

## **Minutes Faculty Council Budgetary Affairs Committee Tuesday November 18, 2008**

Present: Rachel Applegate, Ben Boukai, Randall Halverson, Camy Harrison, Barbara Hass-Jacobus, John Hassell, Robert Hickey, Keith Morran, Jacquelynn O’Palka, Gary Pike, Mathew Palakal, Dawn Rhodes, Jack Windsor

### **Approval of minutes of the September 26, 2008 meeting**

#### **State of the Campus Budget: Dawn Rhodes, VCF**

- Next year, the start of a new two-year budgetary cycle, is expected to be very challenging. The campus will need to identify ways to grow revenues. Funding for higher education is expected to be driven increasingly by numbers and timeliness of graduations. This will require more focus upon the curriculum and advising.
- The campus is attempting to fix obvious problems with RCM, and create a transparent approach. It may not be possible to resolve all questions regarding fairness. Committee member question: is there participation by faculty?
- Another 1% cut in administrative costs is required for IUPUI and other IU campuses.
- Currently there is no cap on tuition, but there may be one in the next biennium. Student fees are complex; many students can’t calculate their fees ahead of time. There are large differences in fee costs for students enrolled in 12 credits at various units. School fiscal officers have had extensive discussion regarding the fee structure. Unit input will be needed regarding fee simplification, and to identify appropriate fee increases.
- Its problematic that funding to construct new buildings will have to come from campus operating funds, but at some point this will required in order to fulfill the Master Plan. The Bloomington campus already allocates a percentage of operating funds toward new buildings. This will need to be considered here. Committee members noted that it will be important to more closely bring the Master Plan in line with campus priorities.
- Providing increased laboratory space for science and engineering is a goal of the Innovation Center.
- The Kelly School of Business will be losing “Kelly Direct”. This will increase assessments on other units.

#### **Summary of the joint committee of the Planning Committee and the BAC: Randall Halverson**

See Appendix.

#### **The Delaware Study and IUPUI Report and Discussion: Gary Pike (IMIR)**

Documents provided

- Delaware Study Productivity and Cost Data for IUPUI and Participating Research Universities (provides Fall 2006 Semester Productivity Measures and Fall/Spring Cost Measures by IUPUI academic unit).
- National Study of Instructional Costs and Productivity, Participant List 2007

Last year, Bart Ng asked for cost/benefit information. Gary suggested using the Delaware approach. At that time, the necessary data for the campus was generated very quickly (within a month), but some indications of value were evident. One of these is that the relative costs between programs may be somewhat consistent over time, in spite of inflation. Another is that attention can be paid to areas which differ substantially from that of comparable institutions. This data may be useful for strategic planning, especially if it can be obtained at the discipline level.

It will be important to identify compatible peer institutions, matching IUPUI inasmuch as possible in terms of research and instruction. Pike is willing to provide comparison data, once a peer group is identified.

Member question: Could the Schools provide better data? IU South Bend has just started providing programmatic cost data. IU overall stopped five to six years ago.

Member comment: campus faculty teach more course hours, but fewer credit hours compared to faculty at other campuses. This is a productivity issue which may be due to smaller classrooms.

### **On Units, Planning, and Budgeting Hearings**

Please consider units which you would be willing to review.

### **Old/New Business**

Documents provided

- State appropriations and expenditures per student FTE from IU Fact Book data for IUB, IUPUI, and other Indiana public institutions; ICHE Final Report on 2007-09 As-Passed Higher Education Budget; IUPUI IMIR FY 2005 IPEDS Expenditures for IUPUI Peers
- General Fund Revenues Table A-9 (data by unit 1996-97 through 2000-01)

The BAC has lobbied for several years for consistent, separate reporting” of appropriations and expenditures for “health” versus “general academic” students. It is not clear whether IUPUI or IUB are reporting this clearly. The practice of including physician “practice” revenues within campus academic support expenditures is also problematic. This is not done by peer institutions.

A strategy suggestion: BAC should regularly report to the Faculty Council that clear, comparable financial data is needed regarding IUPUI general academic students and units. The Faculty Council Executive committee could then make a follow-up request.

Committee members mentioned several concerns with Chartwell.

Respectfully submitted,  
Randall Halverson, BAC Secretary

## **Appendix**

### **Summary for BAC: November 4, 2008 Joint Meeting of the Faculty Council Planning and Budgetary Affairs Committees**

Document provided: Campus Planning Standing Committee Summary of Activities (2007-08)

#### **Challenges cited by the Chancellor**

- Higher education funding cuts are expected in a number of states.
- \$15 million approved by the last legislature, 1.5 years ago, for purposes such as neuroscience, have not yet been provided to the campus.
- A 1-month holdback of appropriated funds occurred under a different governor. However, President McRobbie has requested that campuses identify measures to free cash if the state requests money be returned during the fiscal year.
- When viewed externally, IU Schools appear to have large reserves, resulting from funds set aside for purposes such as faculty start-ups. These will be a concern.
- The campus has an overall shortage of 40% or 3.5 million square feet for research, instruction, and office space. One example: 120 square feet is the standard for faculty offices; however Cavanaugh offices are only 80 square feet. The IUB campus has a “macro” space shortage of only 10%, but has less flexibility to reallocate space.

#### **Positive Factors**

- The campus is fortunate that most of its endowment funds are currently in cash.
- The enrollment shaping initiative is providing additional revenue to Schools, which is not subject to the RCM formula. Schools are urged to use these funds to invest in tenure-track faculty, increasing the campus’ research capability.
- The state is moving to fund campuses based on output measures, such as degrees conferred. This is expected to involve significant funds, and to be positive for IUPUI.

#### **Strategic Approaches**

- Master Plan – the deadline for completion of the plan is February. However, an extension is expected, in order to include Clarian in the planning process.
- Two RCM models are under consideration. The first is similar to the current model, but breaks out auxiliary units. The second assesses pushes the cost of providing services to the units receiving benefits.
- Schools are being asked to identify their most crucial funding needs. A longer term strategy is needed to assist the campus to protect and increase resources to meet the core mission of the campus.
- A funding increase in the reallocation budget of \$500, 000 per year could sustain the cost of a \$12 – 20 million building for the four campus “centers”, including the Center for Philanthropy. Currently, the four campus centers spend \$750, 000 per year on rent.
- The campus is in a position to point to its accomplishments. This is an opportunity to pursue a new campus campaign.