

October 2024



Financial Update

2024-25 Operating Budget

REVENUE

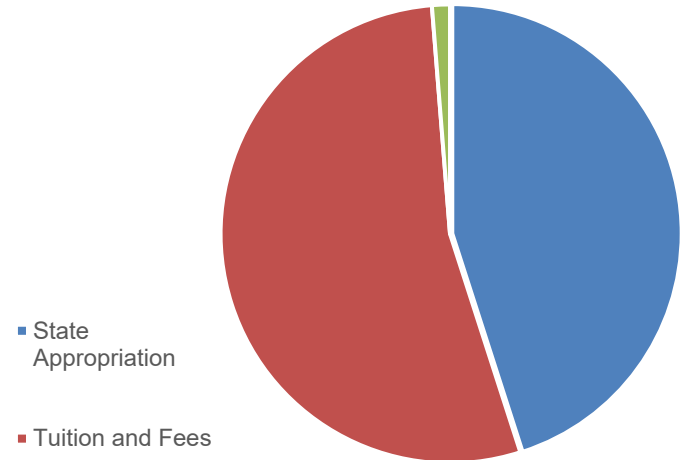
Our operating budget of \$62,314,898 is comprised of 2 main funding sources:

1. State Appropriation

- Accounts for 45% of the total budget, or \$28,062,832
- Amount changes each year based on the State's Performance Funding Model

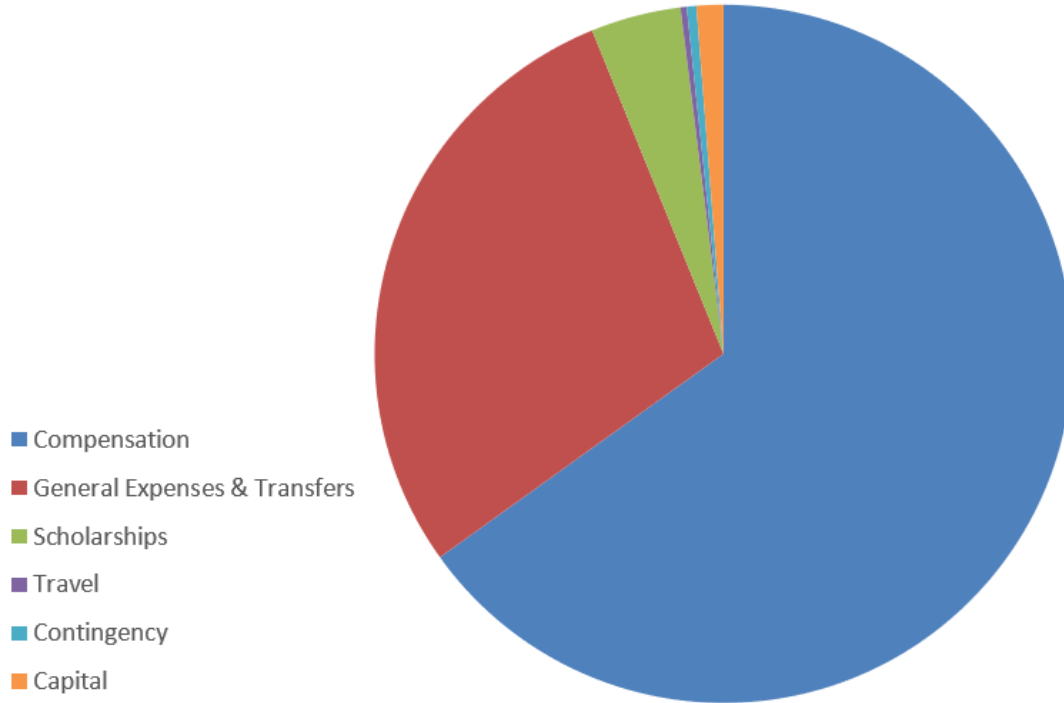
2. Tuition and Fees

- Accounts for 54% of the total budget, or \$33,464,566
- Amount changes each year depending on enrollment (credit hours sold)



2024-2025 Operating Budget

EXPENSE



Notes:

- ❑ Total budget = \$62,314,898
- ❑ Employee compensation accounts for 65% of the total budget
- ❑ General expenses and transfers includes UA taxes and general operating supply budgets



Fiscal Year 2023-24 Year End

- FY24 year end net position = \$1,523,484
- Important notes:
 - Much of the surplus was due to tuition and fee revenue from enrollment gains
 - The planned use of cash of \$1.3M to offset the elimination of the Distance Ed fee was ultimately not necessary
 - Our year end reserve contribution was the largest of any regional campus and puts us back on track to reach our goals



Fiscal Year 2023-24 Year End

Feedback was provided by many campus constituents on how we should allocate the year end surplus, including CBAC, Senate Budget Committee, Staff Council, Cabinet, and others.

Based on that feedback, the Chancellor decided to allocate the funds as follows:

Reserve Contribution	\$ 523,484
Campus Furniture Refresh	\$ 750,000
Strategic Initiatives	\$ 250,000
	\$ 1,523,484

Note: The strategic initiatives funding is for new and updated electronic donor walls around campus



Enrollment Impact

- An increase of 3.5% in fall enrollment marks the 2nd consecutive year of positive enrollment
- Kudos to all faculty and staff on this accomplishment...particularly our Strategic Enrollment Management team!
- Increased enrollment leads to increases in tuition revenue:
 - It is too early to estimate with accuracy how much more tuition revenue will be collected
 - Using the previous year as a guide, we were up 3.1% in the Fall of 2023, and ultimately our budget grew by \$2,454,777 the following year
 - It is important to realize that current year enrollment gains can only lead to budget growth in the following year.



AOD Budgetary Impact

The campus has experienced savings incrementally as the structure has been implemented.

Base budget expense reduction as of October 2024 = **\$295,698**

- This figure represents the savings we will experience each year.
- This figure represents the difference between the FY22 and FY25 expense for academic leadership.



AOD Budgetary Impact

FY22 Structure:

- 5 Deans
- 8 Associate/Assistant Deans
- \$2,181,256 in compensation expense

FY25 Structure:

- 2 Deans
- 6 School Leaders
- 3 Other Administrative Positions (titles vary)
- \$1,885,558 in compensation (discounted to reflect general salary increases)

Difference/Base Budget Savings = \$295,698



Impact of Our Fiscal Sustainability Efforts

Examples of what we were able to base fund in FY25:

\$1,124,012	General Salary Increase	
\$399,843	Reserves for Grant Funded Positions	
\$391,000	UA Tax Increase	
\$171,000	FSLA Adjustments	
\$128,285	Summer Faculty Increases	
\$91,000	Faculty Promotions	
		Total
		\$2,305,140

Previously underbudgeted items that are now fully or partially base budgeted:

\$161,286	Adjunct and Overload Increase	
\$50,000	Accommodation Technology for Students	
\$37,000	Campus Hospitality Increase	
\$31,785	S LP/OT Budget Correction	
\$25,000	Honors Program Budget	
\$25,000	Compressions and Reclassifications	
\$10,000	Community Engagement Budget	
		Total
		\$340,071

Voluntary Faculty Retirement Incentive Program

In August, IU Regional campuses launched a voluntary retirement incentive program for eligible faculty, who were notified of their eligibility.

- **Program Components:**

- Those who participate will receive a one-time incentive payment and IU Retiree Status designation.
- Faculty could request to separate from IU as of December 31, 2024, or May 31, 2025.

- **Process:**

- Applications were due on September 30, 2024. Reviewed by the Chancellors and VP for regional campuses in early October. Notifications to those approved will occur in mid-October.

Voluntary Faculty Retirement Incentive Program

- There were 26 faculty eligible for VFRIP at IU South Bend and 11 applied for the program, for a 42% application rate.
- All 11 that applied were approved.
- A total of 2 faculty will begin their retirement on December 31, 2024, and 9 will begin their retirement on May 31, 2025.
- Position vacancies and needed replacements will be considered through the normal faculty position request process.

FLSA Implications

The federal government passed legislation in April that requires changes to minimum salaries for exempt level employees

- Previous minimum salary = **\$35,568**
- The new minimum salary on July 1, 2024 = **\$43,888**
- The new minimum salary on January 1, 2025 = **\$58,656**



Compressions and Reclassifications

- **Compressions resulting from:**
 - July FLSA changes caused compression issues in several areas.
 - Some positions unrelatedly in need of reclassifications.
- **Plan to address:**
 - \$25K in recurring base budget in FY25 to address.
 - \$25K will not fix all issues; will be a multi-year approach.
 - Plan to make this a recurring practice in future years.
 - IU South Bend HR has compiled list of needed compression adjustments due to FLSA. Waiting on guidance and approval from IUHR to implement.
- **Reclassifications:** Vice Chancellors have gathered a list of needed reclassifications, but opportunities to address are limited this year due to FLSA & compression adjustments.