

INDIANA UNIVERSITY OF PENNSYLVANIA

Three Year General Budget Projection

- Elimination of the Kovachick Complex Debt Payment
- Student Service Fee Increased by \$3.00 Per Credit Hour
- Assumed 3% Annual Increase in Tuition and Technology Fee

Updated Original Budget - Includes \$3.9 Million in Divisional Reductions.

Fall Re-Budget - Based on the Final Fall Freeze Enrollment.

- Budget Balanced Centrally Using Increases in Revenues and Decreases in Expenditures.
(No Additional Reductions to Divisions).

	Spring Re-Budget	Original Budget	Updated Original Budget *	Fall Re-Budget	Projections		
	FY2012-13	FY2013-14	FY2013-14	FY2013-14	FY2014-15	FY2015-16	FY2016-17
Operating (Continued):							
Library	20,000	30,000	30,000	30,000	30,000	30,000	30,000
Off-Campus	464,305	466,605	466,605	466,605	468,523	470,710	479,598
Fairman Centre	468,000	463,000	463,000	463,000	466,300	470,400	474,800
Other Special Allocations	885,242	937,522	937,522	962,390	944,276	962,395	981,727
Departmental Operating - Base Budgets	4,566,720	4,643,135	4,476,840	4,476,840	4,605,160	4,605,160	4,605,160
Carryover Reserve	2,410,723	1,306,412	1,306,412	1,321,298	1,000,000	1,000,000	1,000,000
Overhead/Administrative Expense Chargebacks	(4,846,981)	(4,846,981)	(4,846,981)	(4,927,216)	(4,846,981)	(4,846,981)	(4,846,981)
Subtotal Operating:	29,630,777	29,206,164	28,826,869	28,361,990	29,287,270	30,361,661	31,404,098
Transfers:							
Academic Facilities Renovation Program (AFRP)	763,548	763,548	763,548	763,548	763,548	763,548	763,548
Debt Service Payments	753,000	936,000	936,000	936,000	580,000	582,000	301,000
Kovalchick Complex New Debt Payment	2,200,000	2,236,000	2,236,000	2,236,000	-	-	-
Performance Funding	2,975,619	2,975,619	2,975,619	2,975,619	2,975,619	2,975,619	2,975,619
Performance Funding - Permanent Reduction	(2,065,972)	(2,065,972)	(2,065,972)	(2,065,972)	(2,065,972)	(2,065,972)	(2,065,972)
Facilities and Administration (Indirect) Allocations	323,015	258,725	258,725	233,840	233,668	217,526	201,061
Research Institute Services	785,000	791,275	791,275	791,275	807,100	823,242	839,707
Graduate Assistant Waivers	3,308,134	3,601,928	3,564,497	3,564,497	3,671,432	3,781,575	3,895,022
Transfers to Designated Reserves	3,697,160	3,458,674	3,458,674	3,266,085	3,036,146	3,071,070	3,107,042
Admissions - Base Adjustment	205,000	205,000	205,000	205,000	205,000	205,000	205,000
Deferred Maintenance (TCC and Facilities Fee)	2,050,829	2,074,829	2,074,829	2,074,829	2,089,829	2,090,954	2,102,876
Facilities Fee Recreation	402,310	402,310	402,310	402,310	402,310	402,310	402,310
Other	2,288,247	2,443,462	2,297,366	2,303,395	2,310,089	2,406,176	2,510,566
Strategic Initiatives Reserve	1,180,357	-	-	-	-	-	-
Subtotal Transfers:	18,866,247	18,081,398	17,897,871	17,686,426	15,008,769	15,253,048	15,237,780
Divisional Net Excess Reduction Target	505,228	98,822	556,879	556,879	556,879	556,879	556,879
TOTAL EXPENDITURES	\$ 184,842,608	\$ 190,712,282	\$ 186,521,532	\$ 185,845,207	\$ 190,007,677	\$ 197,968,664	\$ 205,274,027
REVENUES LESS EXPENDITURES (SHORTFALL)**	\$ -	(3,977,750)	(2,454,833)	-	\$ (2,560,852)	\$ (6,476,757)	\$ (5,400,457)
Divisional Targeted Permanent Reductions	-	3,977,750	-	-	-	-	-
Required Permanent Reductions	-	-	-	-	2,560,852	6,476,757	5,400,457
Use of One-Time Funding Sources	-	-	2,454,833	-	-	-	-
REVENUES LESS EXPENDITURES PLUS REDUCTIONS:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PROJECTED CUMULATIVE DEFICIT (SHORTFALL)	\$ -	\$ -	\$ -	\$ -	\$ (2,560,852)	\$ (9,037,609)	\$ (14,438,066)

Note: * The FY2013-14 Updated Original Budget reflects the implementation of the \$3,977,750 Divisional Targeted Permanent Reductions.

** Assumes permanent reductions in spending are implemented annually to balance the budget.

The projections are preliminary and are based on the attached assumptions. As assumptions change, the projections will be updated.

INDIANA UNIVERSITY OF PENNSYLVANIA
THREE YEAR GENERAL BUDGET PROJECTIONS
BUDGET ASSUMPTIONS
October 31, 2013

	SPRING RE-BUDGET		ORIGINAL BUDGET		UPDATED ORIGINAL BUDGET		FALL RE-BUDGET		PROJECTIONS					
	FY2012-13		FY2013-14		FY2013-14		FY2013-14		FY2014-15		FY2015-16		FY2016-17	
ASSUMPTIONS														
Fall Enrollment		15,379		15,000		14,667		14,728		14,368		14,180		14,068
Appropriations		\$985,061 Increase		FY2012-13 Level Funding		Actual FY2013-14 Funding		Actual FY2013-14 Funding		FY2012-13 Level Funding		FY2012-13 Level Funding		FY2012-13 Level Funding
Performance Funds		\$569,542 Increase		FY2011-12 Level Funding		Actual FY2013-14 Funding		Actual FY2013-14 Funding		FY2013-14 Level Funding		FY2013-14 Level Funding		FY2013-14 Level Funding
Tuition Percentage Increase		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%
Technology Fee		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%
Student Service Fee		\$ 3,000,000		\$ 4,000,000		\$ 3,914,000		\$ 3,950,000		\$ 4,902,000		\$ 4,843,000		\$ 4,810,000
										Student Service Fee increased by \$3.00 per credit hour				
Salary Wage Increase														
Faculty		1.50%		2.60%		2.60%		2.60%		2.80%		3.48%		3.46%
Managers		3.00%		3.00%		3.00%		3.00%		3.50%		2.50%		2.50%
AFSCME		1.57%		2.50%		2.50%		2.50%		4.50%		3.18%		3.16%
SCUPA		2.20%		2.70%		2.70%		2.70%		3.20%		3.11%		3.10%
Other		2.50%		4.30%		4.30%		4.30%		4.40%		2.50%		2.50%
Benefits		7.8%		8.9%		6.2%		6.2%		7.4%		8.8%		7.1%
Bad Debt Expense		\$ 1,160,000		\$ 1,194,800		\$ 1,194,800		\$ 1,194,800		\$ 1,219,000		\$ 1,243,000		\$ 1,269,000
Harrisburg Charges - Percentage Increase		2.0%		2.0%		2.0%		2.0%		2.0%		2.0%		2.0%
Utilities - Percentage Change		5.0%		5.0%		5.0%		5.0%		6.0%		7.0%		7.0%
Capacity Program Revenue		\$ 50,000		\$ 600,000		\$ 600,000		\$ 600,000		\$ 360,000		\$ 240,000		\$ 240,000
Waivers - Changes with Tuition		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%		3.0%
Debt Service Payments		\$ 2,200,000		\$ 2,236,000		\$ 2,236,000		\$ 2,236,000		\$ -		\$ -		\$ -
Kovalchick Complex Debt Payment										Projected payoff of the bonds for the Kovalchick Complex debt in FY2014-15				
Debt Service Expiring (Fiscal Year)														
Annual Debt Payments:														
Smokestack and Engine Retro (FY2015-16)		\$ 280,000		\$ 280,000		\$ 280,000		\$ 280,000		\$ 279,000		\$ 281,000		\$ -
Chiller (FY2013-14)		\$ 355,000		\$ 355,000		\$ 355,000		\$ 355,000		\$ -		\$ -		\$ -
SAP Debt Payment		\$ 1,425,160		\$ 1,586,674		\$ 1,586,674		\$ 1,394,085		\$ 1,093,324		\$ 1,115,190		\$ 1,137,494

**INDIANA UNIVERSITY OF PENNSYLVANIA
MULTI-YEAR BUDGET ASSUMPTIONS
October 31, 2013**

1. Enrollment projections were provided by Jim Begany and represent revised version number one of the enrollment model. The credit hours were adjusted by the percentage change in the head count. Below is the Fall enrollment for the projected years:

FY2013-14 - Actual	14,728
FY2014-15	14,368
FY2015-16	14,180
FY2016-17	14,068

2. Projecting level FY2012-13 state appropriation funding for the three-year forecast period.
3. Performance funding is projected at the actual FY2013-14 funding level. Below is the current allocation of the performance funding:

Actual Annual Performance Funding	\$ 4,210,760
Funds Used Toward Balancing the Budget	(1,235,141)
Residual Funding	\$ 2,975,619
Less: Permanent Savings	(743,187)
Personnel Moved to the General Fund	(590,985)
Faculty Instruction - Academic Affairs	(731,800)
Funds Available for Division Allocation*	\$ 909,647

* Decision needs to be made if this should continue.

4. Increase the Student Service Fee by \$3.00 per credit hour.
5. The Tuition and Technology Fee increase for the three-year projection is three percent per year based on PASSHE assumptions. The projection does not take into consideration increases in certain "high demand/high cost" courses with the exception of the following:

Assessed an Additional 5%:

- Nursing Masters
- Administration and Leadership Studies D.Ed.
- Communications Media and Instructional Technology
- English/Composition and TESOL Ph.D.
- Clinical Psychology
- Curriculum and Instruction D.Ed.
- Masters MBA/Executive Track
- Criminology M.A.
- English/TESOL M.A.
- Safety Sciences, M.S.
- Speech Language-Pathology, M.S.
- Sports Science, M.S.

Assessed an Additional 10%: Nursing Ph.D.

**INDIANA UNIVERSITY OF PENNSYLVANIA
MULTI-YEAR BUDGET ASSUMPTIONS
October 31, 2013**

6. Salary and wages for collective bargaining unions are based on the existing CBA through FY2014-15. Increases for FY2015-16 and FY2016-17 are based upon PASSHE assumptions. The increases for non-representative employees (managers) assumes the Board of Governors approved increases through FY2014-15 and PASSHE assumptions thereafter.
7. Benefits for health care and retirement are based upon PASSHE assumptions dated June 14, 2013.
8. The utility projections are offset by additional Ictec revenue from the "Capacity Program". The Capacity Program is projected to provide the following annual revenue:

FY2013-14	\$	600,000
FY2014-15	\$	360,000
FY2015-16	\$	240,000
FY2016-17	\$	240,000

The FY2013-14 utility costs reflect a decrease of \$.70 per Dth as the result of the cooler temperatures this summer. In April 2013 future NYMEX estimates for FY2013-14 were \$4.60 per Dth. Present NYMEX estimates for FY2013-14 are \$3.90 per DTH (15% decrease). The annual increases are based upon the most recent trends in the natural gas and electric commodity futures.

9. The general inflation rate (CPI-U) is projected to increase two percent per year.
10. The following debt service payments will be expiring:
- Chiller Payment of \$355,000 Expires in FY2013-14
 - Smokestack and Engine Retro Payment of \$281,000 Expires in FY2015-16
11. Projected payoff of the bonds for the Kovalchick Complex debt in FY2014-15 (eliminating debt).
12. The \$500,000 scholarship program is assumed to be paid from the unrestricted net assets. Otherwise, this amount must be factored into the general budget projections.
13. A decision needs to be made on the following budget items that were approved for FY2013-14 with future funding to be determined based upon the success of the initiatives:

- Additional Graduate Assistant Waivers	\$	210,000
- Enrollment Management Advertising Consultant	\$	45,000
- Summer II Sutton Scholars Tuition Waiver	\$	42,880

These items were included in all of the projection years, but continuation is pending.

14. New Budget Item(s):
- | | | |
|-------------------|----|--------|
| iModules Contract | | |
| FY2013-14 | \$ | 25,100 |
| FY2014-15 | \$ | 25,592 |
| FY2015-16 | \$ | 26,445 |
| FY2016-17 | \$ | 27,298 |

15. Based upon the FY2013-14 original budget, the fixed mandatory and institutional priorities are shown on a separate schedule.

INDIANA UNIVERSITY OF PENNSYLVANIA
Three Year General Budget Projections
FY2014-15 Through FY2016-17
October 31, 2013

	Spring Re-Budget	Original Budget	Updated Original Budget *	Fall Re-Budget**	Projections		
	FY2012-13	FY2013-14	FY2013-14	FY2013-14	FY2014-15	FY2015-16	FY2016-17
FALL ENROLLMENT	15,379	15,000	14,667	14,728	14,368	14,180	14,068
TOTAL REVENUES	\$ 184,842,608	\$ 186,734,532	\$ 184,066,699	\$ 185,845,207	\$ 187,446,825	\$ 188,931,055	\$ 190,835,961
TOTAL EXPENDITURES	\$ 184,842,608	\$ 190,712,282	\$ 186,521,532	\$ 185,845,207	\$ 190,007,677	\$ 197,968,664	\$ 205,274,027
REVENUES LESS EXPENDITURES (SHORTFALL)***	\$ -	\$ (3,977,750)	\$ (2,454,833)	\$ -	\$ (2,560,852)	\$ (6,476,757)	\$ (5,400,457)
Divisional Targeted Permanent Reductions:	-	3,977,750	-	-	-	-	-
Required Permanent Reductions:	-	-	-	-	2,560,852	6,476,757	5,400,457
Use of One-Time Funding Sources:	-	-	2,454,833	-	-	-	-
REVENUES LESS EXPENDITURES PLUS REDUCTIONS:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PROJECTED CUMULATIVE DEFICIT (SHORTFALL)	\$ -	\$ -	\$ -	\$ -	\$ (2,560,852)	\$ (9,037,609)	\$ (14,438,066)

Notes: * The FY2013-14 Updated Original Budget reflects the implementation of \$3,977,750 in Divisional Targeted Permanent Reductions.

** The Fall Re-Budget is based on the Fall freeze enrollment and has been balanced using increases in Central revenues and decreases in Central expenditures.

*** Assumes permanent reductions in spending are implemented annually to balance the budget.

These projections are preliminary and are based on the attached assumptions. As assumptions change, the projections will be updated.

Assumes a 3% increase per year in Tuition and Technology Fee.

Indiana University of Pennsylvania
Multi-Year Budget Projections
Fiscal Years 2012-13 through 2016-17
October 31, 2013

	SPRING	ORIGINAL	UPDATED	FALL	PROJECTIONS		
	RE-BUDGET	BUDGET	ORIGINAL BUDGET *	RE-BUDGET **	FY2014-15	FY2015-16	FY2016-17
	FY2012-13	FY2013-14	FY2013-14	FY2013-14	FY2014-15	FY2015-16	FY2016-17
REVENUES							
State Appropriations	\$ 47,850,700	\$ 47,850,700	\$ 48,172,224	\$ 48,172,224	\$ 47,850,700	\$ 47,850,700	\$ 47,850,700
Performance Funding	5,130,520	4,560,978	4,210,760	4,210,760	4,210,760	4,210,760	4,210,760
Tuition and Fees *****	126,908,373	128,427,854	125,874,715	127,594,433	128,498,365	130,041,595	131,979,501
New Student Service Fee	3,000,000	4,000,000	3,914,000	3,950,000	4,902,000	4,843,000	4,810,000
Investment Income	1,000,000	900,000	900,000	1,000,000	1,000,000	1,000,000	1,000,000
Other Sources	953,015	995,000	995,000	917,790	985,000	985,000	985,000
TOTAL REVENUES	\$ 184,842,608	\$ 186,734,532	\$ 184,066,699	\$ 185,845,207	\$ 187,446,825	\$ 188,931,055	\$ 190,835,961
EXPENDITURES							
PERSONNEL:							
Faculty Salaries	\$ 64,219,675	\$ 66,909,709	\$ 64,744,343	\$ 64,744,343	\$ 66,667,466	\$ 68,789,347	\$ 70,970,253
Staff Salaries and Wages	33,445,359	34,859,093	33,933,179	33,933,179	35,025,129	35,857,445	36,711,558
Benefits	38,175,322	41,557,095	40,562,391	40,562,391	43,462,164	47,150,283	50,393,459
TOTAL PERSONNEL	\$ 135,840,356	\$ 143,325,898	\$ 139,239,913	\$ 139,239,912	\$ 145,154,759	\$ 151,797,076	\$ 158,075,270
OPERATING:							
Operating and Maintenance	\$ 31,747,389	\$ 29,892,980	\$ 29,367,589	\$ 29,298,663	\$ 29,153,825	\$ 29,657,821	\$ 30,234,125
Utilities	6,688,501	6,663,774	6,663,774	6,056,376	6,815,195	7,395,459	7,887,941
Graduate Assistantship Waivers	7,108,134	7,558,808	7,521,377	7,521,377	7,747,018	7,979,429	8,218,812
Debt Payments with Kovalchick Complex	2,953,000	3,172,000	3,172,000	3,172,000	580,000	582,000	301,000
Divisional Net Excess Reduction Target	505,228	98,822	556,879	556,879	556,879	556,879	556,879
TOTAL OPERATING	\$ 49,002,252	\$ 47,386,384	\$ 47,281,619	\$ 46,605,295	\$ 44,852,918	\$ 46,171,588	\$ 47,198,757
TOTAL EXPENDITURES	\$ 184,842,608	\$ 190,712,282	\$ 186,521,532	\$ 185,845,207	\$ 190,007,677	\$ 197,968,664	\$ 205,274,027
REVENUES LESS EXPENDITURES	\$ (0)	\$ (3,977,750)	\$ (2,454,833)	\$ -	\$ (2,560,852)	\$ (9,037,609)	\$ (14,438,066)
Divisional Targeted Permanent Reductions	-	3,977,750	-	-	-	-	-
Use of One-Time Funding Sources	-	-	2,454,833	-	-	-	-
NET REVENUES LESS EXPENDITURES (CUMULATIVE)***	\$ -	\$ -	\$ -	\$ -	\$ (2,560,852)	\$ (9,037,609)	\$ (14,438,066)
CURRENT YEAR SHORTFALL (DEFICIT) ****	\$ -	\$ -	\$ -	\$ -	\$ (2,560,852)	\$ (6,476,757)	\$ (5,400,457)

Note: Carryover has been eliminated from the budget projections and will no longer be used to balance the general fund budget.

* The FY2013-14 Updated Original Budget reflects the implementation of the \$3,977,750 Divisional Targeted Permanent Reductions.

** The budget is based on the Fall freeze enrollment and has been balanced using increases in central revenues and decreases in central expenditures.

*** The shortfall (deficit) shown is the difference between the revenues and expenditures, including reduction target amounts.

**** Assumes that permanent reductions are used to cover the current year shortfall (deficit).

***** Assumes a 3% increase per year in Tuition and Technology Fee.