

General Guidelines Related to Budget Reductions Efforts for FY2013-14 Budget

Planning for the most likely scenario for FY2013-14 shows a projected shortfall of \$5.786M, as shown in Attachment I. After significant discussion, President's Cabinet has identified central savings and new revenue for \$1.808M as shown in Attachment II, reducing the projected shortfall to \$3.978M. After consulting with the University Budget Advisory Committee (UBAC) and President's Cabinet, the President has decided that IUP will implement the \$1.808M in savings and new revenues. If enrollment or other revenue is higher than projected, the proposed increase in the Student Services fee will be reduced accordingly.

IUP remains committed to maintaining a balanced operating budget and maintaining appropriate levels of reserves, as dictated by the PASSHE Board of Governors and IUP Council of Trustees. Therefore, IUP must identify permanent budget reductions of \$3.978M within the next 45 days. Given the limited time available, the budget reductions will need to be a mixture of strategic and opportunistic items. It is fully recognized that because of the workload requirements of the faculty and staff, and the spring semester approaching an end, it will be difficult to get significant input from the faculty and other stakeholders. However, every effort will be made to ensure that the academic mission of IUP is considered in all budget reduction decisions. Based on input from President's Cabinet and the UBAC, the President is relying on the leadership and expertise of the Vice Presidents by providing each division with a budget reduction target proportional to the division's Educational and General operating budget as shown in Attachment III. The President has also asked the Vice Presidents to use general strategic criteria to guide their choices of budget reductions, specifically:

1. Preserve the ability to accomplish IUP's core mission including, but not limited to factors such as:
 - a. Academic excellence and student success
 - b. Safe, inclusive, diverse environment
 - c. Well-maintained, attractive physical infrastructure
 - d. PASSHE performance funding measures
2. Where appropriate, move expenses to other revenue streams to avoid loss of ability to achieve IUP's core mission.
3. Maximize the efficiency of IUP through consolidation, collaboration, reduced duplication, and the application of state-of-the art practices.
4. Reallocate resources to invest in new initiatives that enhance IUP's ability to meet its core mission.
5. Protect, to the extent possible, IUP's most valuable resource, its employees.

The Vice Presidents will provide their proposed budget reductions to President's Cabinet not later than Wednesday, May 15. President's Cabinet will make a recommendation to the President on the proposed budget reductions not later than Monday, May 20. The President

will then promptly communicate the budget reduction decisions to the University Budget Advisory Committee and then to the entire IUP community.

It may be necessary to adjust the initial projected shortfall and related divisional budget reduction allocations. Specifically, if any of the initial basic assumptions used to develop the FY2013-14 budget do not materialize for any reasons (enrollment, tuition and fee increases, etc.), the appropriate adjustments will be made and the divisional budget reduction allocations will be modified to ensure that the university's budget is balanced. This information will be communicated in a timely manner to the university community.

INDIANA UNIVERSITY OF PENNSYLVANIA
General Budget
FY2013-14 Budget Projections

**** Excludes Carryovers Sources and Uses ****

Budget Assumptions: FY2013-14	FY2013-14 IUP Assumptions Most Likely
NEW USES	
Personnel:	
Faculty	61,410,626
Management	11,874,794
University Administrator	2,013,051
Staff (Clerical, Fiscal, Custodial, and Maintenance)	12,564,905
Other (Security, Supervisory Security and Coaches)	2,346,360
Payouts and Shift Differential	1,385,000
Overtime	214,035
Summer School	5,433,311
Student Employment	4,079,295
Benefits	40,204,311
Waivers - Teaching Associates	91,403
Waivers - Employee	1,722,434
Subtotal Personnel:	143,339,525
Operating:	
Administrative Computing System Maintenance	537,497
Bad Debt Expense	1,189,000
Residential Revival - Phase I Amenity Space	289,301
Harrisburg Charges	2,717,683
Utilities	7,022,926
Waivers (BOG, International, Sr Citizen, and E-Univ)	3,956,880
Instructional Technology	5,790,000
Educational Services	4,683,000
Doctoral Enhancement	222,000
Library	20,000
Off Campus	465,818
Fairman Centre	458,000
Other Special Allocations	1,011,754
Departmental Operating - Base Budgets	4,795,720
Contingency Fund - Carryover Reserve	1,000,000
Overhead/Administrative Expense Chargebacks	(4,846,981)
Subtotal Operating:	29,312,598
Transfers:	
Academic Facilities Renovation Program (AFRP)	763,548
Debt Service Payments	936,000
KCAC Debt Payment	2,200,000
Performance Funding	2,232,432
Performance Funding - Permanent Reduction	(1,322,785)
Facilities and Administration (Indirect) Allocations	325,000
Research Institute Services	785,000
Graduate Assistant Waivers	3,407,378
Graduate Assistant Waivers - New Initiative	210,000
Transfers to Designated Reserves	3,858,674
Admissions-Base Adjustment	205,000
Deferred Maintenance (TCC and Facilities Fee)	2,052,124
Facilities Fee Recreation	402,310
Other	2,521,207
Strategic Initiatives Reserve	-
Subtotal Transfers:	18,575,888
TOTAL NEW USES	\$ 191,228,011
NEW SOURCES LESS NEW USES	\$ (5,681,093)
LESS: Targeted Permanent Reductions	-
ADD: Excess Reduction Target FY2011-12 and FY2010-11)	105,038
NET SOURCES LESS USES	\$ (5,786,131)

**FY2013-14 Budget
Analysis of Central Budget Items Reducing General Fund Budget Deficit
(Shortfall)**

Projected Budget Deficit (Shortfall) as of March 21, 2013	\$ 5,786,131
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Items Used for Revenue Generation and Cost Reduction:	
Additional Student Service Fee Revenue Generation (\$3 per Credit Hour Increase)	\$ 1,049,229
Educational and General Revenue Share from Cogen Ictec Programs (Cost Reduction)	359,152
Elimination of the Annual Furniture Reserve Allocation	400,000
Total Adjustment to Budget Deficit (Shortfall)	\$ 1,808,381

Revised Budget Deficit (Shortfall)	\$ 3,977,750
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**Indiana University of Pennsylvania
Divisional Allocation Percentages
Projected FY2013-14 Budget Deficit (Shortfall)**

Required Reductions	
Divisions	Percentage Allocations Excluding Carryovers
President	1.37%
Academic Affairs	76.55%
Student Affairs	4.44%
Enrollment Management and Communication	4.11%
Administration and Finance	11.47%
University Advancement	2.06%
TOTAL	100.00%

Required Reductions	
Divisions	\$ 3,977,750 Reduction Allocations based on excluding carryovers
President	\$ 54,329
Academic Affairs	3,044,883
Student Affairs	176,564
Enrollment Management and Communication	163,648
Administration and Finance	456,294
University Advancement	82,032
TOTAL	\$ 3,977,750