

November 14, 2006

MEMORANDUM

To: Bloomington Faculty Council

Fr: Herb Terry and Bryan McCormick
Co-chairs, Budgetary Affairs Committee

Re: **Budgetary Affairs Committee 2005-06 Annual Report**

We are pleased to report to the Bloomington Faculty Council (BFC) on the activities of the Budgetary Affairs Committee (BAC) for the 2004-05 academic and fiscal years. Below is a listing of the committee's membership, mission, and a summary of the BAC's activities for the year.

Budgetary Affairs Committee Membership 2005-06

- Herb Terry, Telecommunications (College of Arts and Sciences), Co-Chair
- Bob Kravchuk, School of Public and Environmental Affairs, Co-Chair
- Other Members
 - Randy Beam School of Journalism
 - Nancy Boerner IUB Libraries
 - Catherine Brown School of Education
 - L. Jean Camp School of Informatics
 - John Carini Physics (College of Arts and Sciences)
 - Jamsheed Choksy Central Eurasian Studies (College of Arts and Sciences)
 - Ann Gellis School of Law
 - John Graves Graduate and Professional Student Organization
 - Russell Hanson Political Science (College of Arts and Sciences)
 - Elin Jacob School of Library and Information Sciences
 - Cecile Jagodzinski IUB Libraries
 - Bryan McCormick School of Health, Physical Education and Recreation
 - Richard Meetz School of Optometry
 - Daniel Melamed School of Music
 - Jonathan Mills Computer Science (School of Informatics)
 - Jonathan Plucker School of Education
 - Amy Reynolds School of Journalism
 - Michael Robinson East Asian Languages (College of Arts and Sciences)
 - Albert Ruesink Biology (College of Arts and Sciences)
 - Richard Shockley School of Business
 - Amanda Spivey Indiana University Student Association
 - Jerrold Stern School of Business
 - Jody Vaught Bloomington Professional Council
 - Maxine Watson Biology (College of Arts and Sciences)
 - William Wheeler Mathematics (College of Arts and Sciences)

Mission and Role of the BAC

The Budgetary Affairs Committee is unique among BFC committees insofar as it is charged to act on behalf of the council, and to give advice and make certain decisions, without necessarily consulting the council in advance. According to BFC Bylaws, the mission and role of the Budgetary Affairs Committee are as follows:

The Budgetary Affairs Committee shall act as a representative of the Council in offering to the Chancellor and to the chief budgetary officer for Bloomington its continuing advice and criticism on all aspects of the Bloomington Campus budgetary policy and the allocation of the Bloomington Campus financial resources, especially those proposed allocations and re-allocations of financial resources that have bearing on the economic well-being of the faculty and academic staff.

Other BFC resolutions have charged the BAC to each year recommend minimum salaries for tenure-track faculty and librarians (by rank), and to recommend a nonzero cost of living adjustment for them.

In order to represent the concerns of the entire campus community, the BAC is larger than most other BFC committees, and formally includes one representative each from the Professional Staff Council, the Indiana University Student Association, and the Graduate and Professional Student Organization. Level of activity / participation of these non-faculty members in the committee's activities vary from year-to-year. Historically, BAC members have tended to serve for several years, which provides continuity of knowledge and expertise in the committee concerning the campus budget and budgetary processes.

Each Spring, members of the BAC attend budget conferences with campus deans and the heads of non-instructional units, arranged by the Vice Chancellor for Budgetary Administration -- now the Senior Vice Provost and Special Assistant to the President. In 2005-2006 there were 31 such conferences. Two BAC members usually attend each budget conference. BAC members do not attend the conferences of their home units. Members write summary reports on the conferences, which are circulated among the committee and discussed as agenda items at BAC meetings held in the Spring semester. These reports are preserved in the committee's archives for future reference. In 2005-2006 there were seven such meetings.

Committee members evaluate the requests of units for changes in their base operating budgets and one-time funds, generally involving the use of Provost's Fund monies. The committee submits its recommendations concerning these requests to the Office of the Provost and the Senior Vice Provost. It also transmits its observations and recommendations on broad issues and fiscal trends that emerge during the budgetary process. Finally, the committee submits recommendations on the cost of living increase and on salary minima. In

addition to its involvement in the annual budgetary process, the committee responds to specific requests for advice from the Provost and Senior Vice Provost.

As a result of University and campus reorganization implemented during 2005-2006, that had been the "Chancellor's Fund" became the "Provost's Fund" and the BAC (with the support of the Agenda Committee) interpreted the BFC Bylaws mentions of the "Chancellor" as now giving the Committee authority to make recommendations to the Provost and to the Senior Vice Provost. The President, acting as the Chief Executive Officer of the Bloomington Campus reviewed the Provost's proposed allocations and made the final decisions on fund distribution.

Provost's Fund Recommendations

Summary. As in prior years, requests for Provost's Fund support (\$12,677,032) far exceeded available funds. Things were even tighter than usual because of \$1,978,000 in pre-commitments made by the outgoing Chancellor and the Interim Provost. The committee recommended funding academic units in a total amount of \$2,974,481, which was somewhat less than these units' contributions to the fund (\$3,247,481, including the \$1,968,000 in Chancellor's and Provost's pre-commitments). As a consequence, the committee recommended funding for support units that was in excess of their contributions. Funding for support units was recommended in the amount of \$841,183, which was greater than the \$568,079 that these units had contributed the fund. The rationale was that many of the support items that we recommend funding were -- by their nature -- of campus-wide benefit and some, such as financial aid dollars and diversity-building programs, would ultimately find their way into the academic units. Others, such as Campus Child Care, were of more indirect benefit, but should improve faculty and graduate student recruitment which is also of campus-wide benefit.

Forward-Funding Certain Items. In a departure from previous years, the committee provided recommendations for multi-year commitment of Provost's funds. The purposes of such a forward-funding strategy were to (1) accommodate multi-year requests that the committee had recommended (e.g., increasing infant & toddler capacity in Campus Child Care, and supporting new research space in the School of Optometry), and (2) to begin funding some requests for Provost's Fund monies that the BAC found meritorious, but could only be partially funded in FY2006-07. To the extent that the Provost accepted some of these forward-funding recommendations, money available through the Provost's Fund for 2007-2008 will be reduced.

Provost's Fund Awards. Final funding from the Provost's fund provided \$1,284,589 in base funding and \$297,650 in one-time funds (total \$1,426,108) to non-academic units and \$2,383,661 in base funding to academic units (there was no one-time funding). As is consistent with previous years, BAC

recommendations were funded in part.

Salary Minima

The BAC also recommended a 2% increase in minimum salaries for the following ranks: Professor, Associate Professor, Assistant Professor, Librarians and Lecturers. For 2006-07, these recommended minima were:

LI/IRX1 \$55,052.67 Full Professor/Librarian
LI/IRX2 \$45,043.43 Associate Professor/Librarian
LI/IRX3 \$35,875.68 Assistant Professor/Librarian
LI/IRX4 \$33,354.79

In accordance with BFC policy mandating the BAC to recommend cost of living adjustments for faculty and librarians (Circular B40-93), the BAC recommended a \$450 cost of living adjustment for IU faculty and librarians for 2006-07. This recommendation was guided by the goals of ensuring a minimal degree of protection against salary erosion caused by inflation, while retaining as much budgetary flexibility at the unit level as possible.

The committee also repeated the recommendation of prior years to avoid imposing unreasonable salary requirements on schools that might be facing budgetary distress. If a \$450 COLA would seriously undermine a unit's ability to allocate salary increments fairly, we recommended that school salary/policy committees work with school administrators to agree on a COLA that is more reasonable in their circumstances.

The BAC is also charged by the BFC to make recommendations for minimum stipends for student academic appointees. Our recommendation paralleled that for faculty and librarians: a 2% increase in the minimum.

Additional Matters

The co-chairs of the BAC were both interviewed by the Presidential RCM Review Task Force. At the request of the Senior Vice Provost, the Committee briefly considered possible alternatives to IUB's current "flat fee" tuition system and commented on a request to the Provost for extraordinary funds to begin a new Ph.D. program. It indicated that it supported a decision to allocate \$1.6 million to academic units having pressing financial needs. The hope is that this short-term support will assist these units in 2006-2007 while ways are found to more systematically address their budgetary stresses.

Indiana University Bloomington
BAC Provost's Fund Recommendations v. Actual Allocations 2006-07

ACADEMIC UNITS	BAC Recommended			Actual Allocation	
	Base FY06-07	One-Time FY06-07	Forward Starting FY07-08	Base FY06-07	One-Time FY06-07
College of Arts and Sciences					
Outside Offers (Gros-Louis)				1,000,000	
Strategic Investment in Science (M. Brand initiative 05-07)				142,861	
Bachelor of Fine Arts in Musical Theatre (Gros-Louis 07-09)				100,000	
Center for Cancer Biology faculty member				100,000	
Partial support of faculty administrator's compensation increase				21,000	
Simon Hall Facilities Director (<u>Also</u> : \$155,000 future base funds for support)*	\$70,000			70,000	
Director and Support Staff for Language Technology Center	\$120,000			0	
Total Arts & Sciences	\$190,000			1,433,861	
Business					
Dean's hiring agreement (Gros-Louis)				420,000	
Direct Admit Day Expenses	\$9,800			9,800	
Total Business	\$9,800			429,800	
Education					
Establish a P-16 center at IU (Director & Staff Support; Renovations)				270,000	
Total Education	\$266,135			270,000	
Informatics					
Bioinformatics Coordinator				250,000	
Total Informatics	\$0			250,000	

