

**IUPUI FACULTY COUNCIL COMMITTEE**

**BUDGETARY AFFAIRS COMMITTEE**

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**ANNUAL REPORT**

**2002 – 2003**

**INDIANA UNIVERSITY–PURDUE UNIVERSITY INDIANAPOLIS**

## **Charge and Committee Relationships**

### **BAC Charge**

This committee shall review the general academic priorities of IUPUI and the reflection of such needs in the creation of budgets, inform the Council on budgeting procedures and points of potential faculty input, and alert the Council to matters of budgetary importance external to IUPUI (Bylaw III.B.3).

### **Relationship to the Financial Planning Advisory Committee**

The Financial Planning Advisory Committee (FPAC) was created this year to make recommendations to the campus administration on the pending financial difficulties that this campus expects to encounter in the immediate future. State appropriations continue to weaken for the institution and the effects of this situation are problematic for its continued health and well-being. FPAC is evaluating approaches for expense reduction and income enhancement. The work of this group will help shape procedures for future actions, and how major reductions in expenditures might occur, and how programs and campus activities could be reviewed and evaluated.

The Committee has representation from the central administration, the Dean's Council, Faculty Council, and faculty representation through the Budgetary Affairs Committee and the Campus Planning Committee. During the spring and summer terms, Budgetary Affairs was represented by its Chair David Malik and the Campus Planning Committee by its Chair Catharine Bonser-Neal. This fall, Budgetary Affairs will continue to be represented by its Chair, and the Planning Committee will be represented by its newly appointed chair, Robert Keck.

The Chair of Budgetary Affairs will regularly report on the activities and recommendations of FPAC as appropriate.

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## Committee Roster

*Members with Term Expiring June 30, 2003 who contributed to report:*

**Akay, Hasan** (Engineering and Technology: Mechanical Engineering)  
**Bailey, Darrell** (Informatics: New Media)  
**Chin, Raymond** (Science: Computer and Information Science)  
**Dent, Alexander L.** (Medicine: Microbiology & Immunology)  
**Gass, Sherry T.** (Social Work)  
**Gregory, Richard** (Dentistry: Oral Biology)  
**Howard, Jay** (IUPU Columbus) (Liberal Arts: Sociology)  
**Malik, David** (University College: Chemistry) (**Chair**)  
**Orme, William** (University Library: Instruction)  
**Rees, Fred J.** (Music)  
**Richardson, Mark** (Herron Art)  
**Richardson, Virginia E.** (Nursing)

*Members with Term Expiring June 30, 2004 who contributed to report:*

**Bilodeau, Marc** (Liberal Arts: Economics)  
**Ford, David** (Liberal Arts: Sociology)  
**Huff, Marchusa** (Nursing)  
**Johnson, Karen** (Liberal Arts: English)  
**Jones, Elizabeth A.** (Physical Education and Tourism Management)  
**Lahiri, Debomoy** (Medicine: Psychiatry)  
**Nunn, Sam** (Public and Environmental Affairs)  
**O'Palka, Jackie** (Medicine: Allied Health Sciences)  
**Silk, David** (Education)  
**Smith, Reed** (Kelley Business)  
**Upton, Thomas A.** (Liberal Arts: English) (**Secretary**)

*Liaisons for 2002/03 (or Ex Officio)*

**Banta, Trudy** (IUPUI Administration: Planning and Institutional Improvement) (**Administrative Member**)  
**Moore, B. Keith** (Dentistry: Restorative Dentistry) (**Executive Committee Liaison**)  
**Martin, Robert** (IUPUI Administration: Administration and Finance) (**Administrative Liaison**)

## **Summary of Committee Activities**

The main task of the Budgetary Affairs Committee is the report on annual unit reviews on the budgetary conditions of schools and non-academic units. These reviews normally occur through the "Budget Hearing" process of the administration. The Committee also provides input on numerous financial matters of the campus and proposals by the campus. This past year another activity was added to the agenda: evaluation of "Dedicated Tuition" proposals submitted to the campus (together with the Campus Planning Committee).

This Report first outlines the procedures used by the Committees to evaluate the Dedicated Tuition proposals. There were a series of Proposal Review Criteria that were established to review the reports that were being recommended. These criteria were to be used to evaluate the focus of the proposal. This Report also includes a detailed description of the evaluation process plus priorities that were established to assess the proposals. The Report includes recommendations that were made to the Financial Planning Advisory Committee (FPAC) about the proposals. Of the nearly fifty proposals submitted, six proposals were recommended in the highest priority category, and another four proposals were recommended in the medium priority category. The high priority proposals had a consensus of both committees, and the medium priority proposals had a split consensus. These recommendations are listed below. The remaining proposals were not recommended for funding. We have not included an itemization of declined proposals and actions in this Report. The Committee also provides some suggestions and observations for future submissions.

The Committee makes recommendations on campus budget priorities and provides an update on recommendations emerging from the prior year 2001-2 report. In addition, several recommendations are provided for consideration by the 2003-4 Budgetary Affairs Committee.

The final part of this Report addresses the reviews of academic and non-academic units in the budget hearing process and includes an assessment of their financial health and other financial issues.

## **Results of Dedicated Tuition Dollar Proposals**

Combined meetings of the Budgetary Affairs and Campus Planning Committees (4/30/03 and 5/2/03)

### **Review Procedure**

The joint Budgetary Affairs and Campus Planning Committees met twice (about 5-6 total hours) to review and evaluate nearly fifty proposals submitted. Some proposals did not get reviewed because they failed to meet the funding guidelines of a minimum \$100,000. The proposals were each assigned two reviewers (both from non-collaborating units in the proposal) to serve as presenters of the proposal. After the initial presentations, the proposals were evaluated on the criteria announced (plus the considerations listed below). Strengths and weaknesses were discussed for all proposals. Any authors of proposals were not present in the room while their proposals were being considered. In addition, faculty members or others, when appropriate, recused themselves from voting on those proposals. Six proposals were approved for funding. A second group of four proposals were not approved, but because a clear consensus had not been achieved, we are advocating these at a lower priority for consideration by FPAC. Thirty-eight proposals were not recommended for funding by the joint committees.

### **Recommendations to FPAC**

The Committees used and recommend the following considerations in making awards (in addition to published guidelines).

- Substantial funds should be directed to students and recommended proposals accomplish this. A serious concern was raised over constructing new administrative structures where existing ones could work.
- Largely dollars for faculty salaries, new faculty positions, etc. were not endorsed. Some of these proposals made compelling cases for need, but not from the tuition dollars under consideration here.
- Some proposals have available other sources of campus funding that would be more appropriate than dedicated tuition dollars, for example, computer and technology funding that could be accommodated through student technology fee income. It was a high priority for proposals to use money in ways appropriate for new tuition dollars.
- Several proposals make good cases for need, but had deficiencies in the strategies provided, evaluations discussed, or administrations suggested.
- Evaluation component should contain a significant determination with reasonable quantitative measures of efficacy.
- General problems exist between efforts and initiatives that are suggested at both a unit level and campus levels. Should there be consolidation or should activities be tailored to individuals units?
- Some proposals address similar missions, but in the absence of any dialog between proposal authors. Those proposals would be enhanced if they had cooperated. Funding might still not be guaranteed however.
- If less than the available funding is used, there should be clear priorities established for how those funds might be otherwise awarded or distributed.

## **Recommendations for Future Submissions**

The Budgetary Affairs Committee would like to convey the following recommendation to the administration with respect to the entire proposal process conducted in any future competitions.

- (i) The time line for announcing the competition, distribution of guidelines, and proposal due dates was too short. Many proposals revealed a lack of care and depth in treating the subject matter of the proposal.
- (ii) The time line associated with the review process was also very short. The combined committees made a valiant effort to review them, but many members felt that too little time could be spent to adequately report on each proposal and give the most accurate evaluation and review.
- (iii) There was conceptual difficulty in anticipating the massive cuts predicted in the intermediate term for campus, yet reviewing proposals where new funds were going to be distributed. Some felt that numerous units have financial instability, and that these new funds were not helping those units in resolving their financial woes.
- (iv) While the combined committees could establish priorities for funding, it was not clear these would be supported by the central administration. Some felt that declined proposals might be funded in the absence of sufficient justification within the proposal. The committees felt a need for additional review guidelines might have been useful.

**Proposal Review Criteria Form**

**Proposal Review Criteria**

April 7, 2003

**Mission Element:** \_\_\_\_\_  
 (Teaching & Learning, Research & Scholarship, Civic Engagement)

**If approved --**

	High Priority	Medium Priority	Low Priority
1. Potential impact in advancing the identified mission element			
2. Potential impact in enhancing undergraduate success			
3. Potential impact on student retention			
4. Evidence of need for this project			
5. Clarity of goals/outcomes			
6. Involvement of multiple units			
7. Appropriateness of projected expenditures			
8. Strength of the evaluation component			
9. Potential for broad impact			
10. Potential to enhance effectiveness			
11. Potential to enhance efficiency			
12. Potential to increase diversity			
13. Potential for attracting additional resources			
14. Potential to serve as a model for others			
15. Probability of continuation			
16. OVERALL EVALUATION			

**Approved**—List strength(s)

**Disapproved**—Give reason(s)



**Recommendations from Joint Budgetary Affairs-Planning Committees**  
 Recommendation to the Financial Planning Advisory Committee

*Approved for Funding: High Priority*

<b>Title</b>	<b>Author</b>	<b>Mission</b>	<b>Total request</b>
Expanding Campus Visitation Opportunities at IUPUI	Jennifer Pease Enrollment Services	T/L: Yes R/S: No CE: Yes	\$148,000
Health Promotion Learning Cooperative	Rose M Mays Nursing	T/L: Yes R/S: No CE: Yes	\$143,668
IUPUI Minority Research Scholars Program	Marchusa N Huff Nursing	T/L: Yes R/S: No CE: No	\$100,000
Shared Advisors: Campus-wide Coordination of Academic Advising	Catherine Buyarski University College	T/L: Yes R/S: No CE: No	\$108,500
Student-To-Student Scholars: Academic And Educational Success Via Mutual Student Engagement	David J. Malik Science	T/L: Yes R/S: No CE: Yes	\$159,000
The Freshman Work Program: A Tool For Retention And Recruitment	Norman D Lees Science	T/L: Yes R/S: No CE: No	\$130,903

*Split Consensus Proposals: Medium Priority*

<b>Title</b>	<b>Author</b>	<b>Mission</b>	<b>Total request</b>
Development Of An Undergraduate Program In Forensic & Investigative Science	Dring N. Crowell Science	T/L: Yes R/S: No CE: Yes	\$233,110
Enhancing The Undergraduate Experience Through A Professional Practice Program	Kenneth E Rennels Engineering and Technology	T/L: Yes R/S: No CE: Yes	\$420,835*
Internationalizing The Curriculum	John S. McCormick Liberal Arts	T/L: Yes R/S: No CE: Yes	\$250,000
Multidisciplinary Undergraduate Research Institute	Hasan U. Akay Engineering and Technology	T/L: Yes R/S: Yes CE: Yes	\$287,000

\* Budget appears erroneous

## **Continuing Campus Priorities**

The Budgetary Affairs Committee for several years has taken positions on priorities for budgetary decisions. The Committee continues to advocate these positions for maintaining a strong and healthy environment for our campus to prosper. While prior commitments may have already exhausted the campus Reallocation Fund, we would still like to emphasize the directions below.

### **1. Priorities for Distribution of Reallocation Funds**

The Committee recommends that the priority for reallocation funds be directed to the following four areas:

#### ***Students:***

- Providing merit-based student scholarships to attract better-prepared students, and to improve competitiveness with other institutions.
- Enhancing student recruitment efforts, including out-of-state and international students.
- Enhancing student retention and graduation rates.
- Enhancing programs targeted toward welfare of students, including campus life (particularly housing and new student center), financial aid, and health matters.

#### ***Campus Promotion:***

- Publicizing the quality and diversity of degree programs and faculty.
- Creating a more positive image of IUPUI (e.g., world-class institution).

#### ***Campus Infrastructure:***

- Strengthening research and graduate program infrastructure.
- Enhancing library resources.

#### ***New Faculty/Staff:***

- Supporting essential new faculty/staff lines.

Reallocation requests for new faculty/staff lines should be considered favorably only if units provide matching funds. This will require units to better prioritize their programs and underscore the necessity for adding any new faculty/staff lines.

### **2. Faculty Salaries**

Concern about faculty salaries is campus-wide and ongoing. IUPUI needs to establish a systematic and campus-wide procedure to document what individual school/unit needs exist across campus and to propose a timely and equitable remedy. Every effort should be made to bring faculty salaries in line with peer institutions in order to retain current faculty and recruit new faculty competitively. Increases (and even sustainability) in the level of excellence of IUPUI faculty cannot be maintained with uncompetitive salaries.

## Continuing Recommendations from 2001-02 Report and Comments

Current year comments on each recommendation from last year are in italics.

1. There seems to be a proliferation of degree programs without any systematic means for combining or dropping programs. Need to be more selective in this area to maintain quality. *This year, several degree programs offer a prospect for attracting significant new students to campus. These programs will need to be monitored given the cost of beginning new programs. Two of the programs were seeded with the Dedicated Tuition Fund dollars.*
2. Need for more student housing continues. *The resulting construction projects will significantly improve this situation, and may likely meet intermediate needs of the campus.*
3. Classroom and office/research space shortage is severe, even though the new classroom complex to be constructed may ease the shortage. *The most recent construction projects (Informatics or Herron) do not significantly improve classroom space on campus.*
4. Enrollment drop in some schools is of concern. Organized recruitment efforts are needed at unit levels, as well as campus levels. *Significant overall enrollment gains this year are signs of more effective recruiting across campus.*
5. Need a mechanism for supporting costs of expansion in existing programs, such as cost sharing. *Some units reported co-sharing costs of new initiatives.*
6. Assessments are of concern to some units. The assessment of fees on many academic units is equal to state appropriations, requiring them to rely almost totally on student tuition for all other aspects of their budgets. This makes them very vulnerable to short-term fluctuations in enrollments. The assessments are perceived of as arbitrary, burdensome and unfair by some. Clearly assessments are necessary, but a reexamination of how these are determined may be warranted. *The evaluation of the Assessment algorithm and its calculation should be a primary focus of the 2003-04 agenda for the Budgetary Affairs Committee.*
7. While it is realized that the increase in cost of services may occur for some unavoidable expenses, such units should be encouraged to look for internal reallocations. The changes being made in university service infrastructure are expected to help contain costs, not significantly increase them.
8. A few of the units do not seem to have any reserve funds available. They should be required to make plans to improve this situation. *Units without reserves in this budgetary climate should be encouraged to remedy the situation.*
9. Additional comments about the reporting and review process:
  - a) The new time-line for annual reporting is received favorably with some tuning-up remaining.
  - b) Continue to require budget info to be given on the Web (including info for the previous three years), and posted in sufficient time to allow adequate review.
  - c) Deadlines for posting should be more strictly enforced.

- d) Previous year's reallocation goals were not adequately addressed by some units. Units should be required to clearly explain how they used previous reallocation funds.
- e) The new reallocation requests should be prioritized with justification and some cost-benefit analysis.
- f) Better linkage between plans, proposals and budgets, and list of priorities should be provided in the reports.
- g) Some units, especially the service units, did not provide adequate financial data for plans, proposals, and activities.

### **Proposed Activities for the 2003-4 Budgetary Affairs Committee**

Several items are recommended for consideration next year. These items have been brought up at different times during the year and should be opened for discussion.

1. **Re-evaluation of State Appropriation distribution on campus.** It has been about fourteen years since the distribution was frozen with the advent of Responsibility-Centered Management. Perhaps the Committee can evaluate possibilities for allocations now that so many years have elapsed, and perhaps missions and priorities have changed.
2. **Re-evaluation of the campus assessment charges mechanism.** The driver algorithm has been frozen for several years and perhaps discussion should occur on how best to distribute the expenses. Included in that evaluation could be an accountability metric for assuring that units provide appropriate levels of services to their constituencies.
3. **Declining income for units from tuition.** The most recent tuition increases have been set aside for targeted uses. Is that in the best interest of the campus? This reduces the funds that can be distributed to units for their operations. The long term consequences of these directions should be evaluated.
4. **The use and applications of the campus tax.** The campus tax (paid to the central Indiana University administration) should be better understood. Where is it going and what is being provided to the campus? This item is also on the agenda of the University Faculty Council, and it would also be appropriate to collect information and provide input to the UFC.

## School of Allied Health

The School of Allied Health at IUPUI seeks to be recognized nationally and globally as a leader in graduate health sciences, and a provider of excellent health care professionals for the state of Indiana and beyond.

The School of Allied Health at IUPUI outlined three goals in this year's planning document: (1) Provide excellent educational opportunities in selected health sciences for Indiana, nationally, and internationally; (2) Strive for excellence through focused civic engagement; (3) Support the IUPUI initiative to be one of the nation's finest academic health centers.

1. **Credit Hours** –The school is retooling itself to become a professional and graduate program. For the past two years undergraduate credit hours are down from 13,961 in 2000-2001 to a projected 5,200 in 2002-2003 (-268%). Graduate credit hours have more than doubled, from 647 in 2000-2001 to a project 1,339 in 2002-2003 (+106%).
2. **New Reallocation requests** –The school reports a request of \$700,000 in campus reallocation dollars, but no reallocation funds were received. Instead, assessments were reduced by \$274,286 during 2000-2001 due to declining enrollments.
3. **Net operating budget situation** –The school had a cash carry-over of \$247,396 for operations from the 2001-2002 year. The current budget projects a \$333,802 deficit between income and expenditures, but the dean believes cash savings will keep the school in the black for 2002-2003.
4. **Reserve funds** – Effective November, 2002 the school had \$348,890 in cash reserve.
5. **Overall Financial Health** –The current operating budget is not projected to be in the black, but the dean expects cash savings to allow it to be so. The school is in transition to a graduate curriculum and anticipates a better financial situation once that transition is completed. The school has completed a successful development campaign. At this moment, the school's financial health is still meager, but there are indications that it may improve in the next few years. The school partnered with the School of Informatics to secure a \$3 million gift from the Lilly Foundation to upgrade teaching classrooms. Of this amount, \$1 million will be available to SAHS to pay for overhead.
6. **Overall Evaluation of Future Plans/Prospects** - As previously stated, the school is in transition to graduate education. The school seeks to become a free-standing unit, renamed the School of Health and Rehabilitation Sciences and independent from the School of Medicine. Accrediting bodies have provided assurance that the school can maintain its accreditation standing. Other interested parties are working to insure that the school remains viable and can realize its vision for the future. The success of the development campaign, the realization of the school's first endowed chair, and a renewed focus on attaining 25% of its base income from external sources are positive signs.

### Summary

The School of Allied Health has obviously gone through a series of crises. The fact that the School is optimistic about its future and has made concrete plans to re-vision itself are highly commendable. The School has taken major strides to meet tough challenges, but may find it necessary to revisit some of its budgetary assumptions if the state budget situation deteriorates further.

## **Kelley School of Business**

**Credit Hours.** The numbers indicate that in the past few years this growth is associated with KSOB's graduate programs. Undergraduate credit hours have remained level at around 35,000 credit hours, with little change since 1998-99. However, KSOB has experienced substantial and rapid growth in graduate hours, from 5,776 in 1998-99 to more than 13,000 credit hours in 2003-03. Accordingly, nearly all of the KSOB growth is in graduate programs, and this growth has been fueled by the Kelley Direct program.

In its budget overview, KSOB administrators reported no expectation of significant growth in student credit hours, in part because they assess the Kelley Direct and regular classroom-based MBA programs as being at capacity. They reported a renewed emphasis on scholarly research by their faculty, but did not expect to change their existing revenue structure by increasing indirect cost revenues, which have rarely exceeded zero in the past five years. In this regard, KSOB administrators reported no new initiatives and no new programs planned for 2003-04.

**Net Operating Budget Situation.** The revenue structure for the Kelley School of Business (KSOB) is composed almost entirely of tuition and state appropriations. KSOB tuition revenue has grown from \$5.7 million in 1998-99 to more than \$13 million in 2003-03. However, state appropriations have remained relatively flat since 1998-99, with an increase from \$3.9 million to \$4.2 million. Unfortunately, state appropriations have been matched on an almost one-to-one basis by school assessments. Thus, KSOB must rely almost entirely on tuition growth to ensure financial success.

### **Summary**

The strength of the KSOB budgetary picture is its continuing growth in graduate credit hours, many of which are associated with the Kelley Direct program and generate a tuition premium above regular classroom rates. The KSOB's primary weakness is its reliance on tuition revenue and its absence of other revenue sources such as indirect cost recovery from research grants and contracts.

## School Of Dentistry

Mission: To promote optimal oral and general health of Indiana citizens and others through educational, research, patient care, and service programs

### 1. **Credit Hours.**

- Overall Credit Hours: in 2001-02 (25,373) total, an increase of 3.8%
- Undergraduate: (3,468) credit hours have increased 4% (1,827) from the 00-01 year to 01-02 year. The credit hours still, however, have not gained back the 1,966 hrs from the 98-99 year.
- Graduate: (2,481) an increase of 6.1%
- Professional: (19,424) an increase of 3.7% from 2000-2001

### 2. **Enrollments.** Currently there is a 10 to 1 ratio of applicants to accepted students to the program (incoming)

- Undergraduate up 1% from 2001 (131) degree seeking
- Graduate/professional up 6% from 2001 (509)

### 3. **New Reallocation Requests.** \$500,000 for 50 dental simulators. They will need to replace another 50 in the near future. (There were no previous reallocation requests for the previous year.

### 4. **Net Operating Budget.** The unit projects a balanced budget for 2002-03 there was a total fund balance of \$973,856 from the 2001-02 year

### 5. **Reserve Fund Report.** There is a balance of \$1,032 in this account. The trustees 3% reserve would total \$ 811,196. The balance is .3% of the required balance. There has been \$0 in this account in previous years

### 6. **Overall Fiscal Health.** The unit is in good fiscal health, with the exception of the trustees reserve. The lack of this unit to set money aside from the past may cause extra tightening measures. The dental school has recovered from a one-time deficit (\$1,714,736 in 98-99). This has been attributed to accounting measures, which have been corrected since that time. It may be noted that the travel expenses have increased this last year by 27% to \$97,710.

### 7. **Evaluation of Future Plans of Unit.** The first priority of the unit is to “execute all action plans spawned by current strategic planning process”. There was no dollar amount on this item. Priorities 2,3,and4 involved capital improvements yet there seems to be no hard evidence that any effort has been put into planning beyond stated desires. The fifth priority is to “build financial reserves” a seemingly impossible task given the current economic forecast.

## Summary

The Dean of Dentistry states that the associate dean and the financial officer are involved in gathering and compiling information. Standing committees are used to gather information used in financial decision making. The resolution of the 98-99 shortfall is a point of pride for the dean. The school has no problem attracting students but has difficulty attracting qualified teachers due to the salary levels. The Dean hopes to attract private funds to pay for a new building. The Dean reports that the faculty is still adjusting to the new model of curriculum that was implemented in 1997.

## School of Education

The IU School of Education (SOE) has the following major goals: 1) build school-wide democratic learning community culture with faculty and staff; 2) continue IU's commitment to strong pre-service teacher education; 3) enhance and strengthen research/graduate studies and continuing professions development programs; 4) develop a program of inquiry and strengthen the SOE's partnership with P-12 schools and communities; 5) build capacity for the recruitment, retention and program completion of African-American and Latino students in teacher education; 6) develop an agenda of inquiry and provide leadership in the appropriate use of technologies to enhance teaching and learning experiences; 7) enhance infrastructure for scholarly activity.

**Credit hours.** There was a 4% and 8% increase respectively in credit hours for undergraduate and graduate credit hours between 2001-02 budget and actual. There is a 3% increase budgeted for the 2002-03 year in each area.

**Reallocation Funds.** There is some confusion here. There is discussion regarding requesting funds the hiring of a Higher Education and Student Affairs (HESA) faculty position, but no dollar amount is listed.

**Net Operating Budget Situation.** The SOE has carefully utilized rigorous section management and ended the 2001-02 budget year with a surplus as well as increasing outside external support.

**Reserve Fund Situation.** The school has budgeted a 6% reserve fund contribution for the 2002-03 year.

**Overall Financial Health.** The SOE has been successful in the last few years in careful regulation of expenses. The School can manage the 2.7% budget reduction but may have to reduce or eliminate faculty and staff raises.

**Overall Evaluation.** The SOE is working very diligently to offer a variety of courses to prepare all students/professionals to have a positive impact in education.

### Summary

The SOE has had a number of impressive highlights throughout the last year. With the anticipated increase in student count, they are nearing their absolute capacity for educational opportunities. They have a diverse action plan that examines education at all levels and are committed to partnerships within the community.



## School of Engineering and Technology

- **Credit Hours.** The School experienced another enrollment increase during both fall 2001 and spring 2002 semesters. The headcount went from 2,215 in fall 2000 to 2331 in fall 2001. The student credit hours increased from 43,000 in 2000-01 to 45,000 for 2001-02.
- **Degree Programs.** The following degree programs received full six years of ABET accreditation after the Fall, 2001 visit: Architectural Technology (AS), Civil Engineering Technology (AS), Construction Technology (BS), Computer Integrated Manufacturing Technology (AS and BS), Electrical Engineering Technology (AS and BS), and Mechanical Engineering Technology (AS and BS). The Purdue University Graduate School has approved graduate certificate programs in Computer-Aided Mechanical Engineering and Digital Signal Processing. A combined five-year, bachelor's degree in physics and master's degree in mechanical engineering was also approved by the Graduate School.
- **E-commerce.** Built upon the success of the online certificate program in information technology, the School has launched a follow-up online certificate program in e-commerce development. Both programs have been very successful. A new certificate program has been introduced in leadership studies. Minors were introduced in digital electronics technology and computer graphics technology.
- **Degrees to women.** Based on the "Profiles of Engineering and Engineering Technology Colleges" prepared by the American Society for Engineering Education (ASEE), the School ranks eighth nationally in terms of bachelors degrees awarded in engineering technology, second nationally for engineering technology degrees awarded to women, and third nationally for engineering technology enrollment.
- **International colleges.** The School has expanded program articulation agreements with international colleges and universities by adding Dogus University in Turkey, HELP Institute in Malaysia, and University of Mediterranean in France.
- **Grant Awards.** The major grants received during the year are: 'Three Dimensional Surface Corrosion Growth Model for Material Testing' from NSF (\$250,000); 'Promoter-based Estimation Analysis' from NIH (\$223,500); 'BACIIS: Biological and Chemical Integrated Information Systems' from NSF (\$164,560).
- **Campaign goal.** The School reached 79 percent of its comprehensive campaign goal of \$8M. The most significant gift was the establishment campaign goal of \$8M. The most significant gift was the establishment of the Guidant Foundation Endowed Chair in Biomedical Engineering when Guidant Foundation made a commitment of \$1.7M in April 2002.
- **Industrial collaborations.** Expanding collaborations with business and industry partners such as Rolls-Royce Corporation, EDS, Allison Transmission, Raytheon, Escient/ Open Globe, etc. continues through the meetings and activities of the Dean's Industrial Advisory Council (DIAC) and the department/program advisory groups.
- **Operating Budget.** The 2001-2002 budget is balanced and represents a 5% decrease in income and a 10% decrease in expenditures from 2000-2001 actual. The previous budget year reported a \$481,00 shortfall (5%) which was handled out of carried over funds.
- **Reserve Funds.** Adequate.
- **Financial Health.** Appears sound. School should prioritize multiple requests.

- **Overall Evaluation.** The School of Engineering and Technology appears to be managed in an excellent manner. Several plans have been presented for all possible scenarios, such as 'Favorable', 'Unfavorable', and 'Very unfavorable'. These backup plans have been made in the case when the state appropriation is reduced by 3.2%, 5.0% and 6.0%, respectively. The School has proposed a large number of initiatives without any clear cut priority. For example, funds were requested for i) increase salaries for both full-time and part-time faculty, ii) Information Technology initiative, iii) obtaining additional Trustee lecturer positions, iv) increase base funding for part-time faculty, v) increase base funding for graduate programs. These requests seem to far exceed reasonable expectations for funding; though the school is making progress on some of its initiatives and nearly all of them are directly related to campus/university priorities. Therefore, some of these requests are judged to be reasonable by this Budgetary Affairs Committee report.

## External Affairs

1. **Credit Hours.** Unit does not generate credit hours.
2. **New Reallocation Requests.** No specific request for campus reallocation has been entered this year.
3. **Net Operating Budget.** The Unit operates with a net budget of about \$2.9 million, and this year remained in budget. This budget included an actual campus reallocation amount of \$100K (\$400K was requested).
4. **Reserve Fund Situation.** The Unit meets the Trustee reserve requirement.
5. **Overall Financial Health.** The overall financial health of the Unit is stable and generally operates within budget guidelines. The Unit does not initiate new initiatives until funding sources are identified. Last year, the Unit found funding to offset the costs of “Explore IUPUI”, and staff have recruited new Chancellor Circle members for outreach. Funds were raised to support the Division I Intercollegiate Athletics program.
6. **Evaluation of Future Prospects.** This Unit participates in a wide range of activities affecting the reputation and awareness of IUPUI. These activities are extraordinarily important to the perception of IUPUI held by the public, which may only change slowly in the future. The unit identifies five major initiatives for the next five years: the streamlining of marketing materials to improve communications, reduce costs, and establish clear relationships between schools; the creation of more opportunities for IUPUI to bring policymakers to campus to enhance their understanding of the urban university; the enhancement of outreach to employers of large numbers of IUPUI students and alumni; the creation of an external audit of alumni activities to improve efficiency and effectiveness; and the enhancement of the Explore IUPUI program to attract more participants. The Unit’s record of fund-raising to support its activities suggests that the prospects for these initiatives are excellent. In last year’s Budgetary Affairs report, it was suggested that reputation management should be a high priority for this Unit, and these initiatives show its emphasis of this priority.

## Summary

External Affairs has been very active in communicating and promoting activities at IUPUI in past years, and the Unit has successfully continued this effort in 2002. The goal of communicating the vision and mission of IUPUI has led the Unit to contribute to a clear pattern of enrollment increases, including a dramatic increase for the Honors Program. Unit activities to reach out to policymakers and other community leaders have led to a range of enhancements in the areas of research and creative activity and civic engagement, and all of these areas, as well as teaching and learning have been impacted by the Unit’s broader focus on community involvement. The goal of creating a supporter base to encourage support for IUPUI has led, most notably, to excellent performance in the Campus Campaign: last year, \$706 million, 100.87% of the goal, were raised. Likewise, participation in various organizations for alumni and other supporters are all on a steady rise. A range of activities to increase participation in campus outreach through campus programs and projects (from sports events to charity fundraisers) have grown steadily. The award-winning “Why Not Both” campaign was redesigned and remains highly successful.

Highlights include improving the integration of market strategies, improved publication and web designs, supporting unit needs, increasing public awareness through media, broadening collaborative relationships with community, and elevating awareness of, recognition of, and participation in athletic programs.

## Herron School of Art

Much activity at Herron is and has been directed towards the move of the school into Eskenazi Hall on the IUPUI campus projected for August, 2004. Herron conducted a very effective capital campaign and raised over \$10,000,000 towards the new building. They are still \$3,000,000 short of the funds needed to complete this move. The lease cost for occupying the existing buildings is increasing and is now \$130,000/year. Existing buildings are in very poor repair and limit enrollments thus restricting new revenue. The move to the new building will provide more space and opportunities for collaboration with nearby museums, the Historical Society and the rest of the IUPUI academic community. Herron celebrates its 100<sup>th</sup> anniversary during 2003-2003. A History Book has been written and will be published. Community activities are planned to celebrate the centennial.

1. **Credit Hours.** Enrollments increased 5% for spring 2003. Retention is 68.5% for freshman and 85% after sophomore review. Student faculty ratio continues to climb with only part time faculty showing significant increases since 1981 while enrollments have doubled. Herron is planning to institute a new MFA degree program in Visual Communications in 2004.
2. **Reallocation Funds.** Herron currently has no reallocation funding. Request for 2003-2004 for reallocation is \$365,000. Herron has developed a three year plan for new faculty positions 2003-2006. Four new positions are requested for 2003-2004: one tenure track new department chair, 2 lecturers, and one capital campaign coordinator for a total of \$216,000. Herron salaries for faculty are near the bottom of its peer institutions. Total cost for increases to median would be \$149,000.
3. **Net Operating Budget Situation.** No budget or other fiscal condition information was provided on web site or at review.
4. **Reserve Fund.** No data was provided on current or past budgets or fiscal condition. Reserve funds were not mentioned.
5. **Overall Fiscal Health.** It is not possible to make an assessment of the overall fiscal condition of Herron with the limited information provided on the web site. Virtually all resources the school has been able to gather have been directed towards relocation to the IUPUI campus. The fact that it still has a significant shortfall of the estimated costs for the move will place substantial stress over the next year on a school with very limited additional flexibility for cost reallocation and savings.

### SUMMARY

Herron should be recognized for the very successful campaign to raise funding for their move to the main campus. It would appear likely that additional external funding is going to be required to complete this move. It is reasonable to argue that the campus should assist Herron with cash support for this move. Although the request for addition to base funding is well supported it will need to be placed into perspective with other campus needs.

## School of Informatics

The School of Informatics (SOI) continues strong performance in the early years of its operation, although it will face increasing expenses with several major capital projects (building rehab in Bloomington and a major new building in Indianapolis) and plans to hire additional faculty. Its credit hours are growing faster than projected, and its budget is producing positive net operating income.

1. **Credit hour growth.** SOI has shown very strong growth in credit hours, from 1,962 hours in 1999-00 to 6,132 hours anticipated in 2002-02. These are predominantly undergraduate hours, with graduate hours anticipated for 2002-03 approximately 14% of total hours.
2. **New reallocation requests.** Reallocation funds have been used by SOI primarily to support faculty development. SOI administrators report several major initiatives intended for the next few years, including new laboratories, new graduate degrees, and moving into its new Indianapolis building. All of these initiatives will generate substantial costs.
3. **Net operating budget.** SOI has since 1998-99 generally created positive net operating budgets, and appears to be financially sound for 2002-03. Tuition revenue has grown substantially to approximately \$1 million for 2003-03. Likewise, state appropriations have grown, considerably faster than school assessments. Currently, the budgetary outlook for SOI does not include any indirect cost recovery from research contracts.
4. **Reserve fund situation.** SOI has been able to set-aside the trustee three-percent reserve requirement in 2001-02. This amounted to \$21,077 in 2000-01 and is anticipated to be \$99,771 in 2002-03.

### Summary

The SOI is growing relatively fast, with a substantial level of capital investment anticipated in new buildings, and significant operating expenses in the future generated by new faculty hiring. The SOI administrators are moving forward aggressively with SOI growth. These same administrators will need to put extra thought into cultivating a healthy revenue stream that includes indirect cost recovery along with tuition and appropriations. As school assessments rise with increasing enrollments, SOI will need additional revenues. Currently, however, the SOI appears solid.

## School of Journalism

The IU School of Journalism has the following major goals: 1) expand scholarship support and use strategically; 2) coordinate school and campus promotional materials and approaches to prospective students; 3) strengthen and increase articulation agreements linking IUPUI and other campuses and institutions; 4) increase use of off-campus facilities and distributed learning opportunities; 5) provide non-credit courses, degrees, and certificates that enhance workforce skills and contribute to Indiana's economic development; 6) connect the research and creative strengths of IUPUI with the opportunities and needs of Indianapolis and central Indiana; 7) Recruit, hire and retain faculty with exceptional qualifications and potential, including minority and female faculty in all disciplines, especially where they are under-represented; 8) Increase endowments for professorships and chairs; 9) develop wide-spread community participation in the development and implementation of IUPUI's civic engagement in Indianapolis and central Indiana.

**Credit hours.** There was a 3% increase in undergraduate credit hours and a 2% decrease in graduate credit hours between 2001-02 budget and actual. There is no increase in credit hours budgeted for the 2002-03 year.

**Reallocation Funds.** No funds requested at this time.

**Net Operating Budget Situation.** The School of Journalism is operating at a very slight budget surplus.

**Reserve Fund Situation.** The School has budgeted a 30% increase in the reserve fund contribution for the 2002-03 year.

**Overall Financial Health.** The School of Journalism has been successful in maintaining a balanced budget. There are a number of goals that will be impacted by budgetary constraints. (i.e.: the need for additional faculty) The School can manage the 2.7% budget reduction by reducing travel and other expenses.

**Overall Evaluation.** The School of Journalism is working diligently in a number of categories. They strive to offer a variety of courses to prepare students and professionals in on-going professional development both in the city and central Indiana.

### Summary

The School of Journalism has had a number of impressive highlights throughout the last year. They continue to strive to meet the needs of the campus through publications (IUPUI-Sagamore) and expand the technological opportunities for journalism majors. The faculty are very active in their locally, nationally and internationally.

## Division of Labor Studies

The Division of Labor Studies (DLS) is a system-wide unit serving workers in Indiana with credit and non-credit university courses designed for workers' special needs. Recently disaffiliated from Continuing Studies, DLS seeks to rebuild itself into a larger, higher quality program under a new Director, Charles Davis. The DLS Annual Report lists five principal goals: 1) To expand its role in and value to the University and the outside community. 2) To exhibit a strong commitment to diversity. 3) To expand enrollments through credit offerings. 4) To expand enrollments through non-credit programming and to expand outreach through teaching to the labor community. 5) To increase the quantity, quality, and influence of its scholarship by conducting applied and academic research.

1. **Credit Hours.** Recent DLS course offerings at IUPUI generate relatively few credit hours – just 124 in 2001-02 (the Annual Report does not include system-wide credit hours). DLS reports ongoing efforts to increase undergraduate credit hours through on-line credit courses (tuition to IUPUI), through mail-based independent study, and through its Self Acquired Competency Program. DLS also seeks to increase non-credit enrollments through expanded outreach to the labor community. And although it does not have a graduate program, DLS offers two graduate courses and plans on developing more.
2. **New Reallocation Requests.** Not applicable.
3. **Net Operating Budget.** The Division has shown a positive net operating budget since 1999-2000. In 2001-02 it had a net operating surplus of \$3,908, while its Ending Fund Balance increased to \$149,267. Taking into account a special state appropriation to DLS (\$354,103), its Total Fund Balance for 2001-02 was \$503,369.
4. **Reserve Funds.** DLS has met the Trustee 3% Reserve Requirement in each of the past 3 years. The total reserve in 2001-02 was \$47,889; \$47,877 is projected for 2002-03.
5. **Overall Financial Health.** DLS appears to be fiscally healthy and well-situated to absorb impacts of financial uncertainty. Apart from the security afforded by its special appropriation, DLS is taking steps to generate revenue, including especially increasing credit hour income, that already show some promise for success. The Director anticipates \$100,000 greater income from credit enrollments than projected for 2002-03.
6. **Overall Evaluation of Future Plans/Prospects.** As a now autonomous Division with a Director completing his second year at the helm, DLS is poised to assume a place at IUPUI as a traditional academic department. This includes seeking to integrate course offerings with other units' curricula, encouraging faculty to take more active roles in university governance, and supporting faculty in applying for and conducting funded research. The Director clearly envisions a transformed Division with greater value to the university and to the outside community. It remains to be seen whether the DLS faculty can meet the challenge of a changing academic culture, or if the transformation will depend on recruiting new faculty members already committed to and trained for more traditional academic roles.

### Summary

DLS is pursuing ambitious plans for self-transformation in teaching and research, plans that promise fiscal stability as it pursues its goals with the support of its special appropriation. The plans and progress through 2002 would seem to substantiate the Director's assertion that, "We have gotten our house in order."

## School of Liberal Arts

The IU School of Liberal Arts (SLA) has established the following goals:

1) increase the number of undergraduate students and credit hours taught and provide them with a comprehensive liberal education; 2) enhance and expand SLA graduate degree programs; 3) enhance the quality and quantity of research and creative activity of SLA faculty; 4) significantly improve the quality of SLA space and technology for students, faculty, and staff; 5) increase community recognition of the quality and scope of SLA programs; 6) participate in the IUPUI Comprehensive Campaign to the fullest extent possible; 7) promote staff development, and; 8) develop community activities and partnerships to enhance student learning

1. **Credit Hours.** There was an increase of 3.8% in overall credit hours for SLA in 2001-2002 over the previous budget year. The budget projection for 2002-03 is slightly lower than the actual credit hours for 2001-02. However, this may be a conservative stance, as the actual vs. budgeted credit hours for 2001-02 showed an increase over more than 6000.
2. **Reallocation Funds.** No reallocation funds were given to SLA for 2002-03, although it requested \$852,500. There was no new request for reallocation funds.
3. **Net Operating Budget Situation.** SLA has gone from a deficit net operating budget in 1999-2000 (-\$1,058,359) to positive budgets for 2000-01 (+\$122,036) and 2001-02 (\$155,624). The major increases in income came from student tuition and ICR.
4. **Reserve Fund Situation.** SLA has not set aside any money for reserve funds since FY1998. For 2002-2003, \$311,635 was set aside for this fund (actual requirement was \$644,301). This seems to suggest that SLA's financial situation is steadily improving.
5. **Overall Financial Health.** SLA is in the best financial situation that it has been in years. Virtually all financial indicators have improved. One concern is the amount of university tax or assessment that is levied against SLA (as with other Schools). Currently, the rise in tuition dollars from student enrollments plays a major role in covering School expenses. Should these decrease markedly in future years, then the School's fiscal health could be in jeopardy.
6. **Overall Evaluation.** SLA has done a good job of meeting its goals and objectives in practically every area subject to budget considerations. Obviously, there is a need to increase the Reserve Fund to 3% of Income. However, the steadily improving financial picture for the School, the significant improvement of credit hours and student enrollments for 2001-2002, and the number of sizeable research and development grants it has attracted suggest that it continues to develop a firmer footing for the coming fiscal year.

### Summary

The School of Liberal Arts has been meeting or exceeding its goals and objectives in the eight areas that it addressed. It continues to improve its financial balance sheet with higher student enrollments. The lack of reserve funds does need to be addressed, although the current budget year reflects the awareness and intent of SLA to provide the money that is required of it.

On the whole, the SLA is moving in the right direction for sustained financial health, with the understanding that lessening state funding support and the university tax could be a factor in future budgets.



## University Library

**Learning initiatives.** In 2001/02 librarians participated in nearly 130 learning communities. Librarians are engaged in all of the major teaching and learning initiatives including the Gateway Initiative, the Electronic Portfolio Project, the development of the critical inquiry courses, and a variety of retention efforts.

**Library usage.** The gate count for the library increased 15.9% in 2001/02. During peak hours nearly 85% of the library's public computers were in use. The number of computer applications launched from library workstations increased to 20.3% in 2001/02. The circulation of print materials increased 18.7% in the same time period. Use of most electronic library resources continues to increase, though the huge increases of recent years have slowed. Current increases are more gradual, but still significant. For example, the number of articles retrieved from EBSCO (a large general and business collection) increased 9.3% in, and JSTOR (a large web-based historical collection of scholarly journals) use increased 18.7% in 2001/02.

**Journals/books.** The library has nearly 1,800 electronic journals, which is up from 1,150 electronic journals a year ago. Similarly, it has access to over 8,000 electronic books and catalog records for these items were added to the library's catalog near the end of the year. The number of accesses to electronic books rose from 357 accesses in 2000/01 to 2,712 accesses in 2001/02.

**New developments.** These include purchasing and deploying hardware and software that will allow for the development of both text and graphic digital collections.

**Student satisfaction.** As measured by the campus survey, with the library hours and availability of resources, student satisfaction continues to increase, though no specific data were provided.

**New Reallocation Requests.** The library is requesting \$100,000 money in reallocation this year. This amount would be assigned to its materials (acquisition) budget. The library is faced with continued high rates of inflation for scholarly journals, and as a result the purchasing power of its budget is declining. The library cannot afford to renew these subscriptions at the current higher prices. Thus, the reallocation funds would reduce the need for cuts in subscriptions in the spring of 2004.

**Net Operating Budget Situation.** The library's financial situation is not good. The library reported a deficit budget of \$34,802 for 2001-02.

**Reserve Fund Situation.** The library has budgeted money for its reserve fund. This is 3% of the Trustee's reserve requirement. The reserve fund had been at \$152,000 the year 2001-2002.

**Extramural funding/grants.** It seems that the University library is functioning mostly as a 'service center'. Although this should be its primary mission, yet extramural funding should be expected from the library so many full-fledged faculty members in its staff (just like any other school of the campus). There is no documentation of a major effort by the faculty to obtain extramural funding or research grant dollars which are not directly related as a 'service or facility provider'. The dean's presentation did not include any vision or planning in this regard.

**Budgetary problem.** In addition to the journal inflation, issues affecting the University library budget are Rowecom/ divine situation, pay-for printing (photocopies). The Dean prepared different budget scenarios from very bad to the best case with a projected 2.3% reduction and 4.4% increase of total revenue, respectively.

**Overall Financial Health of the Unit.** Like the previous year the University Library is facing a severe deficit in its acquisition budget because of the spiraling inflation in the cost of journals subscription. This is compelling the library to make a significant cut in its journals collection. If the university libraries continue to renew their subscriptions to academic journal at any price, the for-profit publishers of these journals will have no incentive to make reducing the journal's prices. The best course of action would seem to be a modest budget increases accompanied by continued selective pruning of the journals whose costs have increased out of line.

## School of Medicine

The IU School of Medicine (IUSM) has the following major goals: 1) have adequate and appropriately allocated educational resources, 2) attract and support a better prepared and more diverse student population, 3) become a top ten medical school as measured by NIH research grant awards, 4) conduct world-class research, scholarship, and creative activities, 5) enhance civic activities, partnerships, and patient and client services, 6) enhance infrastructure for scholarly activity, 7) enhance student learning and success, 8) improve organizational or management policies, programs and procedures, 9) intensify commitment to the community, 10) provide effective professional and graduate programs and support, 11) support and enhance effective teaching.

1. **Credit Hours.** There is a 6.4% drop in professional credit hours between budget and actual in 2001-02, which is attributed to a realignment of course credit hours. The budgeted amount for 2002-03 does not show any significant change. 328% increase is budgeted in undergraduate credit hours, which is attributed to the transfer of associate and bachelors degrees from Allied Health Sciences Programs to IUSM.
2. **Reallocation Funds.** No new reallocation funds appear to be requested. However, to achieve the rank of top biotechnology-associated schools and support Indiana Life Sciences Initiative, the school proposes doubling the number of research-oriented faculty from the current number of 400 to 800 and increasing its space significantly. The School received \$500,000 from reallocation funds in 2002-03, which was used to create several positions to implement its I/T strategic plan.
3. **Net Operating Budget Situation.** The school receives approximately 17.2% of its income from student fees, 54.6% from state appropriations, and 20.6% from ICR. In 2001-02, there was a deficit of \$552,839 in net operating budget, \$9,504,460 balance in general fund, and \$45,326,111 balance in total fund.
4. **Reserve Fund Situation.** The school does not have any reserve funds, even though the required amount by the state is \$3,299,473.
5. **Overall Financial Health.** In 2001-02, \$1,273,003 of the budget was returned to the University as part of the state budget deficit coverage plan. An additional \$344,153 was returned in July 2002 from the 2002-03 budget. Additional current budget cuts may harm the School's ability to deliver to quality medical education and research.
6. **Overall Evaluation.** The IUSM clearly has aggressive goals, which require major investments and space.

### Summary

The IUSM has made major initiatives in education and research. The School is commended for setting high goals, which can only be achieved by major investments. Given the current climate of the state finances, the timeline to acquire the needed resources is uncertain. Lack of reserve funds is of major concern. In response to a question asked on how budgetary decisions and plans were made within the School, it would appear that the School does not have a faculty-based budgetary affairs committee to advise the dean in making major budgetary plans and decisions. While recognizing that the size of the school may be a factor, some degree of faculty participation in the budgetary decision making process and the development of such high goals would be desirable.

## School of Music

The School of Music at IUPUI is committed to a mission that includes improving the quality of life for students and the citizens of Indiana through enhancing music with contemporary technologies; developing student knowledge and appreciation of music and its role in society; providing leadership to advance the educational and research agendas of music and music technology; and to foster excellence in music experiences for the composer, the listener, and the performer.

The School of Music outlined seven goals in this year's planning document: (1) Increase graduate student enrollments; (2) Expand undergraduate student course offerings; (3) Provide community-based music instruction through the IUPUI Music Academy; (4) Enhance IUPUI campus culture through music and the arts; (5) Establish research excellence in digital arts and music technology; (6) Establish distributed learning as a cornerstone of curricular planning; (7) Expand diversity initiatives through music and the arts.

1. **Credit Hours:** Both undergraduate and graduate credit hours have increased over the past two years. Undergraduate credit hours are up 12% (from 7,205 in 2000-2001 to 8,076 in 2002-2003). Graduate credit hours are up 15% (from 346 in 2000-2001 to 398 in 2002-2003).
2. **New Reallocation requests:** The school received two reallocations for 2002-2003. The first, in the amount of \$100,000, was allocated to hire a faculty member to teach history of black music and to found the Urban Percussion Ensemble. The second, in the amount of \$40,000, was used to hire a Trustee Lecturer who will teach fundamentals of music theory.
3. **Net operating budget situation:** The 2001-02 budget year ended with a negative net operating balance of -\$9,663. This appears to be attributable mainly to significant increases in compensation costs.
4. **Reserve funds:** The school ended the 2001-2002 budget year with a fund balance of \$70,881. This is above the amount required by the Trustees.
5. **Overall Financial Health:** The School of Music appears to be in good financial shape. The school is heavily reliant on fees and tuitions, and efforts are being made to procure more research funding.
6. **Overall Evaluation of Future Plans/Prospects:** The school is awaiting a move into new quarters with the completion of the new Informatics complex. Faculty are in place for new graduate programs.

### Summary

The School of Music appears to be in sound financial condition, but the School recognizes its dependence on tuition and fees and is seeking to increase its research funding. New quarters in the Informatics complex will relieve a serious space shortage. The School has been very active in partnering with corporations to enhance the ability of the School to provide necessary equipment for students. The School continues to be an active community partner.

## School of Nursing

The School of Nursing is the major provider of education for nurses in Indiana and has a strong national and international reputation. In 2001 the IUSON was ranked 15<sup>th</sup> in the level of NIH funding among nursing schools (10<sup>th</sup> for public universities), and was one of only nine nursing schools to have an NIH-funded core research center. In this regard, the IUSON is positioned as one of the premier schools of nursing in the U.S. In addition, it was ranked second to the IUSOM in external funding per faculty FTE and third overall among the IUPUI schools.

1. **Credit Hours.** The number of credit hours increased significantly in FY01 over FY00 by more than 10%. This was primarily due to increases in undergraduate teaching and not through the graduate program. This is important due to the continuing nursing shortage nationwide. The school has suspended the ASN degree program in order to conserve resources for the BSN program.
2. **New Reallocation Requests.** In FY02 the \$80,000 reallocation was used for salaries for retention of Assistant and Associate Professors, including merit and across the board salary increases. The reallocation was added to the school's base budget. IUSON is requesting in FY03 a campus reallocation total of \$380,925 with \$205,950 of that being used to increase faculty salaries, \$102,975 to increase diversity of the faculty by recruiting a doctorally-prepared African-American nurse and \$72,000 to add two full time Ph.D. student fellowships. The School of Nursing has a four-year fiscal plan to respond to the necessary growth and demand of its programs and this reallocation request is 25% of that total four-year plan with FY03 being the second year of the plan.
3. **Net Operating Budget Situation.** The current 2002-03 budget projects a balanced budget with \$1,802,454 remaining in the fund balance. This represents an increase of nearly \$400,000. This increase is being dedicated to help fund the new \$7 million Nursing floor in the Fairbanks building. No funds are projected to remain from the net operating balance.
4. **Reserve Funds.** Adequate. The balance meets the minimum 3% required amount set by the Trustees.
5. **Overall Financial Health.** The School of Nursing is a well-managed and focused school. The systematic planning of its leaders to accommodate the nursing needs of Indiana and the nation has resulted in a remarkable return for the funds invested by the campus and state. The fund balance is increasing and credit hour generation is rising. However, given the nursing shortage and facilities that were designed to support two programs now supporting four, continued substantive investment by the university and state is clearly indicated.
6. **Overall Evaluation of Future Plans/Prospects.** The focus on meeting the demands of the nursing shortage is clearly central to future planning for the School of Nursing. Additionally, retention and growth of faculty is key to the success of the school. With the disparity between current nursing faculty salaries and the AACN salary means, this reviewer endorses the efforts by the school to increase salaries. However, this reviewer does not support the reallocation request for Ph.D. fellowship funding. This should be obtained from other sources.

### Summary

The School of Nursing is to be congratulated for its systematic planning within the extremely fluctuating dynamics affecting its profession. It should be noted that the disparity between the true cost of the education provided and the level of support provided by tuition and state

allocation is cause for long-term concern. Current tuition and state dollars provide about 1/3 of the true cost of each undergraduate nursing credit hour and in the case of graduate credit hours the disparity is about 1 to 4 as each graduate credit hour costs about \$816 to deliver. At the present time, funds from gifts and earned through research endeavors make up the difference. This situation cannot continue indefinitely.

## **School of Physical Education and Tourism Management**

1. **Credit Hours.** Both enrollment numbers and credit hours continue to increase in the School of Physical Education and Tourism Management. This is particularly true for the Tourism Management area, which saw growth of 24% in enrollment and 20.4% in credit hour production this year. Much of this growth is in the area of certificate programs (four certificates offered in Tourism, Conventions and Event Management (TCEM) and one certificate offered in Physical Education).
2. **New Reallocation Requests.** The school has not received any reallocation funds in the last three years. This year they are requesting \$62,000 to hire one additional tenure track faculty member in the Department of Tourism, Conventions and Event Management. Enrollment in this department doubled in the last three years necessitating the acquisition of additional faculty.
3. **Net Operating Budget Situation.** In 2001-2002, the School of Physical Education and Tourism Management had a surplus of \$313,698. This is due to increases in both enrollment and credit hour production. The projected budget for the year 2002-2003 is \$2,386,731 and is balanced.
4. **Reserve Funds Situation.** The school has allocatable resources of \$328,343 and a tuition reserve of \$155,137 (over twice the 3% required by the Trustees).
5. **Overall Financial Health of the Unit.** The School of Physical Education and Tourism Management is in good financial shape. The school is experiencing growth both Physical Education and TCEM areas and capitalized on existing courses to offer a number of very popular certificate programs.
6. **Overall Evaluation of Future Plans/Prospects of the Unit.** The school continues to grow steadily and is striving to enhance the opportunities available to students and faculty. They continuing to expand the delivery of classes through technology, especially video streaming and are working to increase their international student population. Their request for reallocation funds to hire a new faculty member is reasonable given the growth within the TCEM programs.

### **Summary**

The School of Physical Education and Tourism Management appears to be in good financial condition due to steadily increasing enrollments and credit hour production. They are requesting an additional \$62,000 to hire a new faculty member in TCEM. Given the increase in enrollment in the TCEM programs, this request is reasonable.

## Planning and Institutional Improvement

The mission of the Office of Planning and Institutional Improvement (PAII) is “to develop, integrate, and continuously improve institutional planning, implementation strategies, evaluation, and improvement activities at IUPUI.” This mission is addressed through the following goals – To work with campus and school administrators, faculty, student, and community representatives to: (1) clarify, prioritize, and communicate broadly IUPUI’s vision, mission, and goals; (2) enable all academic and administrative units to develop mission, vision, and goals statements aligned with those of the campus; (3) provide leadership, consultation, and resources to support the evaluation of campus and unit goals and implementation strategies; (4) derive key indicators of institutional effectiveness and provide periodic reports to internal and external constituents; and (5) derive, prioritize, recommend, and assist in implementing improvements based on evaluative findings.

PAII is made up of five units: (1) Economic Office, (2) Office of Information Management and Institutional Research, (3) Office of Institutional Effectiveness, (4) Testing Center, and (5) Urban Universities Portfolio Project

1. **Credit Hours.** As a service unit, PAII does not derive income directly from student enrollments, but revenue is affected by student enrollments for the campus. Student enrollments at IUPUI have increased about 2.4% from 2001 to 29,025 students during 2002.
2. **New Reallocation Requests.** NA
3. **Net Operating Budget Situation.** PAII reports that nearly all its income originates from assessments against the various schools. Other income comes from grants and royalties.
4. **Reserve Fund Situation.** PAII budget for 2002-03 projects an approximately 38% shortfall (\$16,415) of the reserve requirement. This is an improvement from an actual 100% shortfall for 2001-02.
5. **Overall Financial Health.** PAII considers its fiscal health as “robust.” Including “non-general” funds (contracts & grants, “designated” funds), total fund balance was at over \$200,000 for the 2001-02 fiscal year. For 2002-03, PAII has received grants totaling \$446,892.
6. **Overall Evaluation.** PAII has maintained a positive general fund balance for the past three years.

### Summary

Past campus reallocation funds were used to move personnel previously supported with grant funding from the Pew-Charitable Trusts to base funding. These individuals had developed the electronic institutional portfolio as part of the Urban Universities Portfolio Project. This year they used the web-based format to produce IUPUI’s decennial self-study for reaccreditation by the North Central Association of Colleges and Schools, which received rave reviews. PAII plans to build on the self-study format to produce a campus performance report that is current continuously.

Major initiatives for the next five years include: (1) continue to provide leadership for planning, evaluation, and improvement at the campus level and for individual units; (2) develop Web-based institutional portfolio as an efficient mechanism for continuous reporting to stakeholders concerning progress toward mission-related goals; (3) collect data that will



enable faculty, staff, and students to tell where IUPUI has strengths in teaching and learning, research and scholarship, and civic engagement and where improvements are needed; and (4) continue to support innovation in our unit through grants and contracts, conference revenues, and royalties.

PAII plans to address upcoming freeze/contraction primarily by reducing student workers and, possibly, the delay and even denial of requests from departments for management information. In short, as they are a service unit, budget cuts will result in a reduction of services. PAII will continue to actively pursue grant opportunities, including participating in proposals submitted by other schools (e.g., Medicine, Science), to help support their operations.

## School of Public and Environmental Affairs

The mission is to serve the public interest across public, private, and nonprofit sectors at local, state, national, and international levels. SPEA has the following three objectives: (1) Prepare tomorrow's leaders by innovative education in public affairs and environmental science. (2) Solve complex problems by creating and advancing knowledge through scholarly research. (3) Enrich society by serving and redressing social and environmental challenges.

1. **Credit Hours.** SPEA credit hours have increased each of the past 2 years while the number of sections offered have decreased substantially. They are projected to be stable for the current year. They hope to increase tuition income by recruiting more non resident students by using distance learning, requesting selective tuition and fee adjustments, and extending articulation with IVTECH (ICC). SPEA hopes to tap unused course capacity with this strategy.
2. **Reallocation Funds.** No new reallocation funds appear to be requested.
3. **Net Operating Budget Situation.** SPEA finished the 2001-2002 year with a small surplus that has been applied to their campus loan, reducing the total to \$20,000.
4. **Reserve Fund Situation.** They have no reserve funds at present (3% trustee requirement \$150,660 for 02-03).
5. **Overall Financial Health.** Their deficit in 99-00 was \$768,600. This deficit has been cut to only \$20,000. Negotiations with IUPUI Administration resulted in SPEA being held responsible for approximately \$125,000 of the closing cost of the Small Business Development Center. SPEA plans to retire this debt over 3-4 years. SPEA has undergone a careful analysis of current expenditures and has taken a cost containment strategy. The additional budget contraction for 2003-04 will be handled primarily by short term faculty salary savings. Departure of 3 senior faculty will allow savings without compromising undergraduate instruction. New revenue will be sought by negotiating with other units for cost recovery for IT services provided by SPEA. SPEA is withdrawing from the Bowen Center and has provided IT services to this center. SPEA is carefully examining cost recoveries from all of its multi RC center agreements.
6. **Overall Evaluation.** SPEA has been very active over the last 3 years in putting their financial condition in order and in doing proactive planning for tight budgets in the future. SPEA has also involved their faculty in all aspects of this process.

### Summary

SPEA is currently operating in a net surplus position and is carving away at their campus loan. Long range planning for income increases and cost reductions include examination of all SPEA programs and graduate programs in particular. Full faculty involvement will be obtained through budgetary committee involvement and faculty retreats.

SPEA is also in pursuit of increases in external funding. SPEA ranks #2 in the IUPUI Campus Campaign. Increased alumni support is being developed. New funding to support the Urban Center is being sought as the Lilly grant phases down. Faculty involvement in external funding is being encouraged and new faculty hires may be held responsible for a certain amount of external support. SPEA is looking toward student internship development to provide additional student financial aid.

## Research and Graduate Education

1. **Credit Hours.** Not applicable.
2. **New Reallocation Requests.** The unit reports having requested \$184,000 for the fiscal year 2002-2003 for new initiatives. These were \$112,000 to increase graduate fellowships, \$22,000 for staff professional development (memberships, workshops, training, travel), and \$50,000 for one additional employee to work in recruitment and retention. This information is posted on the IMIR web site. It seems that this reallocation was not received by the unit as no mention is made of it in the reallocation summary. The latest reallocation summary posted for this unit shows \$154,071 received for FY 2001-02 and used to staff four new positions. The IMIR web site does not report any new reallocation requests for FY 2003-04, but it is possible that the \$184,000 reported is meant for the new budget year (2003-04) since none had been reported last year when this unit's budget was reviewed.
3. **Net Operating Budget Situation.** The unit predicted breaking even in its FY 2002-03 budget, with both income and expense at a little under \$3.6 million. A little over 50% of this budget was to be devoted to staff compensation and about 38% to fellowships. Total fund balance at the end of FY 2001-02 was over \$1.8 million, with 75% of it designated. No budget for the next fiscal year is available.
4. **Reserve Funds Situation.** The FY 2002-03 budget predicted that the reserve funds would be exactly 3%, the proportion mandated by the Trustees.
5. **Overall Financial Health of Unit.** The overall fiscal health of the unit is difficult to ascertain because the actual financial statement for FY 2002-03 is not available yet and no budget has been submitted for next year. The financial statements show that the unit had a healthy balance from 1998-99 to 2001-02.
6. **Overall Evaluation of Future Plans of Unit.** The unit's representative mentioned at the hearings that the R&SP office has inadequate staffing to handle the workflow. Their workload has been growing at a rate of 5-10% per year, partly due to increased federally-mandated compliance requirements. In particular, he mentioned that they now have the same number of staff as Bloomington but twice the workload. He said they have been adding staff but the consequence of inadequate staffing is that sometimes they can't get proposals out in time to meet deadlines. On the Graduate Office side, the unit's representative mentioned that his unit's biggest challenges were personnel changes due to a very tight personnel budget; inadequate fellowship funds (they had been spending 1.3 times the allocation for the last 2 years but this is now ending); and the need to expand recruiting visits.

### Summary

The Unit's financial situation seems relatively healthy, but it has not submitted a budget for the coming year, so it is difficult to comment. This committee cannot do its job if the units do not cooperate by posting their budget on time. The Committee welcomes the Unit's initiatives on: 1) establishing an Electronic Research Administration System, 2) seeking opportunities for added external funding for graduate programs, 3) increasing fellowship funds, and 4) reorganizing and strengthening of the Industrial/Corporate Contract Office. The increasing trends in proposal submissions and awards are encouraging.

## School of Science

The declared mission of the School of Science is to serve and improve society by educating its students as discerning citizens and leaders in productive careers, and by advancing knowledge and understanding of the natural world through basic and applied research.

1. **Credit Hours.** Undergraduate and graduate credit hours have increased by 1.5% and 7.1%, respectively, in 2001-02, although the previous trend was in the decreasing side. No information has been given for the actual 2002-03 numbers, but 2.5% and 6.1% decreases have been budgeted for undergraduate and graduate credit hours, respectively – possibly to be on the safer side.
2. **Previous Year's Reallocation Funds.** The school has received \$10,000 (requested \$30,000) from reallocation funds in 2002-03 to hire an African-American geologist, to help strengthen its geophysics programs and increase faculty diversity.
3. **New Reallocation Requests.** No request has been reported for 2003-04.
4. **Net Operating Budget Situation.** The unit projects to a total balance of \$4,011,377 in 2002-03 resulting from: 1) unfilled faculty positions (\$1,278,206), 2) indirect cost recovery (\$920,000), and 3) general fund surplus (\$1,813,171).
5. **Reserve Funds Situation.** Meets the 3% minimum requirement with \$610,993.
6. **Overall Financial Health of Unit.** The fiscal health of the School seems to be dependent on indirect cost recovery and salary savings. The salary savings have been generated by not filling positions vacated by retirements and converting some to lecturer positions and taking advantage of the Trustees initiative for lectureship positions (25 hired so far, 6 more underway). The downsizing, by not filling the vacant faculty positions is of concern. The high cost of delivering science curricula with increasing cost of lab supplies and equipment, and high start-up packages for new faculty (quoted as high as \$200,000) were shown as unfavorable conditions affecting the future of science education.
7. **Overall Evaluation of Future Plans of Unit.** The School of Science's four important goals are: 1) build a strong and diverse faculty, 2) develop nationally recognized undergraduate programs in select areas, 3) develop nationally recognized research and graduate programs and 4) enhance external development. Progress has been cited in all these areas. The school invested \$575,000 to formation of new research centers from dean's discretionary funds of \$838,669 during the current budget year as part of new initiatives. Additional investments have been made for selected undergraduate and graduate programs. Units seems to be reserving a large remaining surplus (approximately \$3.2M) for potential budget cuts. Unit expects to spend \$1.4M in start-up funds.

### Summary

The school's goals are consistent with IUPUI's priorities. However, it seems to be preparing for budget shortfalls by downsizing of the faculty size, which appears to be a recurring trend. The committee finds this to be problematic, especially if the future income relies more on indirect recovery funds from research. In response to a question asked on how budgetary decisions and plans were made within the School, it would appear that the School does not have a faculty-based budgetary affairs committee to advise the dean in making major budgetary plans and decisions. Some degree of faculty participation in the budgetary and planning decision processes would be desirable.

## University College

University College is the academic unit at IUPUI that provides a common gateway to the academic programs available to entering students. UCOL coordinates existing university resources and develops new initiatives to promote academic excellence and enhance student persistence.

University College has done a remarkable job in continuously assessing the effectiveness of the many and varied programs and efforts undertaken including a two-year long review of the entire unit. University College also received numerous national recognitions for its efforts in 2002 including the Hesburgh Award, Greater Expectations, Institution of Excellence Award, and NACADA.

The unit remains in good fiscal health. While the Lilly Endowment Retention Grant has ended, the Trustees 1% funding has now replaced the Lilly support for entering students. However, some funding concerns has arisen for the Career Center following KSOB's opening of a placement center. The Honors House initiative will also require additional funding in the future.

### Common Questions:

1. How are you addressing the upcoming budgetary freeze/contraction that IUPUI will be facing?

University College uses a collaborative governance process that will be applied to the budgeting process for 2003. Both the UCOL Planning Committee and the UCOL Budget Committee will be involved in the discussions.

2. What is the process your unit is using or has used to plan for possible budget cuts?  
See response to #1.

3. What enrollment changes do you project for the next few years and how are you preparing for these changes?

UCOL expects to see enrollment growth in the U112 Critical Inquiry course. However, the long-term goal is to have most sections of the U112 course offered by the academic units themselves in a fashion similar to that used with the U110 First Year Seminar course.

4. What plans do you have for pursuing external funding to assist with your budget (e.g., research grants, increased indirect cost recovery, fund-raising)?

UCOL is a part of a NSF grant proposal (\$26 million) to increase access and preparation for college that would involve 13 campuses, 72 school districts, potential service to 383,167 students involving 1,984 teachers.

Applications to the Lilly Endowment, Inc., the Department of Education, Pew, and other organizations have resulted in grant funding.

Upward Bound, Student Support Services, 21st Century Scholars, Structured Learning Assistance courses, the College Preparatory Initiatives, and several scholarships are supported by grants.

## University Information and Technical Services

- The new Informatics Communications Technology Center under construction will serve as a focus for information technology and provide opportunities for collaboration between the University and the community.
- Usage of OnCourse has increased dramatically in the past year, with currently more than 65,000 student and faculty users. Issues were raised over the performance of OnCourse and the physical location of the OnCourse server, which has been moved to Bloomington. UITS representatives responded that data transmission speeds between campuses are sufficiently fast that physical location of the server is no longer an issue. UITS representatives assured that there is an effective incident response system in place that tracks and reports problems.
- University-wide wireless network will be completed by end of 2003. This will enable wireless access to the internet from any campus classroom or office building.
- An augmentation of existing wire networks will bring all up to 10 Mb/sec, University backbone is 1 gigabyte/sec; 100 Mb/sec access is available on campus
- The I-Light fiber network has been completed and links I.U and Purdue in a high performance data network that will enhance the capabilities of the Indiana Genomics Initiative, Radiology and other initiatives within the medical community of I.U.
- No increase in fees for UITS service is anticipated in the coming year
- By means of the agreement with Microsoft® \$7.5 million of software has been purchased by the I.U. system; retail cost would have been \$70 million
- UITS projects a deficit of, at most, \$127,000 for 2003-2004 academic year. This will be met by salary savings. No deficit is anticipated for 2002-2003.
- Lifecycle replacement of desktop computers will continue, but with some reduction of IT support. Academic units are encouraged to continue replacement, since the current computer market is favorable for units that follow this plan.
- Vice President McRobbie attended hearings at the State Legislature and senses that continued support for information technology can be anticipated.