

October 27, 2020

Members of the IU South Bend Campus Budget Advisory Council,

The Campus Budget Advisory Council was created in Spring 2020 to advise me on the strategic direction and priorities of campus budgetary affairs. The work of the CBAC includes developing recommendations for budgetary and fiscal matters as part of the annual budget cycle, as well as on matters of campus wide fiscal significance that arise throughout the year. I have received the report entitled, *Report on Budget Principles, Opportunities for Revenue Growth, Expense Control and Budget Reduction Strategies*, dated October 1, 2020, and prepared in response to my charge to the CBAC to identify budget principles and opportunities for revenue growth, as well as expense control and budget reduction strategies that will guide campus leaders in making budget recommendations and decisions.

This report is important and timely for several reasons. Most immediately, IU South Bend must address a 7% decrease in state appropriations this year in addition to reductions we have already made due to decreased enrollment during the pandemic. This report contains key principles and recommendations that will assist campus leaders in making recommendations for managing these reductions. In addition, the report provides thoughtful suggestions for ways we can control costs and identify opportunities for generating revenue streams to build stronger support for the strategic growth of our campus. The principles outlined in the report provide an important beacon for campus leaders to use as they approach the current budget situation and will be part of the toolkit that informs our campus strategic planning process. While the report contains a comprehensive listing of recommendations that are broad and deep in scope, not all of them may be feasible and some new ideas may be inspired by the intent of others, so we should expect a staggered and strategically selective implementation of the contents of the report. It is thorough in its scope and that will provide great assistance to all of us as we navigate our budget planning processes.

I will ask that deans, directors and vice chancellors use this report to develop concrete budget recommendations for review by the Chancellor's Cabinet and approval by me in the coming months as we work towards a December 15, 2020 deadline. Budget summaries will be provided to CBAC and governance groups, as well as to the broader campus in upcoming Coffee with the Chancellor events and other communications.

While there is an immediate need for the thoughtful directions and suggestions provided in this report, I hope it will also provide a strong foundation for how we approach budget planning and revenue generation in the future. I expect it may be modified over time, though, and also in collaboration with the leadership of our new Vice Chancellor for Administration and Finance who will be arriving on campus in the early part of 2021.

I would like to thank members of the CBAC for their contributions to the report as well as Acting Vice Chancellor for Administration and Finance Philemon Yebei and Interim Executive Vice Chancellor for Academic Affairs Linda Chen for their leadership. I would also like to thank members of the campus community who shared their ideas and perspectives with the CBAC representatives. It is through this collaboration that we will build a stronger financial future together.

Sincerely,

Susan Elrod, PhD
Chancellor

IU South Bend Campus Budget Advisory Council

Report on Budget Principles, Opportunities for Revenue Growth, Expense Control and Budget Reduction Strategies

October 01, 2020

Summary

The Campus Budget Advisory Council (CBAC) is tasked with developing and prioritizing recommendations on fiscal and budget priorities for IU South Bend. The CBAC plays a pivotal role in the advancement of institutional goals by providing an opportunity for campus wide engagement in the budget development, and subsequent implementation of a collectively established budget plan.

The CBAC had its first meeting on 4/27/20 and has since met monthly to share information, review and discuss the campus budget, and brainstorm on opportunities for revenue growth and expense control and reduction strategies. The co-Chairs moderated the conversations, took copious notes, and thereafter collated that input to create this abbreviated report.

The impetus for this report is the need to develop a more strategic approach to managing budget reductions and negative budget margins. Most recently, the campus must address a 7 percent reduction in State Appropriations for FY 2020-21, which resulted in a negative budget margin of \$784,486 that must be extinguished in the current fiscal year.

Further, the campus has experienced enrollment declines over the past decade that necessitate an evaluation of how to stem the decline, re-build a strong revenue base, and identify new income streams to support current and future expenses. We are cognizant of the historical enrollment challenges and the national enrollment cliff, but also recognize that there are opportunities for strategic growth that we must identify and leverage. This will result in enrollment stabilization that will, in turn, lead to improvement in our fiscal well-being and our continued ability to serve our community.

Organization of the Document

Section I: Budget Principles

Section II: Opportunities for Revenue Growth

Section III: Budget Reduction and Expense Control Strategies

Section IV: Opportunities for Base Budget Reductions

Section I: Budget Principles

In accordance with the mission, vision, and values of the campus, the IU South Bend CBAC endorses the following principles:

1. Excellence in teaching, research, service, and student success will be prioritized, recognized, and supported.
2. Commitment to foster and support a regional comprehensive mission that leverages our academic resources, intellectual capital, and human talents to serve our community.
3. Resource allocation will be based on the greater good of the campus and the community, while at the same time recognizing individual divisional needs.
4. The annual operating budget will be structurally balanced, and operating expenditures will not exceed operating revenues.
5. Revenue generation opportunities will be discovered, examined, and implemented continually, irrespective of budget rightsizing.
6. Strategic funding decisions will be based on measures of excellence and key performance indicators, while maintaining the health and safety of our students and employees.
7. Strive to hire, train, develop, and retain high-quality, diverse and inclusive faculty and staff. Recruit, instruct, and mentor a diverse and inclusive student body. Ensure that our campus values reflect a true missional commitment to serving diverse populations.
8. Adhere to generally accepted accounting principles and Governmental Accounting Standards Board ([GASB](#)) principles.

Section II: Opportunities for Revenue Growth

1. Increase new student enrollment.
 - a. Expand and diversify marketing and communication strategies with the goal of saturating our service region. Create targeted marketing initiatives to expand our reach to diverse and underrepresented student populations (for example, adult learners, ACP students, foster youth, LBGTQ youth, graduate students, MSEP students, etc.). and develop appropriate outreach and programs to engage and support them.
 - b. Identify and remove barriers to enrollment by analyzing the recruitment-to-enrollment pipeline to determine areas that may unintentionally create bottlenecks/barriers (for example, review the impact of placement exams, New Student Orientation (NSO), advising and registration practices).
 - c. Streamline tuition and fee structure (university wide effort underway) so that they are simplified for students.
 - d. Increase outreach and programming through community engagement and partnerships with industry to create new student enrollment opportunities.
 - e. Develop specific strategies to increase the enrollment of transfer students and adult learners, understanding that seamless enrollment processes are critical to these groups. Build on existing articulation agreements, develop new articulation agreements, and explore completion programs for these populations.
2. Increase continuing student enrollment and retention rates.
 - a. In coordination with academic units, develop and implement a comprehensive and collaborative campus wide enrollment management and retention plan. Provide training and support to assure successful implementation and use of systems and advising technology tools.
 - b. Develop enrollment and retention targets for each school, college and academic program.
 - c. Ensure that our enrollment management structure is effectively leading the implementation of our enrollment and retention plan.
 - d. Evaluate and implement strategic reforms to academic advising across campus that will improve student enrollment and retention.
 - e. Increase the use of advising software across all units on campus – participation in the IU early alert system – Student Engagement Record (SER), AdRx electronic advising records, appointment scheduler, iGPS registration for courses. All staff and faculty who advise students are required to utilize these advising and registration tools.
 - f. Review courses with high DFW rates to determine strategies to improve student success. This review should entail analyzing student preparation, prerequisites, curriculum, teaching strategies, and learning support such as supplemental instruction and peer mentoring.
 - g. Leverage ways to engage students outside of class such as the use of Mentor Collective (for first year students) and alumni support networks.
 - h. Explore different ways to deliver courses and programs such as 8-week short courses, weekend programs, and evening courses and programs.
3. Improve the overall IU South Bend student experience with IU South Bend offices and practices.

- a. Reduce barriers to obtaining student services – decrease the number of times students are handed off from one office to another.
 - b. Provide students, in all stages of their education, programs and resources that facilitate, enhance, and support career exploration, pathways, placement, and employment.
 - c. Clarify and simplify vocabulary on forms required to complete tasks such as adding and dropping courses, paying bills, declaring a major, changing a major, returning to school, financial aid appeals, etc.
 - d. Review all student facing information in print and online, (for example, degree maps, and the Schedule of Classes) to ensure accuracy, clarity and ease of use.
 - e. Review course scheduling to ensure that students can make degree progress.
 - f. Recognize that the IU South Bend student body is increasingly diverse and identify ways to celebrate that diversity and to promote a sense of belonging and a growth mindset.
- 4. Leverage online education to attract new student enrollments.
 - a. Develop a campus strategic plan for IU South Bend’s next phase of online education, with a leader whose responsibility it is to oversee and work with departments to implement the new plan.
 - b. Expand online non-credit bearing classes and programs.
 - c. Deans, chairs, and program directors working jointly with the Office of Collaborative Online Academic Programs, will leverage opportunities to maximize program expansion, share resources, strategically increase capacity and collaboration with other IU campuses.
- 5. Revitalize, revise, enhance or build academic programs.
 - a. Develop strategies to build enrollment within existing and underutilized capacity by evaluating our inventory of low enrolled programs (such as general education, interdisciplinary groupings, certificate programs, online options, articulation agreements).
 - b. Ensure high demand programs have the resources needed to remain viable and growing and determine how to leverage that success in other areas.
 - c. Leverage the campus strategic planning process to identify where the potential for developing new academic programs exists.
- 6. Explore growth opportunities from sponsored research, fundraising, partnerships and collaborations with external organizations.
 - a. Develop a network of grant writing specialists to identify, share, and secure grant opportunities.
 - b. Increase applications for sponsored research funding opportunities, including grant funding from local agencies and philanthropic organizations.
 - c. Streamline process for developing and approving university/community partnerships that result in revenue-generating programs.
 - d. Partner with local organizations and regional partners to identify funding opportunities to support joint projects and initiatives to increase college-going, degree attainment, and workforce development.
 - e. Promote philanthropic efforts including stewardship of donors and friends, alumni, and external partners.

Section III: Budget Reduction and Expense Control Strategies

1. Prioritize elimination of the negative \$784,486 margin in the budget (see Section IV), and provide funding to cover unfunded compensation mandates, estimated at around \$250,000.
 - a. Hold off on building a base budget reserve at this point, so that we can provide funding necessary to support operations.
2. Evaluate distribution of expense budgets in each RC. The current allocation of budgets and revenue targets is based on an RCM model that balances budgets using operating appropriations, net of assessments, to support non-academic departments.
 - a. Examine credit hour production and consequently fee income generated by each RC, department and program.
 - b. Evaluate distribution of expense budgets to meet program needs.
 - c. Institute measures of accountability for areas that do not meet revenue goals, and units that spend above budgets allotments.
3. Maintain adequate controls around expense budgets to ensure that departments remain within budget, and only deploy what funds are needed to meet operational and strategic functions.
 - a. Eliminate year-end spending unless necessary.
 - b. Implement tight controls for year-end reversion.
 - c. Streamline planning for uses of reserves and fund balance, move away from spending down entire year-end unexpended (current) budget.
4. Develop a transparent process for evaluating appointed FTE distribution based on alignment to campus mission, market needs, student interest, and fiscal sustainability/viability.
 - a. Develop and implement a plan to reduce and/or consolidate staff positions in keeping with the new IU HR Framework. Using transparent principles and metrics, develop a plan to reallocate personnel to needed areas. For instance, we could leverage a core group of staff to provide campus wide procurement, travel, and financial transaction services.
 - b. Review all open staff positions to determine whether they are still needed, should be replaced, revised or consolidated with another position.
 - c. Utilize existing FTE reduction measures, within current IU policy, for faculty and staff.
 - i. Give faculty and staff an option to permanently decrease their FTE, with a commensurate reduction in salary. For instance, a reduction of FTE to 0.75 will result in a base pay reduction of 25%.
 - ii. Continue to leverage the phased retirement for eligible faculty.
5. Develop policies and practices for assigning faculty loads to address program instructional needs and professional development activities, as well as enrollment and retention goals of each school and college.
 - a. Consider a *variable teaching load* – for instance, 3/2/1 or other iteration to both maximize the standard load and provide flexibility for faculty to plan.
 - b. Provide faculty members the opportunity, under limited and well-defined circumstances, to choose whether to maintain an existing assignment for research or to increase instructional load.

6. Evaluate possible services that could be outsourced, without compromising academic and institutional integrity.
7. Create a framework for standardizing supplemental pays, course releases, and ADM pay for academic administrators recognizing that unique differences in workload exist across different units.
8. Analyze and right-size budget allocations across general expense categories each biennium to assure that budgets are aligned with expenditures, thereby eliminate any “padded” or overbudgeted lines.

Section IV: Opportunities for Base Budget Reductions

INDIANA UNIVERSITY SOUTH BEND

FY 2021 GENERAL FUND OPERATING BUDGET

Proposed Base Budget Reduction Plan as of 10/01/2020

Expense Category	Description	FY 2021 Base ¹	FY 2021 Reduction*
Academic Salary	Vacancies/Salary Reserve ²	\$380,407	(\$150,000)
	Visiting Lecturers	\$856,111	(\$200,000)
Part-time Instruction	Adjunct Salary	\$970,239	\$0
Professional (Exempt) Staff Salary	Vacancies/Salary Reserve ³	\$150,296	(\$50,000)
Bi-weekly (Non-Exempt) Staff Salary	Vacancies/Salary Reserve ³	\$81,203	(\$44,000)
Supplemental Pay		\$221,400	(\$51,000)
Part-time Wages		\$914,229	(\$150,000)
Sub-total Compensation		\$3,573,884	(\$645,000)
General Expenses	Printing/Duplicating	\$254,200	(\$100,000)
	Bad Debt/Credit Fees	\$474,401	(\$100,000)
	Contractual Services	\$161,500	(\$60,000)
	Hospitality	\$28,700	(\$28,700)
Sub-total General Expenses		\$918,801	(\$288,700)
Travel		\$173,680	(\$70,786)
Transfers		\$165,868	(\$30,000)
Reserves/Negative Margin	Budget Reduction	(\$784,486)	\$784,486
Unfunded Compensation	Salary + Fringe	(\$250,000)	\$250,000
Grand Total		\$3,797,747	\$0

Notes:

¹Compensation includes salary and associated fringe benefits

²Academic salary reserve across all academic units

³Staff salary reserve across all administrative and support units

*FY 2021 preliminary reduction amounts needed to extinguish the negative margin and cover unfunded mandates.
Document will be updated after line-item entries are determined and approved by the Cabinet and Chancellor.