

Budget Committee Recommendations – April, 2016
IU South Bend Academic Senate

The Budget Committee met on March 31, and again on April 5, to discuss the proposals presented during the budget hearings on March 21-22 and to formulate the following recommendations.

Estimate of funds available for new spending

We began with an estimate of **\$1,000,000** in additional revenue for FY2017, in comparison to FY2016, based on these factors: +\$420,000 from the 1.2% tuition rate increase; +\$380,000 increase in the state allocation; +\$1,200,000 as the increased revenue from the switch to banded tuition, assuming flat enrollment; and -\$1,000,000 as an estimate of the revenue shortfall in the current fiscal year.

We next considered spending reductions identified in the budget proposals under the scenario that units would need to provide a 1.5% salary pool increase by internal reallocations, and those reductions that we judged not too damaging, as well as reductions we understood to already have been agreed to, were added up as follows:

\$64,400 in the Raclin School of the Arts, by not replacing one of the two vacant COMM lecturer positions, and converting the vacant tenure-track position in Dance to a lecturer in Voice.

\$75,000 in the Dwyer College of Health Sciences by the elimination of a vacant clinical lecturer position in Nursing

\$65,400 in the School of Education by eliminating one staff position and replacing a vacant tenure-track position with a lecturer in Counseling and Human Services

\$237,200 in the College of Liberal Arts and Sciences by eliminating tenure-track lines in English and Math and a lecturer in English, and converting a tenure-track position in Sustainability Studies to a lecturer position

\$12,000 in Academic Affairs, which is roughly half of the amount identified as possible, if necessary.

We are unable to endorse the reduction of \$93,177 labeled Academic Salary Savings without knowing what this represents.

Total = **\$454,000**

We note here that virtually all of these spending reductions are a result of a further contraction of the campus faculty, a contraction which is taking place without meaningful input from the faculty about which positions to replace and which to eliminate. We strongly urge the Office of Academic Affairs to work with the Academic Personnel Committee to establish a framework for that committee to consult on matters of faculty expansion or contraction, a duty specifically assigned to the committee in the constitution of the Academic Senate.

In addition to the reductions above, we believe the Utilities budget (0754880) could be safely reduced. We find it puzzling that so much is left encumbered and carried forward each year in the Utilities account. The average monthly expenditure on all utilities over the past three years has been \$133,000, but \$398,000 was carried forward to FY 2015 and \$379,000 to FY 2016. It does not seem reasonable that we would need to carry forward the equivalent of almost three months of expenditures from this

account into the next fiscal year. Total expenditure on utilities has been very close to \$1.6M in each of the past three years. If we carry forward \$150k into the next fiscal year and budget \$1.7M, there will be close to \$250k left at the end of FY 2017. Any emergency expenditures beyond \$100k would have to be covered from capital accounts or Designated Other Funds accounts. Budgeting \$1.7M for utilities would amount to a reduction of **\$190,000**.

This committee has noted before that the way in which the Distance Learning general fund account (0757530) receives its revenue is not very transparent. Specifically, transfers to the Distance Learning reserve account (2357505) are budgeted in the revenue (RCB) accounts of the academic units, and then the total of these transfers into account 2357505 is transferred back into the general fund in account 0757530. Our understanding is that this structure dates to an agreement in the past that 100% of tuition from online courses would be captured for five years and directed into support for distance learning. That agreement has expired, but the convoluted process for directing revenue to the Distance Learning account (0757530) persists, and at a funding level that is beyond what is actually spent from this account. In FY2015 the transferred-in revenue exceeded expenditures from this account by \$334,000, and in the current fiscal year it appears the difference will be about \$240,000.

We recommend that this convoluted process of directing revenue to the Distance Learning account be discontinued and that the account instead should be funded, at the level of its actual expenditures, by increasing the assessments against the revenue-generating units for support of Other Academic Programs (RC 52), where account 0757530 resides. If we take the current fiscal year as the starting point for this change, the difference between the \$492,721 moved into account 0757530 from the academic unit RCB accounts and the ~\$250,000 that will actually be spent amounts to a reduction of **\$240,000** in budgeted expenditures.

Adding this amount to the proposed \$190,000 reduction in the Utilities budget, the \$454,000 of reductions due mostly to faculty contraction, and the estimated \$1,000,000 in new revenue, we arrive at an estimate of **\$1,884,000** available for new spending in FY2017.

Priorities for new spending

We recommend an increase of 2.5% in the campus salary pool. This increase will be applied to a salary pool of about \$41,000,000, which means it will require about **\$1,025,000**. We endorse the proposal from Academic Affairs to establish minimum salaries for all lecturers and assistant professors, at an estimated cost of \$118,000. Since this is an all-campus initiative, we recommend that this amount be retained centrally and distributed as needed, and that the remaining \$907,000 be distributed to the various units in proportion to their existing salary pools.

The use of \$1,025,000 for a salary pool increase leaves an estimated **\$859,000** for other new spending. We have not attempted to sort all requests for new spending into an ordered list, but instead have sorted them into broad groups of descending priority.

First priority

AdminFiscAff	Police (salary improvement)	\$62,000
CHS	Health Care Provider for H&W Clinic	\$90,000

EnrolServ	Workstudy support	\$90,000
StuServ	Case manager	\$61,000
StuServ	21st Century Scholars	\$24,000
StuServ	ACE tutors	\$30,000
StuServ	DSS mentoring	\$14,000
CLAS	Operating budget and dir. stipends for Sustainability Studies	\$14,200
CLAS	Natatorium purchase and operation (In a sense this is not new spending, since IUSB has already been paying for the operation of this facility, in part from current-year general funds and in part from Designated Other Funds.	\$40,000
LIB	Materials Budget	\$30,000
LIB	hourly wages	\$6000
Total in this grouping:		\$461,200

Second priority

AdminFiscAff	VCAFA replacement (\$56k requested, but highly unlikely this position will be filled before 1/1/2017)	\$28,000
AdminFiscAff	Clerical support for new VCAFA (see comment above)	\$12,500
AcadAff	Carnegie Engaged Campus	\$10,000
AcadAff	Faculty Associates Program	\$5,000
BUSE	Business Law & Ethics faculty position	\$100,000
EDUC	Lecturer in Counseling & Human Services	\$58,000
EnrolServ	ABC Summer Bridge	\$20,000
StuServ	Leadership Academy	\$55,000
All...	Travel	\$50,000
Total in this grouping:		\$338,500

Opportunities for utilizing general fund reserve

We believe that some of the proposed new spending offers an opportunity to utilize our large general fund reserve...

ChancOff	Athletics	\$119,500
EnrolServ	Tuition offsets: MSEP, Pokagon Band, Edwardsburg	\$282,200

These expenditures are well suited for a planned use of reserves, since any expense that is incurred is presumably offset by the revenue generated by the new students they attract to IU South Bend. This revenue includes both tuition and fees in the present and, in the case of athletics, increased performance funding in the future, since student-athletes have better-than-average retention and graduation rates. If these expenses can be budgeted without a corresponding increase in projected revenue as a planned use of reserves, they represent an opportunity to utilize a portion of our still large general fund reserve.

It may be difficult to support this argument in the case of the tuition offsets. In that case the projected tuition revenue should be increased, since the expense of the tuition offsets will only be incurred if new students eligible for these offsets are attracted to IU South Bend.

Comments on other proposed new spending

We find no items among the requests that are without merit. In some cases, the requests seem amenable to one-time funding. For example...

ChancOff	Marketing (This would also be another candidate for a planned use of reserves.)	\$250,000
StuServ	Student hourly for second Gateway (This is a temporary need, which could be covered with one-time money.)	\$20,000
LIB	Technology replacement (This is a pressing need at present, and a mechanism needs to be put into place to cover future upgrades. The current pressing need, though, should be covered with one-time money.)	\$30,000

It is impossible to know exactly what effect the change to banded tuition will have on IUSB's tuition and fee revenue next year. The estimate of \$1.2M in additional revenue is conservative, which is important in light of this uncertainty. It is possible that the actual revenue in FY2017 will be higher than budgeted, and in that case the items above could be covered from this excess revenue in FY 2017 and the marketing could be added to base budget in future years.

Respectfully submitted,

IU South Bend Academic Senate Budget Committee
Jerry Hinnefeld, Chair