

Minutes Faculty Council Budgetary Affairs Committee

Wednesday October 17, 2007

Members present: Rachel Applegate, Trudy Banta, Ed Berbari, Ben Boukai, Richard Gregory, Randall Halverson, Camy Harrison, John Hassell, Karen Johnson, Steven Mannheimer, Keith Morran, Jacquelynn O'Palka, Fred Rees, Rebecca Sloan, Gautam Vemuri, Jack Windsor.

1. Approval of Minutes of the April Meeting

Chair Boukai opened the meeting, welcomed the committee, and announced that recent meeting minutes for the committee are posted on its faculty council website (see: <http://www.iupui.edu/~fcouncil/committees/budgetaryaffairs.htm>). Draft minutes for the April 24, 2007 meeting were presented. Two sentences were requested to be deleted; the amended minutes were approved by voice vote.

2. Update on Campus Budget: Presented by Ms. Camy Harrison, Director of Campus Budget and Financial Operations.

See meeting handout "Fiscal Health" reports (dated 9/27/07), providing summaries by unit of fiscal year closing numbers from 2003-04 and on. (These reports provide background resources for committee members who attend the annual unit budget hearings.) Ms. Harrison will provide a copy of an overview explaining the significance of the unit's net operating fund balances, as traditionally given to new members of the IU Board of Trustees.

Last year, the campus Schools budgets were affected by the loss of \$16 million not funded for the Repair and Rehabilitation (R&R) fund. All of the Schools ended last year with positive operations fund balances.

The Schools all appear to be in reasonable shape for this year. See handout "IUPUI Budget Issues FY 2007-08". No major surprises are expected for this year. Additional cost increases for utilities and insurance are of concern. There is no word regarding whether the Presidential tax will be assessed or not beginning next year.

A significant change is in place this year regarding assessment of rent to academic units, which previously paid pro-rated charges for their usage of the "academic space pool". Management of academic space is being delegated to the units.

Student Fees. See 3-page handout "Update Regarding Student Fees" (dated October 2, 2007).

Issues regarding student fees have been raised by the Faculty Council. Please send an email message to BAC chair Boukai if you feel that the BAC should be involved in discussion of student fees.

A new Vice-Chancellor for Administration and Finance is expected to be in position as of the beginning of 2008. A second round of interviews with candidates will be needed, including open sessions to meet the candidates.

3. On RCM, State Appropriation and Assessment—a discussion item

Responsibility Centered Management (RCM) was developed as a partnership between the administration and faculty, with the central tenet that units pay for campus services based on their usage of these services. Traditionally, RCM has been based on 3 “drivers”: Employee FTE, Student FTE, and Square Footage.

See handout “FY 2006-07 Hold Harmless, Three Driver Model”. Ms. Harrison: The campus previously used more consumption-based drivers. The campus is looking at the impact of using more drivers.

Several handouts were provided regarding tentative ideas for restructuring RCM in order to meet needs for predictability and simplicity, and to more accurately reflect demands made by academic units upon campus resources.

- “Revising RCM: Is It Time?, Bob Martin & Robert Schmenner, Campus Deans’ Meeting, September 5, 2007”
- “Revising REM: Reprise, Bob Martin & Robert Schmenner, Campus Deans’ Meeting, October 3, 2007”

The above handouts were provided at meetings this fall of members of the Dean’s Council and their fiscal officers. A “flat tax” was proposed, in order to improve academic units’ ability to plan ahead. The campus first looked at models based on income, but is now reviewing models based on expenses, in order to be fairer to units which are still growing. Most models under consideration would shift costs to medicine. There is a preference for using actual expenditures, instead of projected expenditures; however the downside of using actual expenditures is that the data would be more than 18 months old. Details, such as the basis of calculating flat tax assessments, and the impact of a flat tax upon academic units over time, are still unclear.

Other issues related to RCM:

- The campus is looking at how to “buffer” net income for academic units, so that revenue changes for academic units are shared by service units.
- The fall meetings of the Dean’s Council also proposed that the Chancellor initiate a thorough review of expenditures by all campus service units, to enable active oversight of campus overhead costs.
- The campus has relatively low costs for providing services centrally, since functions performed centrally at many other institutions are provided internally by IUPUI academic units. A question to address is if academic units reduce these costs, would costs to provide essential services simply be shifted to service units.

See handouts: "State Appropriations and Assessments". The first document (copied on white paper) tabulates state appropriations versus assessments by campus "Responsibility Center" for FY 2002-03 through FY 2007-08. A second document (copied on blue paper) tabulates the state appropriation versus total assessment totaled for all academic units by year for FY 2001-02 through FY 2007-08. The middle shaded values in the table also show the state appropriations to Support RCs. Committee members raised questions regarding how to encourage entrepreneurial approaches by campus units in order to provide essential services efficiently and thus restrain costs.

4. OPD's Response to last year Hearings Report

See 3-page report from Associate Vice Chancellor for Academic Affairs Sharon Hamilton regarding changes in the Office for Professional Development. The Faculty Council is asking for input regarding the financial savings and impact of these changes. Vice Chair Trudy Banta and Sharon Hamilton are preparing a survey of deans to determine needs for centralized support for faculty professional development. Question for the BAC: Can faculty provide input to this process without taking on an undue burden? The approach by UITS was mentioned for obtaining input regarding user priorities via online surveys.

5. Planning for this year's Hearings

The hearings provide a value in terms of an opportunity for deans to plan ahead, and for faculty to provide input on campus budgetary decisions. Committee members expressed a desire for the hearings and committee's input to have more of a strategic flavor in the future. There is support for a "scaled down" number of hearings. Since this is not a legislative "biennial adjustment" year, there is less of a need to review all campus units. BAC Chair Boukai would like the committee to develop a relatively short list of recommended units to review. These may need to include core campus schools.

6. Additional talking points for the BAC

Please send suggestions to Chair Boukai:

- Which campus units should have budget hearings this year?
- "Global questions" to be asked by a committee member at each hearing.

Upcoming Meetings:

- Next BAC Meeting: Friday, November 16, 2007, 12:30 p.m., AO 103
- Joint Meeting of the Budgetary Affairs and Planning Committees: Monday, November 26, 2007, 9:00-10:30am in the Philanthropy Conference Room (201B), Walker Plaza, 719 Indiana Avenue

Respectfully submitted,
Randall Halverson, BAC Secretary