School of Liberal Arts Fiscal Recovery Plan

The School of Liberal Arts has been spending more money than it has generated for the past four to five years. Cash reserves will almost certainly be exhausted this year. A number of factors has contributed to this situation: changes in the amount of pre-college credit that comes to the IUPUI campus (60% of which apply to liberal arts courses); changes in state legislation regarding the transferable general education core; how the campus enacted the general education core; the level of hiring when credit hours were at historic highs; the post-recession concern with ROI in regard to degree programs with some misunderstanding about the value of liberal arts degrees; etc. Just to give one example of how one item has played out: the amount of pre-college credit for English W-131 (our basic college writing course) has increased five-fold in less than a decade.

Of course, this background is just that: a quick summary of some of the reasons the School of Liberal Arts finds itself currently in a year-over-year imbalance in terms of expenses over income. Some of the above we can and are addressing; some things are outside of our control. The immediate need and the need for the next several years is for a decrease in expenses (which can be done more quickly) and an increase (or at least stabilization) of income, the latter certain to take a longer period of time (though some things can have a somewhat more immediate effect).

With the fall fiscal analysis having been completed, the school's situation for FY 18 (operational budget after assessments) is as follows (estimates):

Income	$26,957,396
Expenses	$29,413,948
Shortfall	($2,456,552)

A transfer of cash at the end of the year ($1,427,449) should take the shortfall for FY 18 down to $1,029,103. For FY 18 (and building upon actions taken in FY 17), some of the strategies in place that have helped keep the deficit at this figure are: no new travel funds for the departments, tenured faculty teaching an additional course over a two-year period in order to reduce reliance on associate faculty and bring down costs (for example, this fall saw a reduction of nearly one quarter million dollars compared to two years ago in terms of Associate Instructor costs), an administrative staff reorganization that saves the school another $250,000 or so per year, non-reappointment of some research associates, cessation of support for research projects that came to a natural end, and not replacing many of the faculty who have left the school through retirement (some have been essential to replace in order to continue income-producing programs).

The following cost-cutting measures and revenue enhancement strategies will be initiated for FY 19, with many of the cost savings embedded into the base budget so that savings continue over the coming years as the school continues to right-size its faculty (though the school has reduced its faculty by more than 20 positions in the last two years, we still have 40 plus more faculty than in 1998, which is the last time we taught, as a school, 57,000 credit hours in the fall, which is our current enrollment; it should be noted, however, that 1998 was BEFORE the institution of the Trustees Teaching Program, which brought more full-time instructors to the classroom to the benefit of students, replacing part-time instructors with full-time ones).

The following plan has been developed in consultation with chairs and directors, school staff, a fiscal recovery plan committee (composed of our Agenda Council, Resources and Planning Committee, and three newly elected faculty chosen specifically to increase elected faculty representation for this particular financial situation). A faculty town hall has also been convened.

Fiscal Recovery Plan
FY 19

Expenses		
Retirements, etc.	($1,074,447)—	salaries (767,462) AND fringes (306,985), based on personnel we know will retire; there may be more
Grad support	(200,000)—	the school currently underwrites the graduate block grant by 3 to 1; this figure represents a little more than a 20% reduction; part taken from stipends, part from tuition remission
Reduce AI X 40	(130,000)--	a **minimum** figure and assumes we retain gains made in reducing reliance on associate faculty (this figure derived from raising caps in classes that historically run close to 100% full, thus reducing the number of sections offered but keeping the same number of seats available)
Assessments		
Personnel	(250,000)--	assessment figures are guesstimates made in consultation w/campus administration
Space	(400,000)--	savings made by bringing out-of-building units back into Cavanaugh Hall, including Journalism and Public Relations from library
Other expense		
SE/Travel	(28,000)	decrease due to decrease in faculty members
TOTAL	**($2,082,447)**	

Income is always less certain in terms of being able to predict, but we do see continued increased revenue in these areas:

Income

ICR increase	$11,000--	This builds on an increase in this current fiscal year, currently predicted to be around $100,000 higher than FY 17; we are developing a system of grant application that could drive this number up significantly, so I view this as a conservative estimate
Curricular changes	100,000--	this number should increase over time; will come from changes from major requirements and baccalaureate competencies (for example, adding 3 hours to each Liberal Arts major, adding 3 hours in the baccalaureate competencies); we are also working with enrollment services to increase majors, but the results could be a few years into the future
PIE	100,000--	The Program in Intensive English is an income producing program that has grown more quickly than we anticipated. After it has paid for all its expenses and retained a comfortable cushion in case of future declines, it is a conservative estimate that it will return $100,000 per year back to the general fund of the school.
TOTAL	**$211,000**	

Total Gap Reduction $2,293,447

This model assumes no residential undergraduate growth in credit hours for the next two years; it does assume an increase in tuition and an increase in the number of Midwest Student Exchange students (our modeling is very conservative—3% next year). Given, however, that credit hours may continue to decline, the following should also be considered.

Possible Additional Cost Savings

- Though it is not solely for cost-saving purposes, a restructuring of the administration of the School of Liberal Arts is a possibility. The school could move from twelve department chairs to five division heads/managers, with departments and programs being led by directors. With a change in compensation (both in terms of monetary compensation and course reassignment), this restructuring could save the school $100,000-$150,000 (or more) beginning in FY 19. This model needs more careful examination, and the compensation structure needs to be set in order to come up with a more exact amount in terms of savings, though a more streamlined administrative structure may well be its own reward.
- There are discussions about the possibility of Polis becoming a campus-based research center. IF this were to occur, it would save the school a substantial amount of money (several hundred thousand); the primary motivator, however, is not

monetary savings but securing the best location from which Polis can continue its expanding work and mission.

Longer term revenue enhancement

- Better marketing through a new, mobile friendly website; working closely with enrollment management services to think through the best recruitment strategies to increase majors
- Full implementation of the Liberal Arts Works, a comprehensive communications and marketing campaign (with full implementation dependent upon the launch of the new school website)
- New programs that should add to growth of school: the Liberal Arts and Management Program, offered in conjunction with the Kelly School of Business, the six-year BA/JD program, offered with the McKinney School of Law, along with others in the works, including BS degrees in appropriate fields
- Exploring additional programs that we hope to tie to internships (see below); in the "story board" phase are the Liberal Arts Plus Program (wedding Liberal Arts degrees to project management coursework) and Liberal Arts and Digital Applications
- Further growth in majors that have shown potential for scaling up, including the Medical Humanities and Health Sciences degree and the International and Global Studies, for example
- Accelerated growth in majors in the Law and Liberal Arts degree as a result of American Bar Association accreditation (we recently hosted a site visit from the American Bar Association, and the committee that visited was enthusiastic about the school's Law in Liberal Arts program, a four-year paralegal program, indicating that they would recommend us for ABA accreditation, which would make us only the second four-year ABA accredited program in the state and the only one in the Indianapolis metropolitan area)
- We expect to see our PIE program continue its expansion.
- A sustained focus on student internships should help with student recruitment and retention. Currently in talks with a major corporation to serve as "premier home" for internships (a sort of flagship internship program, viewed as long-term pipeline for talent with a significant mentoring component)

In terms of the pro forma budget, the savings listed on the second page above will be "baked in," so to speak for the years beyond FY 19. In addition, the goal is to move toward a faculty that is smaller than the current faculty number by another twenty or so, which should reduce costs by an additional $2M+ beyond FY 19. We have figured a net of 4 retirements (because there will need to be some back filling of positions in some crucial areas), but we view this as a conservative estimate. Taking the prospect of twelve retirements off the table (between December 31, 2017-June 30, 2018, this number will retire), the past four fiscal years have seen a retirement average of about seven per year. Because of the number of faculty of retirement age combined with our 18/20 people, this average number may be higher. Of course, we also hope to see increased income through a number of our initiatives, as indicated, but this number is much more difficult to predict.