian hospitals. UITTS maintains the mandated 0.3% Reserve for Income Shortfall.