

# **Minutes, Faculty Council Budgetary Affairs Committee**

## **Friday, February 8, 2008**

Members present: Rachel Applegate, Simon Atkinson, Trudy Banta, Ed Berbari, Ben Boukai, Richard Gregory, Randall Halverson, Camy Harrison, Robert Hickey, Karen Johnson, Steven Mannheimer, Keith Morran, Jacquelynn O'Palka, Fred Rees, Reed Smith

### **Documents provided:**

- 8-page document dated June 18, 2007: INDIANA UNIVERSITY COMMITMENT TO EXCELLENCE ALLOCATIONS for IUPUI and Regional Campuses of IU 2003-08
- PowerPoint printout dated December 6, 2007: Commitment to Excellence IU Bloomington; IU Board of Trustees Meeting
- Table dated 10/17/2007: FY 2006-07 Hold Harmless Three Driver Model (shows driver input values by School and percent of the campus appropriations paid by School in FY05-06 and FY06-07)
- State Appropriations and Assessments: 7/1 Budget (Total annual appropriations and cost allocations for academic units, and appropriations for support RCs, FY 2001-02 through FY2007-08)
- Bar graph, differentiating campus revenue sources: indirect cost recovery, tuition and fees, and total state appropriations for FY 2002-03 through FY 2007-09; total appropriations for each year are subdivided to show the relationship with total assessment costs

### **1. Approval of Minutes of the November Meeting**

Chair Boukai opened the meeting. Draft minutes for the November 16, 2007 meeting were reviewed and approved.

### **2. Update on Campus Budget -- Camy Harrison, Director of Campus Budget and Financial Operations**

Incremental student fees can be increased during this "off-year" of the two-year legislative budgeting cycle. So far, it is not clear what the impact will be of the policy change regarding wash-outs. No increase is seen in "18/20" costs. The salary policy is expected to be similar to last year, in which faculty increases were mandated by the Trustees to be greater than or equal to staff increases.

The campus is starting to plan capital requests for the next biennial budget. These are submitted by each campus as of May/June to the Board of Trustees to resolve IU's priorities. Renovations are the higher campus priority. Committee members noted that the university "master plan" addresses land and building commitments on the Indianapolis and Bloomington campuses. The "capital plan" addresses academic needs.

Campus departments and Responsibility Centers (RCs) will be submitted by the first week of April. For '08/'09, the three-driver RCM (Responsibility Centered Management) model, introduced in 1986, will continue to be used. Assessment costs vary considerably from year to year, although driver values are relatively stable for units. Nationally and within the state, there is a trend of gradually decreasing state support as a percentage of overall budgets. By FY2007-08, campus assessment costs (the support by academic units of the rest of the campus) accounted for 69% of the state appropriation.

Since medicine predominates in campus financial calculations, there have been proposals that it be considered separately. Two lines were submitted when the funding request went to the legislature last year – health and general academic. There are pros and cons for “pulling out” medicine for separate legislative consideration. When these budget areas are combined, the campus shows the highest level of appropriation per undergraduate student in the state.

The Enrollment Change fund is the only funding from the state which reflects the undergraduate student count. (A research account was created by the legislature to give some additional funds to IUPUI to reflect its research activity.)

### **3. The CTE Funding – a discussion item**

Background regarding Commitment to Excellence (CTE) fees and their use on each campus:

- In 2002, the Trustees approved CTE student fees of \$800 per student at IUPUI and \$1000 per student at IUB. These fees have continued to be collected each year by the “Central Administration” through higher tuition rates, with increases matching inflation. Until now, separate accounting records have been kept for these funds, but this is expected to be discontinued.
- IU President McRobbie is the first president to indicate that IUPUI and IUB are on an “equal footing”. Executive V.C. Sukhatme has proposed that the \$200 difference in CTE fees between the two campuses be eliminated via a \$200 “catch-up” tuition increment added at IUPUI to provide additional base funding of new projects. These funds would not be designed as CTE.

Committee discussion: As a result of the Trustees’ cap on total increases in tuition and fees, additional “CTE” fees may mean that more money will be available to fund new projects, at the expense of the campus operating budget.

Committee members are encouraged to review the CTE documents. (See also Indianapolis Faculty Council discussion on January 8, under the final bulleted item for Agenda Item V; available online at: [http://www.iupui.edu/~fcouncil/minutes/Minutes\\_IFC\\_1-8-08.htm](http://www.iupui.edu/~fcouncil/minutes/Minutes_IFC_1-8-08.htm))

### **4. The RCM and costs of instruction and support**

Committee discussion points:

- This committee should call for a salary “match” for IUPUI and IUB faculty.
- Raises are calculated as across the board increases. However, funding these raises depends on the ability of the unit/dean to pay. How can we help to equalize the great

fiscal differences that exist between units? For some units, one of the few options in order to raise salaries is to give up positions.

- Members pointed to an irony that unit assessments don't depend on the ability of a unit to pay. Currently there is no constraint on costs. Over time, RCM's are expected to do more with less funding. Inadequate funding is a "bottom line" issue. The effect is that goals of the Central Administration get a higher priority than do faculty salaries.
- Unfunded mandates. IUB doesn't fund these, but these affect how IUPUI units operate.
- Looking at the impact of costs upon instruction would be helpful. The campus has started to discuss the cost of offering a credit hour of instruction within a particular unit. The campus may not be charging a fair price to reflect these costs.
- Examining administrative costs would be more helpful.
- Is there a value to showing the level of funding by student broken down by campus? Funding via the general academic budget is below that of schools such as Ball State or Ivy Tech. Deans and the campus need to make it clear to the legislature what can be done with increased funding, rather than pointing to what is "constricted".
- Increasing graduate student tuition rate is critical.
- Purdue and IUB benefit from having a relatively high rate of "out-of-state" students.
- There are many ways for cross-campus units to operate. The Bonser Report, being reviewed by President McRobbie, provides recommendations regarding the operation of "core schools".

## **5. Update on the budgeting/planning hearings**

The committee followed up a "talking point" from the November committee meeting: "The relationship at the level of Deans is changing between IUPUI and Bloomington....". The committee discussed "core school" survey questions which were posed to deans. Written responses from the deans will be provided to assigned reviewers from the committee in advance of the unit hearings.

## **6. Old/New Business**

Please send insights regarding Mission Differentiation to Chair Boukai and to your faculty council representative.

Upcoming Meeting:

Wednesday March 19, 2008 12:30-2:00 pm, University Library Room (1116)

Respectfully submitted,

Randall Halverson, BAC Secretary