

## **General Guidelines Related to Budget Reductions Efforts for FY2014-15 Budget**

Planning for the most likely scenario for FY2014-15 shows a projected shortfall of \$2.561M, as shown in Attachment I. After consulting with the University Budget Advisory Committee (UBAC) and President's Cabinet, the President has decided that IUP will cover \$1.281M of the projected shortfall using one-time, central reserves. If enrollment or other revenue is higher than projected, it will be used to reduce this use of one-time central reserves.

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 \$1.280M within the next 60 days. Given the limited time available, the budget reductions will need to be a mixture of strategic and opportunistic items. 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 II. 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 vision as specified in the Vision for IUP's Future.
2. Where appropriate, move expenses to other revenue streams to avoid loss of ability to achieve IUP's Vision.
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.

The Vice Presidents will provide their proposed budget reductions to President's Cabinet not later than Friday, May 2. President's Cabinet will make a recommendation to the President on the proposed budget reductions not later than Monday, May 12. 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 FY2014-15 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  
Multi-Year Budget Projections  
FY2014-15 Through FY2016-17  
Analysis of Adding Additional Initiatives  
Most Likely Case**

	ORIGINAL FY2014-15 PROJECTION	FY2014-15 PROJECTION *	FY2015-16 PROJECTION *	FY2016-17 PROJECTION *
	October 7, 2013	October 17, 2013		
<b>Fall Enrollment</b>	14,368	14,368	14,180	14,068
<b>Retention Rate</b>	75.0%	75.0%	75.0%	75.0%
<b>Tuition Increase</b>	2.0%	3.0%	3.0%	3.0%
<b>Benefit Increase</b>	7.4%	7.4%	8.8%	7.1%
<b>Utility Increase</b>	6.0%	6.0%	7.0%	7.0%
<b>REVENUES</b>				
State Appropriations	\$ 47,850,700	\$ 47,850,700	\$ 47,850,700	\$ 47,850,700
Performance Funding	4,210,760	4,210,760	4,210,760	4,210,760
Tuition and Fees	127,331,520	128,498,365	130,041,595	131,979,501
New Student Service Fee	3,843,000	4,902,000	4,843,000	4,810,000
Investment Income	1,000,000	1,000,000	1,000,000	1,000,000
Other Sources	985,000	985,000	985,000	985,000
<b>TOTAL REVENUES</b>	<b>\$ 185,220,980</b>	<b>\$ 187,446,825</b>	<b>\$ 188,931,055</b>	<b>\$ 190,835,961</b>
<b>EXPENDITURES</b>				
PERSONNEL:				
Faculty Salaries	\$ 66,667,466	\$ 66,667,466	\$ 68,789,347	\$ 70,970,253
Staff Salaries and Wages	35,025,129	35,025,129	35,857,445	36,711,558
Benefits	43,442,750	43,462,164	47,150,283	50,393,459
<b>TOTAL PERSONNEL</b>	<b>\$ 145,135,345</b>	<b>\$ 145,154,759</b>	<b>\$ 151,797,076</b>	<b>\$ 158,075,270</b>
OPERATING:				
Operating and Maintenance	\$ 29,064,825	\$ 29,153,825	\$ 29,657,821	\$ 30,234,125
Utilities	6,815,195	6,815,195	7,395,459	7,887,941
Graduate Assistantship Waivers	7,671,805	7,747,018	7,979,429	8,218,812
Debt Payments	2,813,000	580,000	582,000	301,000
Divisional Net Excess Reduction Target	556,879	556,879	556,879	556,879
<b>TOTAL OPERATING</b>	<b>\$ 46,921,704</b>	<b>\$ 44,852,918</b>	<b>\$ 46,171,588</b>	<b>\$ 47,198,757</b>
<i>Prior Years Required Permanent Reductions</i>	\$ -	\$ -	\$ (1,280,426)	\$ (9,037,609)
<b>TOTAL EXPENDITURES</b>	<b>\$ 192,057,049</b>	<b>\$ 190,007,677</b>	<b>\$ 196,688,238</b>	<b>\$ 196,236,418</b>
<b>REVENUES LESS EXPENDITURES (SHORTFALL)**</b>	<b>\$ (6,836,069)</b>	<b>\$ (2,560,852)</b>	<b>\$ (7,757,183)</b>	<b>\$ (5,400,457)</b>
<i>Required Permanent Reductions</i>	\$ 6,836,069	\$ 1,280,426	\$ 7,757,183	\$ 5,400,457
<i>Temporary (One-Time) Reduction from Prior Year Carryover</i>		\$ 1,280,426		
<b>REVENUES LESS EXPENDITURES PLUS REDUCTIONS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>PROJECTED CUMULATIVE DEFICIT (SHORTFALL)</b>	<b>\$ -</b>	<b>\$ (2,560,852)</b>	<b>\$ (9,037,609)</b>	<b>\$ (14,438,066)</b>

Note: \* The revised projections include the following assumptions:

- A. Elimination of the Kovalchick Complex Debt Payment
- B. Student Service Fee Increased by \$3.00 Per Credit Hour
- C. Tuition and Technology Fee Increased by 3 Percent Per Year

\*\* The deficit (shortfall) shown is the difference between the revenues and expenditures including prior year permanent reduction target amounts.

**Indiana University of Pennsylvania  
Divisional Budget Reduction Allocation  
FY2014-15**

<b>Total Projected Budget Shortfall *</b>	<b>\$ 2,560,852</b>
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Divisions	Percentage Allocations
President	1.52%
Academic Affairs	76.32%
Student Affairs	4.46%
Enrollment Management and Communications	4.10%
Administration and Finance	11.45%
University Advancement	2.15%
<b>TOTAL</b>	<b>100.00%</b>

<b>Required Reduction</b>		<b>\$ 1,280,426</b>
Divisions	Percentage Allocations	50% of Projected FY2014-15 Deficit (Shortfall)
President	1.52%	\$ 19,448
Academic Affairs	76.32%	977,178
Student Affairs	4.46%	57,126
Enrollment Management and Communications	4.10%	52,483
Administration and Finance	11.45%	146,620
University Advancement	2.15%	27,571
<b>TOTAL</b>	<b>100.00%</b>	<b>\$ 1,280,426</b>

Note: \* 50% of the projected deficit (shortfall) will be covered by a temporary (one-time) reduction from prior year carryover