



INDIANA UNIVERSITY

INDIANA UNIVERSITY SOUTH BEND

**Budget Presentation for
Academic Senate Meeting
October 21, 2005**

By William O'Donnell and Dr. Paul Herr



- **William O'Donnell, Vice
Chancellor for Administrative
and Fiscal Affairs**



Components of 2005-07 \$4.7 Million Reduction in Operating Appropriation

» Indiana University – includes all campuses



Impact of Appropriation Change by Campus

(\$ thousands)

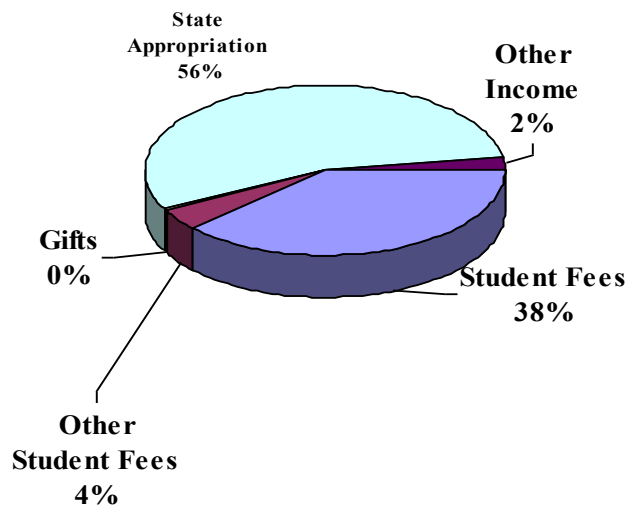
| | 2005-07 Operating Appropriation Change | 2004-05 Operating Approp | Change as Pct of Approp | 2004-05 General Fund Budget | Change as Pct of Budget |
|--------------|---|--------------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Bloomington | \$ (3,396.0) | \$ 195,251.2 | -1.7% | \$ 616,413.9 | -0.6% |
| IUPUI | (1,308.2) | 190,657.3 | -0.7% | 439,942.0 | -0.3% |
| East | 126.8 | 7,598.6 | 1.7% | 17,289.1 | 0.7% |
| Kokomo | 24.4 | 10,099.8 | 0.2% | 21,348.0 | 0.1% |
| Northwest | 390.5 | 17,173.4 | 2.3% | 38,002.9 | 1.0% |
| South Bend | (618.7) | 23,014.4 | -2.7% | 53,020.3 | -1.2% |
| Southeast | 65.3 | 19,186.7 | 0.3% | 43,717.4 | 0.1% |
| TOTAL | \$ (4,715.9) | \$ 462,981.4 | -1.0% | \$ 1,229,733.6 | -0.4% |

IU South Bend – (2005-07) Total Reduction \$618,705

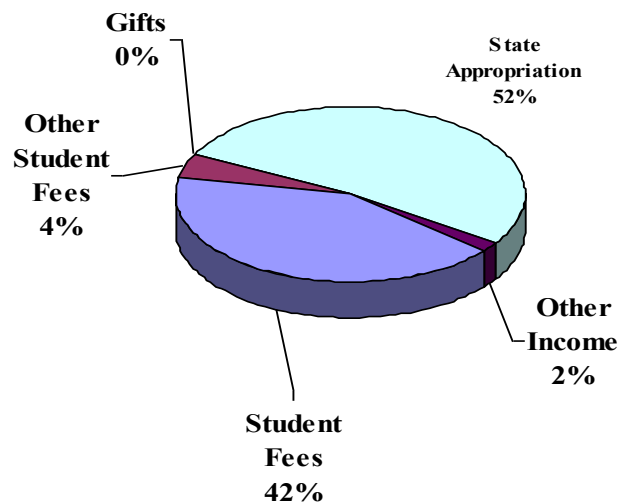


INDIANA UNIVERSITY

**Indiana University South Bend
General Fund Actual Income 06/30/97**



**Indiana University South Bend
General Fund Actual Income 06/30/05**





- General Fund Appropriations
 - Decreased from 56% of campus revenues to 52% of campus revenues over an 8 year period.
- Student Fees
 - Increased from 38% of campus revenues to 42% of campus revenues.

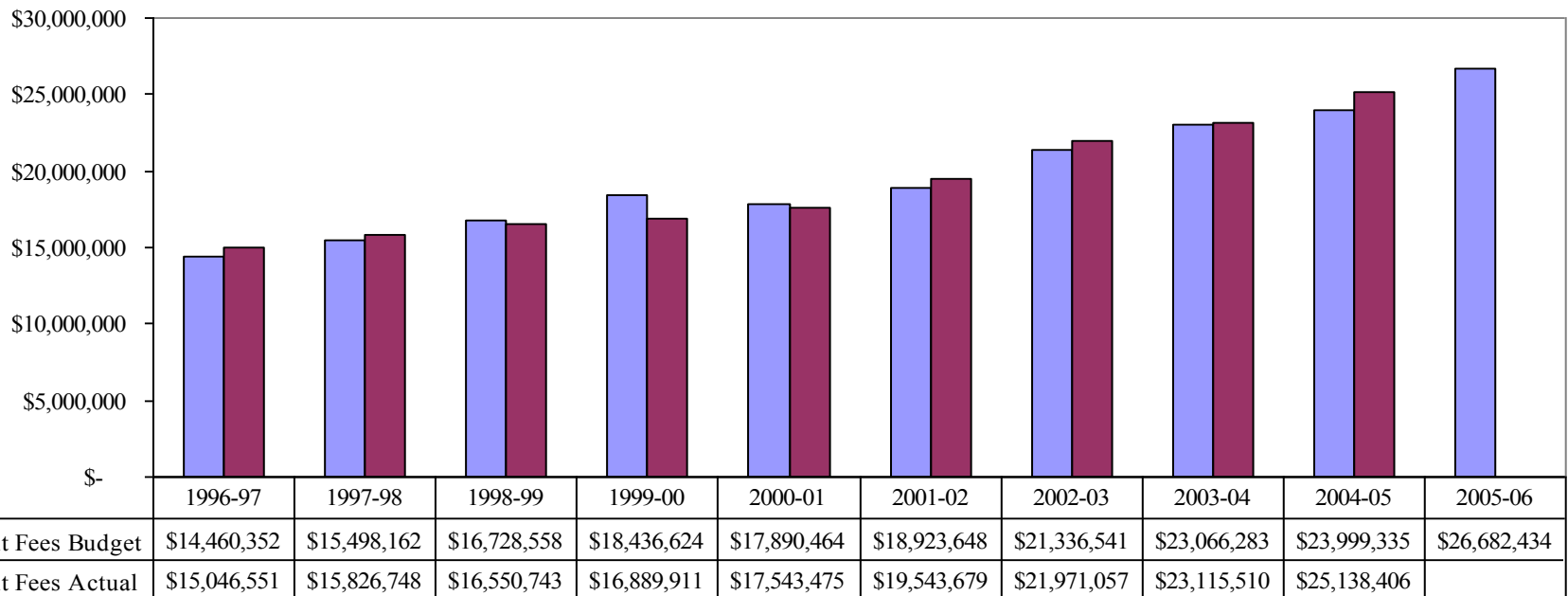


The IU Administration Proposal for Student Fee Rates

- Overall increase in combined fees will not exceed 4.9% for resident undergraduates and nonresident undergraduates in 2005-06.
- Overall increase in combined fees will not exceed 4.9% for resident undergraduates in 2006-07.



Indiana University South Bend Student Fees Fiscal Years 1997- 2006 *(Budgeted vs. Actuals)*

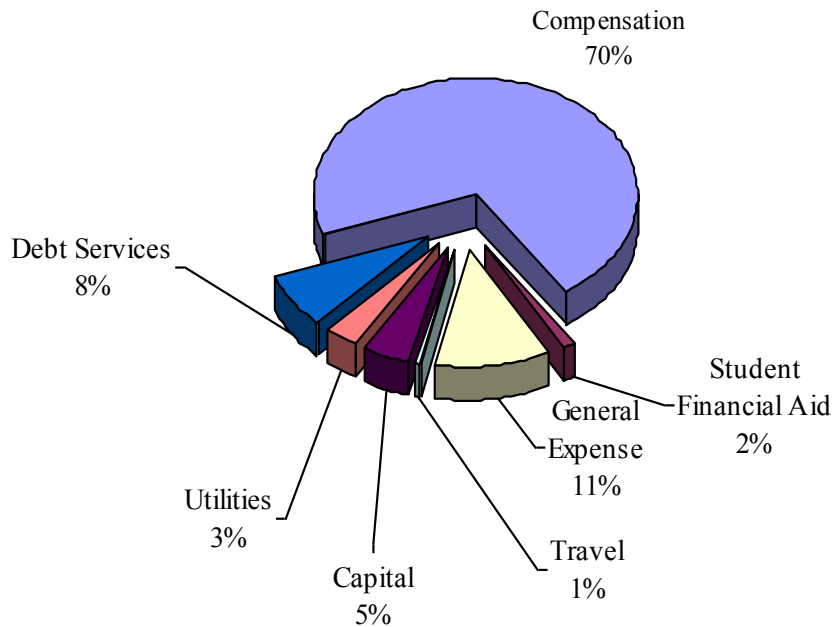


Fiscal Year

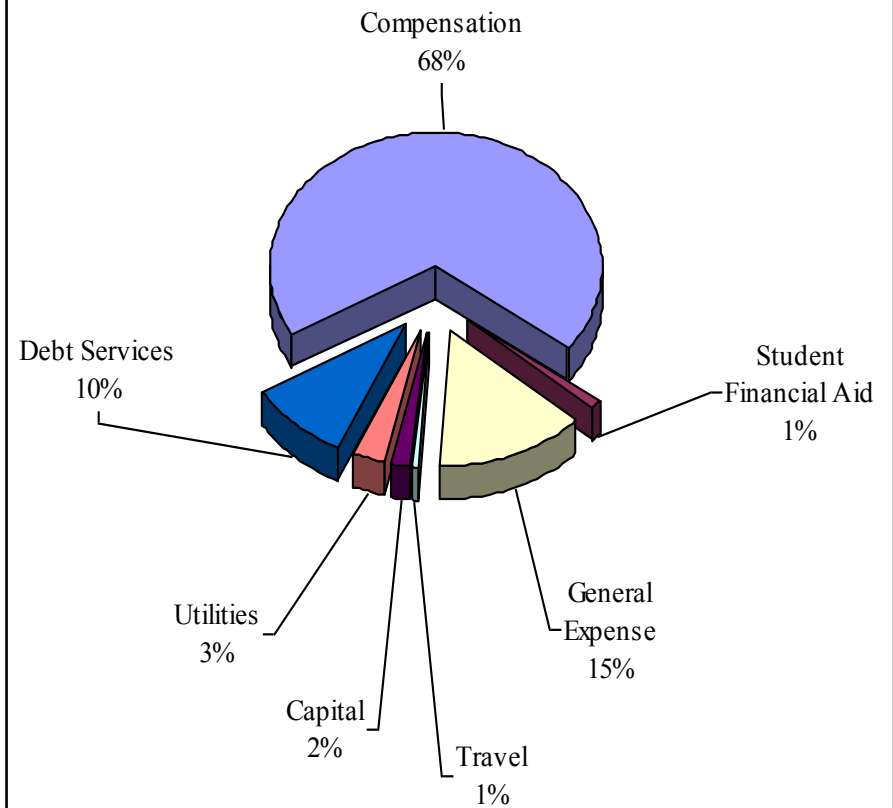


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Indiana University South Bend General Fund Expenditures 7/1/96

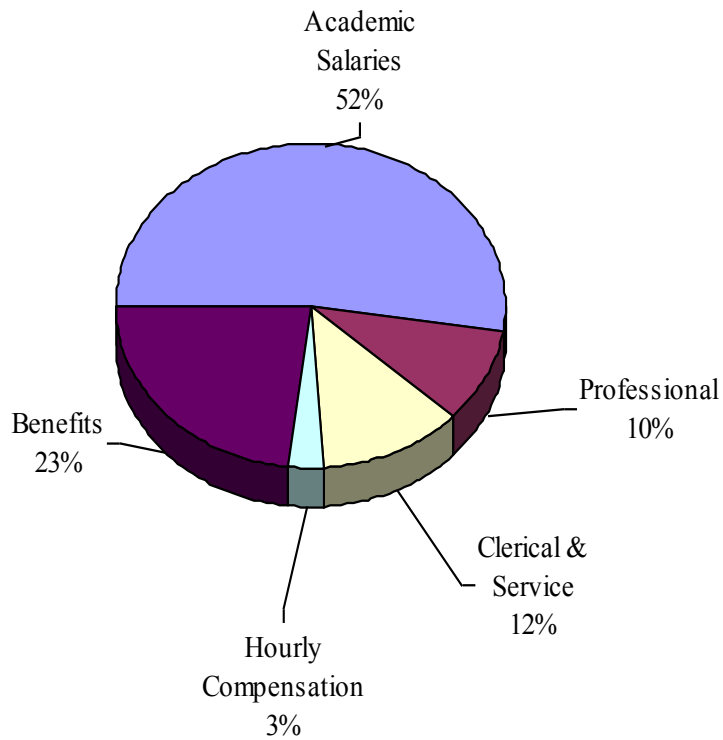


Indiana University South Bend General Fund Expenditures 7/1/05

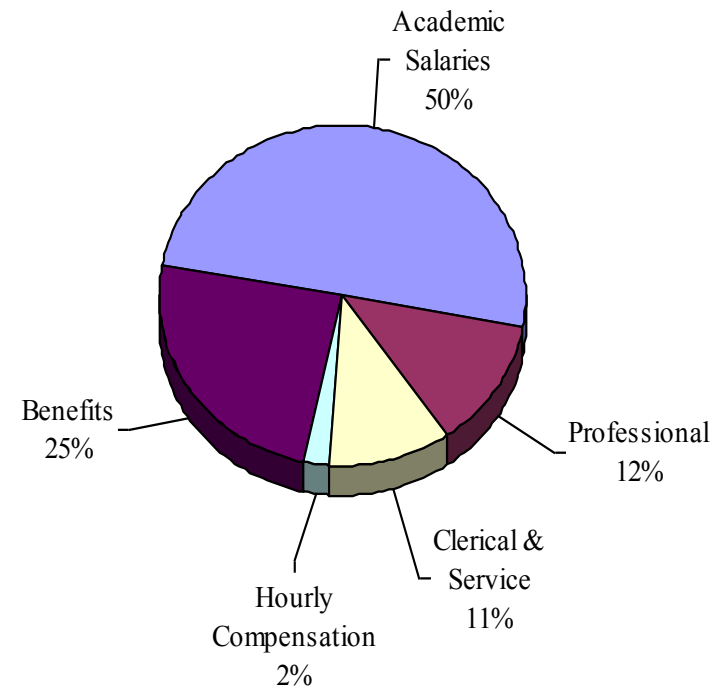




Indiana University South Bend Budgeted Compensations 7/1/96



Indiana University South Bend Budgeted Compensations 7/1/05

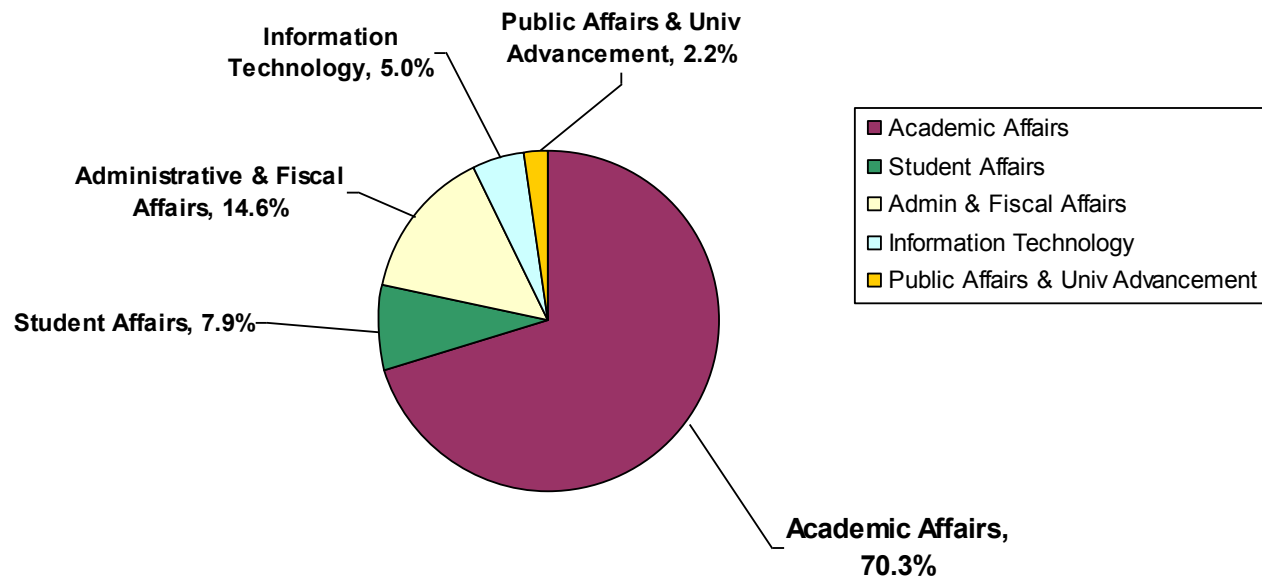




- **IU South Bend Budget Objectives:**
 - Reduce the campus dependence on unplanned vacancy savings to fund current positions and activities.
 - Identify non-budgeted activities / positions and budget for them.
 - Budget for unavoidable costs such as utilities and university assessments.
 - Budget for new commitments the campus deems to be a high priority.



Indiana University South Bend Expenditure Budgets by Division





INDIANA UNIVERSITY SOUTH BEND FISCAL YEAR 2005-06

- **New Sources:**

| | |
|--------------------------------------|---------------------|
| – Fee Rate Increase | 2,679,099 |
| – State Appropriation | (353,676) |
| – State Appropriation – Debt Service | 85,364 |
| – Other Income | <u>(1,779)</u> |
| Total New Sources | \$ 2,409,008 |

- **New Uses:**

| | |
|------------------------------|---------------------|
| – Salary & Benefit Increases | 2,088,889 |
| – General Exp Increases | 1,612,008 |
| – Debt Service Payments | 85,364 |
| – Campus Budget Cuts | <u>(1,377,253)</u> |
| Total New Uses | \$ 2,409,008 |



IU South Bend Budget Strategies:

- Permanent savings from identified budget cuts.
- One-Time savings – eliminate vacant positions or temporary hires for one year.
- On-going budget discussions to identify additional permanent budget cuts to replace the one-time budget savings items.
- Ensure future budget allocations are aligned with the campus strategic plan.
- Create incentives to save money.



- **IU South Bend Budget Cuts**

| | |
|---|---------------|
| – Vacancy Savings / Use of Lecturers | 652,302 |
| – Use of Informatics and CTE funds | 391,783 |
| – RIF – 3 positions | 140,829 |
| – Shift Expenses to IUF / Events | 81,000 |
| – Use current fee remission funds for Chancellor’s Merit Award | 33,999 |
| – Fund 25% of Stage Mgr from Ticket Sales | 11,340 |
| – Reduce hourly wage budgets | <u>66,000</u> |

Total Cuts

\$ 1,377,253



INDIANA UNIVERSITY SOUTH BEND FISCAL YEAR 2005-06

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INDIANA UNIVERSITY SOUTH BEND FISCAL YEAR 2005-06

- **New Uses (Net of the Budget Cuts):**

| | |
|--|----------------|
| – Salary & Benefit Increases | 504,141 |
| – General Exp Increases: | |
| • Academic Affairs | 172,930 |
| • Information Technology | (30,188) |
| • Student Affairs | 127,155 |
| • Administrative Affairs | 13,277 |
| • External Affairs | 2,023 |
| – Debt Service Payments | 85,364 |
| – Dean Transition Costs | 344,017 |
| – Loss of Administrative Income | 185,715 |
| – FMLA & FLSA Costs | 40,000 |
| – PeopleSoft Assessment | 120,000 |
| – Campus Contingency Reserve | 318,188 |
| – Health Insurance Premium Increase | 20,000 |
| – Accreditation Costs | 10,000 |
| – Bad Debt Expense (Uncollectible Student Accts) | 149,627 |
| – Bank Service Charges | 36,211 |
| – University Tax & Other Transfers | 31,966 |
| – Miscellaneous (Hospitality, etc.) | 13,553 |
| – FY 2006-07 Appropriation Reduction | <u>265,029</u> |

Total New Uses

\$ 2,409,008



- **IU South Bend FY 2005-06 Budget Accomplishments**
 - All known on-going positions and activities are in the budget.
 - Unavoidable costs and new commitments are in the budget.
 - Absorbed the cuts in state appropriations.
 - Better positioned to move forward to address campus needs in the future.



- **Fiscal Year 2005-06 So Far....**
 - Summer Session 2 Enrollment down 9.7% from FY 2003-04.
 - Summer Session 2 Enrollment down 2.9% from FY 2004-05 resulting in actual revenue down \$237,469.
 - NCATE, SPEA & HLC Accreditation and Program Review Costs (estimates of \$40K - \$180K).
 - Potential for huge utility cost increases. NIPSCO has announced a 43% rate increase.



- **Challenges Ahead**

- Continue enrollment growth.
- Address summer session enrollment decline.
- **PRIORITIZATION:**
 - Divisions need to reallocate resources from lower priority uses to fund higher priorities.
 - New budget requests should reflect highest division & campus priorities.



- **Dr. Paul Herr, Chairman of the Academic Senate Budget Committee**



Indiana University South Bend Budgeted Expenditures by Responsibility Center

| RC Account | 2005-06 | % Change | 2004-05 | % Change | 2003-04 | % Change | 2002-03 | % Change | 2001-02 | % Change | 2000-01 |
|------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|---------------------|
| LA&S | 11,319,727 | 0.08% | 11,310,883 | 1.17% | 11,180,451 | 11.90% | 9,991,052 | 6.44% | 9,386,624 | 7.43% | 8,737,206 |
| Nursing & Health | 2,462,022 | -0.42% | 2,472,282 | 2.17% | 2,419,862 | 9.01% | 2,219,922 | 6.40% | 2,086,467 | 1.73% | 2,051,050 |
| Business | 4,213,838 | -1.48% | 4,276,936 | 0.24% | 4,266,519 | 3.55% | 4,120,242 | 2.86% | 4,005,578 | 5.27% | 3,804,918 |
| Education | 3,381,265 | 2.37% | 3,303,013 | 4.87% | 3,149,521 | 7.21% | 2,937,752 | 2.84% | 2,856,616 | 5.70% | 2,702,695 |
| SPEA | 959,350 | -7.70% | 1,039,334 | -5.16% | 1,095,906 | 5.43% | 1,039,478 | 1.54% | 1,023,681 | 2.14% | 1,002,256 |
| Social Work | 396,359 | 0.23% | 395,464 | 1.59% | 389,287 | 0.06% | 389,068 | 20.48% | 322,944 | 12.72% | 286,502 |
| Arts | 3,069,599 | -4.30% | 3,207,430 | 6.40% | 3,014,548 | 10.05% | 2,739,211 | 12.46% | 2,435,734 | 5.82% | 2,301,683 |
| Other Acad | 2,130,494 | 10.45% | 1,928,852 | 3.70% | 1,860,095 | -15.73% | 2,207,201 | -0.19% | 2,211,314 | -0.65% | 2,225,797 |
| Acad Support | 1,656,272 | 22.80% | 1,348,785 | -4.65% | 1,414,623 | -57.12% | 3,299,224 | 13.01% | 2,919,349 | 81.70% | 1,606,666 |
| Comp Services | 2,230,151 | 0.93% | 2,209,501 | 2.71% | 2,151,105 | 2.30% | 2,102,765 | -3.50% | 2,179,041 | 3.82% | 2,098,856 |
| Library | 1,976,353 | -1.64% | 2,009,281 | 4.93% | 1,914,818 | 3.62% | 1,847,892 | 2.41% | 1,804,391 | 2.30% | 1,763,779 |
| Stud Services | 3,546,386 | 2.66% | 3,454,600 | 6.37% | 3,247,753 | 156.14% | 1,267,980 | -0.56% | 1,275,077 | -53.92% | 2,766,845 |
| Campus Wide (1) | 3,094,281 | 107.56% | 1,490,753 | 32.81% | 1,122,453 | -39.67% | 1,860,434 | 5.45% | 1,764,233 | 79.09% | 985,102 |
| Adm Affairs | 2,157,446 | -0.19% | 2,161,573 | 0.42% | 2,152,604 | 139.59% | 898,445 | 2.79% | 874,036 | 0.58% | 868,961 |
| Ext Affairs | 978,227 | -0.59% | 984,067 | 3.55% | 950,289 | 6.15% | 895,244 | 1.20% | 884,669 | 7.04% | 826,507 |
| Phy Plant | 4,398,456 | 2.91% | 4,274,227 | -1.73% | 4,349,584 | -3.94% | 4,528,149 | 1.57% | 4,458,163 | 15.62% | 3,855,765 |
| Univ Tax | 1,963,451 | 1.26% | 1,939,052 | 2.43% | 1,893,128 | 2.81% | 1,841,430 | -0.40% | 1,848,787 | 3.96% | 1,778,354 |
| Debt Service | 5,495,632 | 1.58% | 5,410,268 | 6.24% | 5,092,274 | 4.80% | 4,859,044 | -8.98% | 5,338,342 | 23.29% | 4,329,898 |
| Total | \$55,429,309 | 4.16% | \$53,216,301 | 3.00% | \$51,664,820 | 5.34% | \$49,044,533 | 2.87% | \$47,675,046 | 8.37% | \$43,992,840 |



Indiana University South Bend Budget Increases – Campus Wide Category

| | |
|--|----------------|
| Dean Transition costs | 344,017 |
| Loss of Admin Income (Interest and Title IV) | 185,715 |
| FMLA and FLSA costs | 40,000 |
| Bad Debt Expense (Uncollectible Accts Receiv | 149,627 |
| PeopleSoft Assessment | 120,000 |
| Accreditation Costs | 10,000 |
| Health Insurance Premium Increase | 20,000 |
| Campus contingency reserve | 318,188 |
| Bank Service Charges | 36,211 |
| Miscellaneous (hospitality, change in acctg, et | 13,553 |
| FY 2006-07 Appropriation Reduction | 265,029 |

TOTAL

\$ 1,502,340



Budgeted Expenditures by Natural Classification

| Expenditure Budget | 2005-06 | % Change | 2004-05 | % Change | 2003-04 | % Change | 2002-03 | %Change | 2001-02 | % Change | 2000-01 |
|------------------------------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|--------------|-------------------|
| Salaries | | | | | | | | | | | |
| Academic Salaries | 16,982,504 | 2.31% | 16,598,932 | 4.54% | 15,878,665 | 1.80% | 15,598,660 | 4.83% | 14,880,093 | 7.17% | 13,884,373 |
| Part-Time Instruction | 2,039,670 | 14.52% | 1,781,098 | 4.43% | 1,705,573 | 12.10% | 1,521,464 | -6.59% | 1,628,846 | -11.20% | 1,834,275 |
| Professional Salaries | 4,679,715 | 2.71% | 4,556,299 | 8.51% | 4,198,879 | 9.41% | 3,837,881 | 0.35% | 3,824,398 | 5.52% | 3,624,404 |
| Bi-Weekly Salaries | 4,101,414 | 2.87% | 3,986,844 | 0.85% | 3,953,323 | -1.03% | 3,994,363 | -1.19% | 4,042,625 | 3.47% | 3,907,211 |
| Supplemental | 72,589 | 7.05% | 67,807 | 0.75% | 67,302 | 0.00% | 67,302 | 14.28% | 58,894 | -15.93% | 70,056 |
| Hourly | 844,753 | -3.99% | 879,874 | 12.42% | 782,648 | 1.03% | 774,679 | 3.24% | 750,390 | -14.28% | 875,387 |
| Benefits | 9,326,627 | 0.13% | 9,314,218 | 3.21% | 9,024,878 | 7.30% | 8,411,233 | 8.67% | 7,740,260 | 5.99% | 7,303,010 |
| Total Compensation | 38,047,272 | 2.32% | 37,185,072 | 4.42% | 35,611,268 | 4.11% | 34,205,582 | 3.89% | 32,925,506 | 4.53% | 31,498,716 |
| Financial Aid | 614,135 | 26.59% | 485,134 | 0.00% | 485,134 | -14.16% | 565,135 | -3.35% | 584,694 | -30.80% | 844,965 |
| Energy & Utilities | 1,741,622 | 0.00% | 1,741,622 | -1.28% | 1,764,275 | 0.13% | 1,761,928 | 0.00% | 1,761,928 | 33.73% | 1,317,568 |
| Valuations & Adjustments | 202,800 | 144.93% | 82,800 | -2.36% | 84,800 | -5.78% | 90,000 | 0.00% | 90,000 | 52.54% | 59,000 |
| Cost Recovery-Expenses | 2,014,867 | 0.86% | 1,997,776 | 1.88% | 1,960,981 | 1.83% | 1,925,745 | 3.25% | 1,865,150 | 4.38% | 1,786,838 |
| Computing Services | 200,192 | 33.02% | 150,495 | 6.13% | 141,800 | 10.77% | 128,012 | 129.74% | 55,721 | 177.47% | 20,082 |
| Telephone & Postage | 419,259 | -0.18% | 419,997 | 4.86% | 400,537 | 0.57% | 398,251 | 15.77% | 343,996 | -18.49% | 422,055 |
| Printing & Duplicating | 514,182 | -0.25% | 515,495 | 8.91% | 473,303 | -3.32% | 489,549 | -1.36% | 496,290 | 18.68% | 418,174 |
| Other Services, Personal | 32,356 | 1.31% | 31,938 | 4.78% | 30,481 | 1.46% | 30,041 | -2.78% | 30,901 | -10.25% | 34,431 |
| Contractual Services | 276,778 | 2.36% | 270,397 | 2.05% | 264,972 | -3.70% | 275,152 | 5.54% | 260,700 | -25.59% | 350,379 |
| Rents & non-Capital Leases | 104,928 | 5.21% | 99,728 | 21.58% | 82,028 | -12.05% | 93,271 | -1.37% | 94,568 | 7.78% | 87,738 |
| Repairs & Maintenance | 173,655 | 1.62% | 170,890 | 3.45% | 165,193 | 14.05% | 144,840 | -16.56% | 173,592 | 5.92% | 163,884 |
| Advertising & Promotional | 258,768 | 1.17% | 255,768 | 15.00% | 222,398 | -3.16% | 229,664 | -0.47% | 230,743 | 2.92% | 224,193 |
| Supplies & General Expenses | 1,559,681 | -2.60% | 1,601,377 | -3.86% | 1,665,610 | 37.04% | 1,215,389 | 32.73% | 915,667 | 20.36% | 760,800 |
| Other Expenses | 129,496 | 0.06% | 129,414 | 9.60% | 118,074 | 5.21% | 112,228 | 56.02% | 71,933 | 8.37% | 66,380 |
| Total General Operating | 8,242,719 | 3.65% | 7,952,831 | 1.19% | 7,859,586 | 5.37% | 7,459,205 | 6.93% | 6,975,883 | 6.40% | 6,556,487 |
| Travel | 315,629 | 6.08% | 297,529 | 9.15% | 272,592 | 2.95% | 264,788 | 3.84% | 255,002 | -9.24% | 280,955 |
| Capital Assets | 1,019,750 | 0.01% | 1,019,608 | 2.39% | 995,766 | -3.54% | 1,032,268 | -15.96% | 1,228,295 | 28.82% | 953,468 |
| Debt Service Bldgs | 5,495,632 | 1.58% | 5,410,268 | 6.24% | 5,092,274 | 4.80% | 4,859,044 | -8.98% | 5,338,342 | 23.29% | 4,329,898 |
| Other Debt Service | 118,000 | 15.69% | 102,000 | 8.97% | 93,600 | 17.00% | 80,000 | 77.78% | 45,000 | 0.00% | 45,000 |
| Reserves | 976,440 | 145.71% | 397,391 | -50.11% | 796,499 | 8.35% | 735,143 | 50.27% | 489,220 | -1193.82% | -44,726 |
| Transfers | 1,213,867 | 42.54% | 851,602 | -9.71% | 943,235 | 130.90% | 408,503 | -2.22% | 417,798 | 12.00% | 373,042 |
| TOTAL BUDGETED EXPENDITURES | 55,429,309 | 4.16% | 53,216,301 | 3.00% | 51,664,820 | 5.34% | 49,044,533 | 2.87% | 47,675,046 | 8.37% | 43,992,840 |



Indiana University South Bend Explanation of Significant Increases

Part Time Instruction increase = Increase in adjunct budgets

Financial Aid increase = Chancellor's Merit Award

Valuations & Adjustments increase = Collection expense & bad debt write-off from uncollectible accounts and students not "washed out."

Computing Services increase = increase in data port charges.

Supplies & Expense decrease = base budget realignments to other expenditure categories.

Travel increase = CTE funds for international student recruiting.

Other Debt Service increase = \$16,000 for PeopleSoft Infi-Net Billing - an electronic student billing system.

Campus reserves increase = FY 2006-07 budget cut; 3% minimum reserve; Strategic Directions Initiative; mandated deficit reduction.

Transfers increase = 18/20 retirements; PeopleSoft \$120K; HLC Accreditation; ACP Project; Cont Ed Montessori Pgm.



- **Questions?**