



**INDIANA UNIVERSITY**  
SOUTH BEND



# Coffee with the Chancellor

February 14, 2024

# Financial Update



# Balancing Act

In December 2023, the campus launched the Balancing Act tool. This interactive tool was designed to:

- Provide transparency into the budget construction process
- Raise awareness of the unique financial challenges facing the campus
- Allow the end user to make decisions on key budget factors including \$2.2M in underbudgeted items, and \$2.8M in future investment opportunities
- <https://iu.abalancingact.com/IUSB-FY25>



# Five Year Model

- Each year the finance office completes a 5 Year Model exercise to project our net year end position for each of the next five years.
- The model considers many factors that influence the revenue and expenses of the campus, such as enrollment levels, compensation levels, state appropriations, tuition rate increases, etc.
- The model is used to drive decision making locally, and at the IU system level.
- The focus is on actuals, rather than budget.

# Five Year Model

	FY24(current)	FY25	FY26	FY27	FY28	FY29
Surplus/Deficit	\$ 1,570,803	\$ 1,086,070	\$ 683,134	\$ 179,589	\$ (863,624)	\$ (1,115,597)

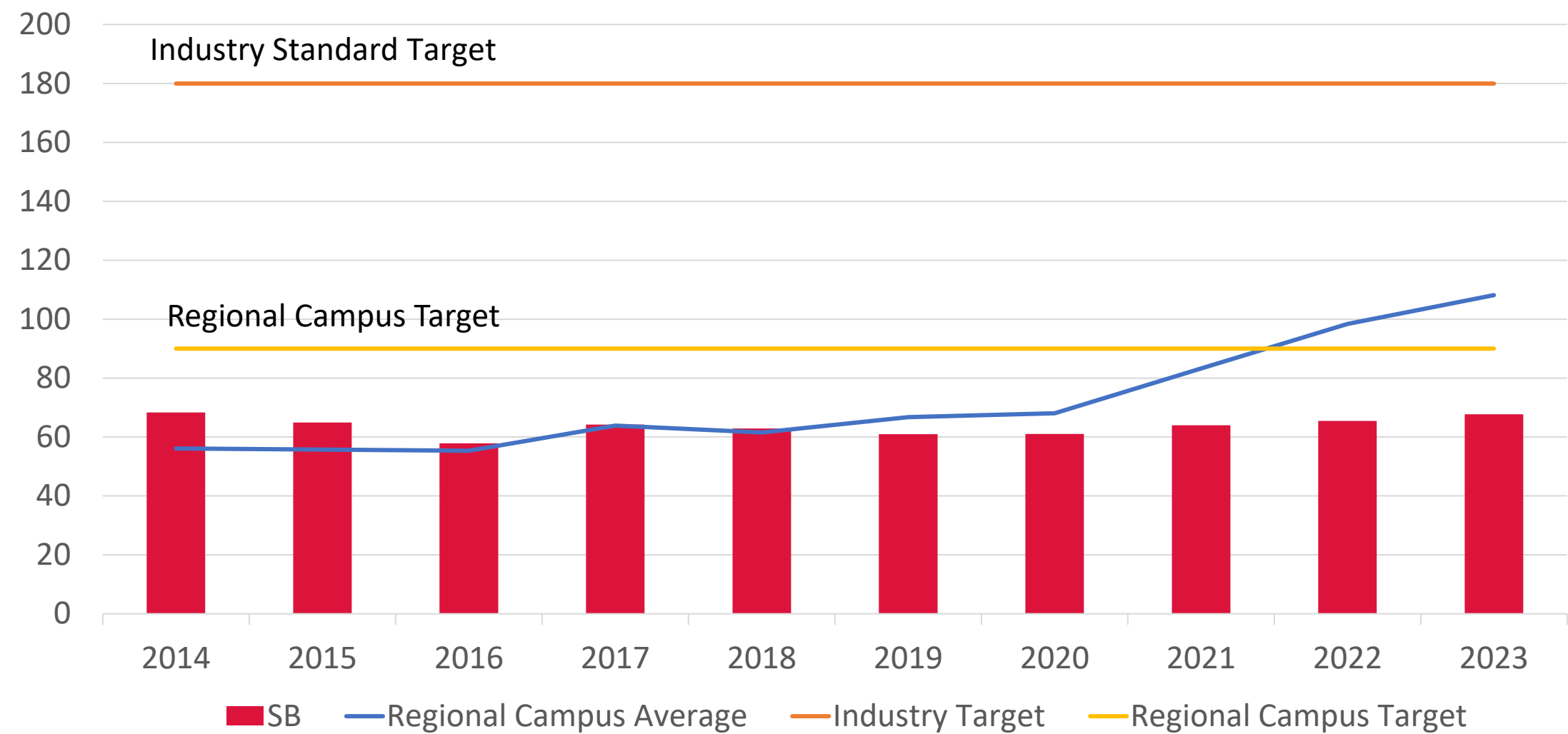
## Key Assumptions:

- General Salary Increases – unknown, so estimated between 2-3%
- Tuition Rates – unknown, so estimated 1% increase in future years
- Enrollment Levels – taken from the Fall Enrollment Study



# Campus Reserves

## Days on Hand vs Regional Average



# **Five Year Model - Takeaways**

**We are predicting positive outcomes for the next 3 fiscal years.**

- This is the result of some very hard work that has been done since the issuance of the budget memo in January 2022
- The enrollment gains in FY24 were also a contributing factor

**The results take a turn into the red (deficit) in FY28 and FY29.**

- We've made great strides, but we need to continue making efforts to reduce expenses and increase revenue in the coming years

# Progress To Date

(since the issuance of the budget memo in January 2022)

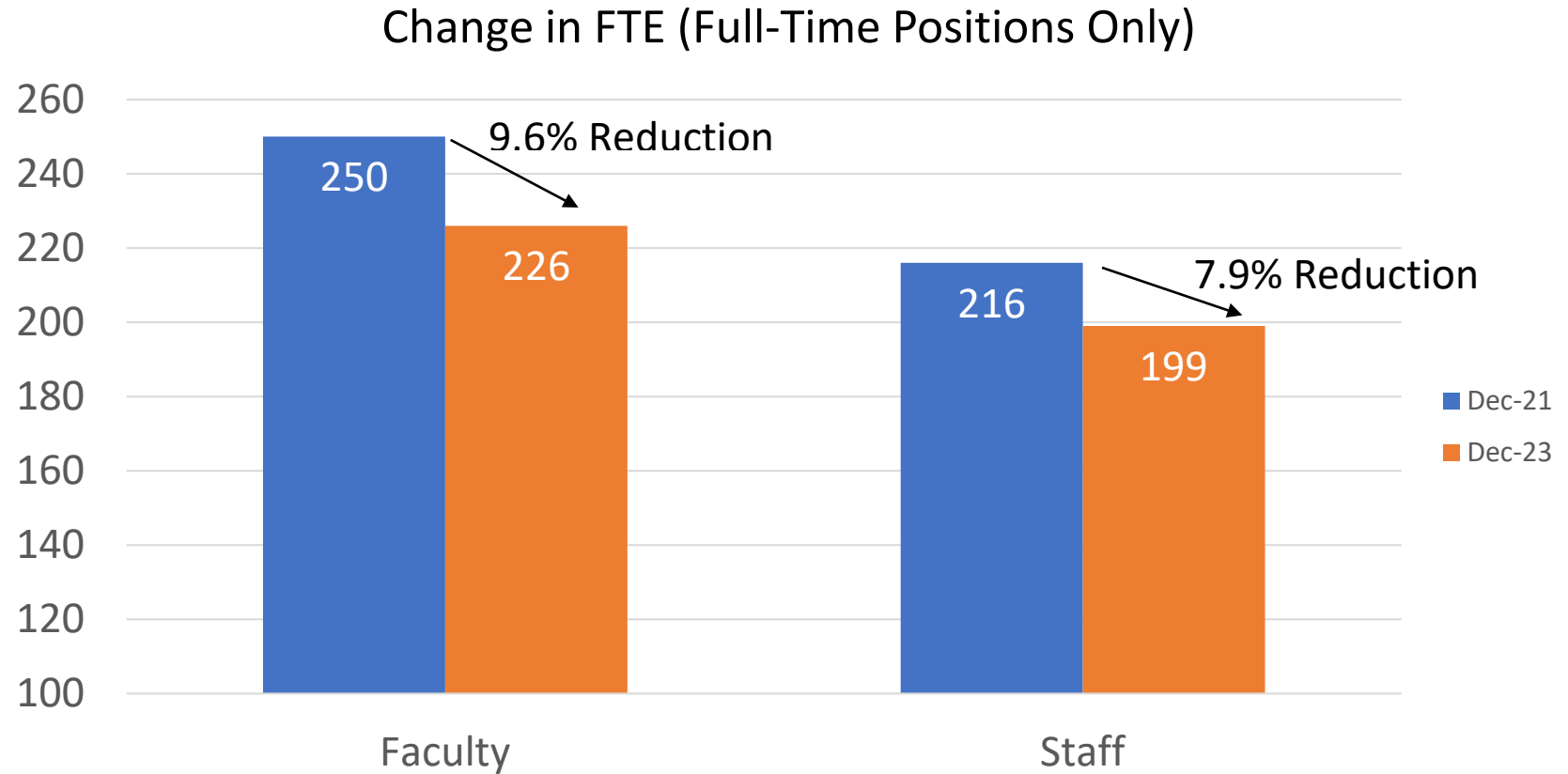
Increases in Revenue or Decreases in Expense (Positive Influencers)			Decreases in Revenue or Increases in Expense (Negative Influencers)		
State Appropriation Increase	\$	1,160,809	ACP Fee Removal	\$	(310,000)
Transition of Health and Wellness Center to HealthLinc	\$	89,423	UA Tax Increase	\$	(362,000)
Snow Removal Changes	\$	120,000	UIRR Centralization	\$	(68,183)
Faculty & Staff Compensation	\$	4,444,339	Faculty Promotions	\$	(265,000)
Increase in Revenue from Enrollment	\$	1,218,545	Parking Changes	\$	(300,000)
UITs Savings	\$	211,000	Police Increase	\$	(150,000)
	\$	7,244,116	Distance Education Fee Elimination		\$(1,324,855)
			General Salary Increases		\$(2,000,000)
					\$(4,780,038)
Net Impact =		\$ 2,464,078			



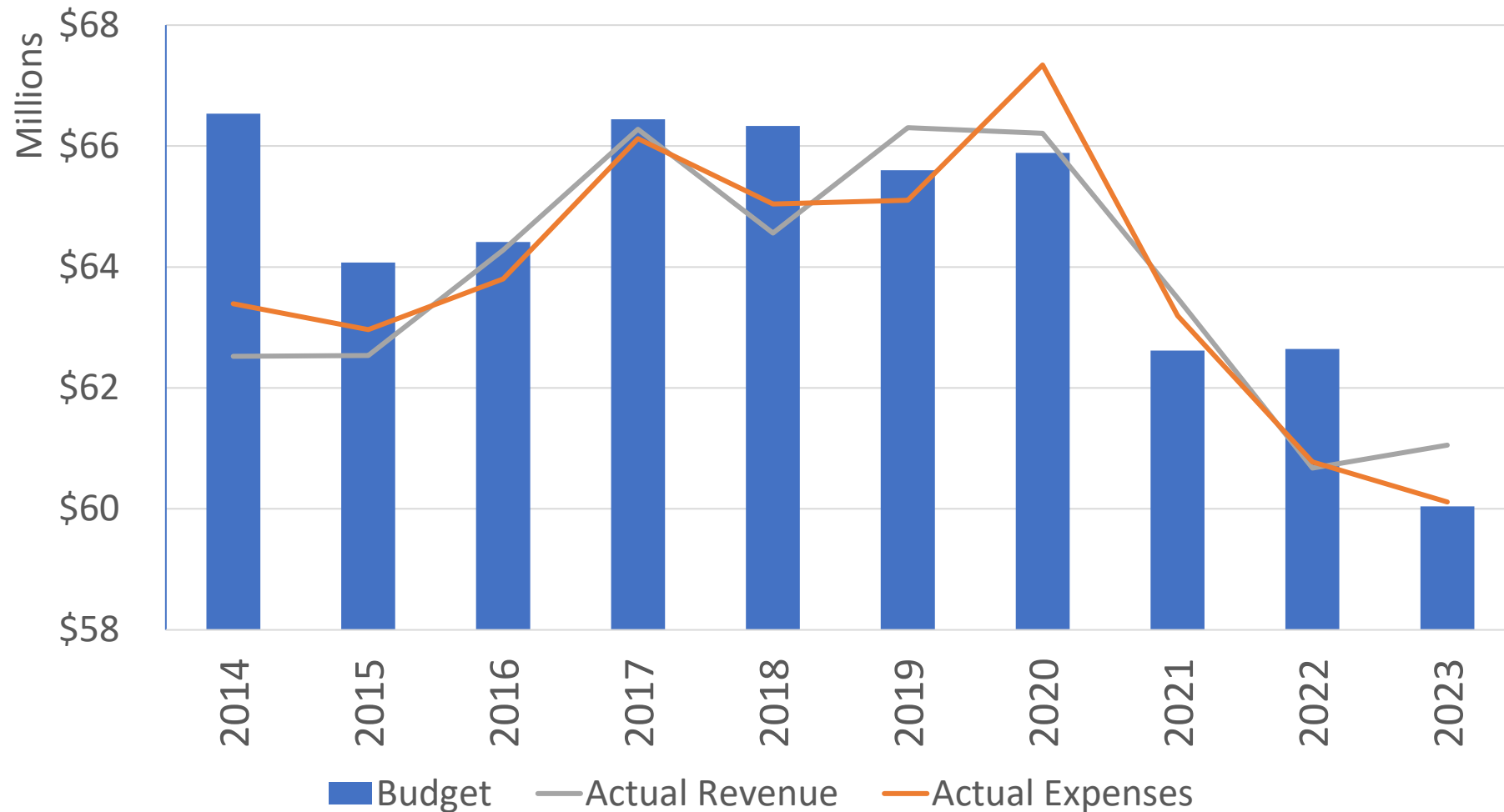
# Staffing Levels

Since the issuance of the budget memo in January 2022, the overall compensation budget has been reduced by \$2,444,339.

This includes two general salary increases in FY23 and FY24.



# IUSB Revenue & Expenses vs. Budget



# Where we would be if we hadn't acted?

Increases in Revenue or Decreases in Expense (Positive Influencers)		Decreases in Revenue or Increases in Expense (Negative Influencers)	
State Appropriation Increase	\$ 1,160,809	ACP Fee Removal	\$ (310,000)
<del>Transition of Health and Wellness Center to HealthLinc</del>	\$ -	UA Tax Increase	\$ (362,000)
<del>Snow Removal Changes</del>	\$ -	UIRR Centralization	\$ (68,183)
<del>Faculty &amp; Staff Compensation</del>	\$ -	Faculty Promotions	\$ (265,000)
Increase in Revenue from Enrollment	\$ 1,218,545	Parking Changes	\$ (300,000)
UTS Savings	\$ -	Police Increase	\$ (150,000)
	\$ 2,379,354	Distance Education Fee Elimination	\$ (1,324,855)
		General Salary Increases	\$ (2,100,000)
			\$ (4,880,038)
Net Impact = \$ (2,500,684)			

- The items listed as negative influencers are largely out of our control, so they would have happened regardless of our action (or inaction).
- If we failed to act 2 years ago, our budget situation would be scary as the next slide demonstrates.

# Where we would be if we hadn't acted?

Recall our current 5 Year Model:

	<b>FY24(current)</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
Surplus/Deficit	\$ 1,570,803	\$ 1,086,070	\$ 683,134	\$ 179,589	\$ (863,624)	\$ (1,115,597)

If we hadn't acted, our 5 Year Model would look like this:

	<b>FY24(current)</b>	<b>FY25</b>	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>
Surplus/Deficit	\$ (929,881)	\$ (1,414,614)	\$ (1,817,550)	\$ (2,321,095)	\$ (3,364,308)	\$ (3,616,281)

So, we should celebrate our achievements...and understand that we still have work to do.

# Looking Ahead

- Fall enrollment study is predicting relatively flat for the next 5 years.
- Impact of IU budget model redesign is unknown.
- Enrollment bump from FY24 sets a higher starting line for FY25 budget, so there is reason for optimism on our underfunded items list.