College of Arts and Sciences Policy Committee Minutes
September 21, 2015

Present: Dale McFadden (chair), Stuart Davis, Julia Fox, Vivian Halloran, Scott Michaels, Kevin Pilgrim, Julie Van Voorhis, Nick Williams

The meeting was called to order at 4:00. The minutes from September 14 were discussed and approved.

Steve Watt, Associate Dean of the School of Art and Design, joined the meeting at 4:25 to discuss developments with the new school. The trustees endorsed the new school at their August meeting. The school merges two departments, studio art (FINS) and apparel merchandising and interior design (AMID) and also includes the Columbus Center for Art and Design. The faculty of the art history department, at present part of the School of Fine Arts, voted unanimously not to be part of the school. The name change of the art history department is awaiting final approval by the CPC. The central planning committee for the new school includes members of the two affected departments, as well as representatives from art history, arts administration (SPEA); Theatre, Drama, and Contemporary Dance; and Informatics. Watt informed the CPC that the School of Art and Design will open officially on July 1, 2016. Currently the different units are spread widely across campus, and Kirkwood Hall is in the process of being remodeled in order bring these units in closer proximity to one another.

The School of Art and Design will house three centers: a center for Integrative Photographic Study, the Center for Art and Design located in Columbus, and a Center for Innovative Merchandising. The center in Columbus poses challenges, due to the need to transport students there, but also offers unique opportunities because of the sixty prominent buildings in the city. Watt sees wired classrooms as a possible way of integrating the two campuses and also discussed the importance of Merchandising to the new School.

Watt then discussed the organization of the school and governance issues, including the integration and enfranchisement of non-tenure track faculty. Questions remain about how to structure the faculty inside the school, which will likely be in units, not departments. The School is planning to send a proposal for its first new degree, a BS in comprehensive design to CUE, for which a significant number of classes already exist.

Like the School of Global and International Studies and the Media School, the School of Art and Design will have its own dean. The search is in its early stages, but has not yet been announced since the search committee has not been finalized. Watt anticipates that interviews will be conducted late this semester or early next semester with the goal of having a dean in place by the end of the spring semester. The CPC asked Watt about possible transfers of faculty into the new school; Watt anticipates very few of these during this academic year.
Watt left the meeting at 4:50.

Executive Dean Larry Singell and Assistant Dean for Finance, Chris Puckett joined the meeting at 4:50 to provide an overview of the 2015-2016 College budget. Singell and Puckett used a PowerPoint presentation, which is attached to these minutes. The summary of the presentation here makes reference to this presentation.

Puckett began by explaining the two major categories of resources, Base (ongoing) and Cash (non-recurring). Recurring expenses, such as faculty/staff hiring, have to be funded using Base resources (slide 2). Puckett continued by describing the different fund groups, defined by the sources of the funds, and their restrictions (slides 3-4). Some of these funds are more restricted than others in how they can be used. The general fund (instructional) Base budget must balance annually (slide 5).

Puckett then presented two graphs that illustrated trends in the General Funds budget. She noted the impact on the trend of the General Fund budget of the following items: the College’s success in garnering CTE (Commitment to Excellence) funds (2003-2008); a 2% cut in Base in 2010; and budget increases due to campus support for SGIS and the Media School over the last four years (slide 6). It is possible that similar institutional support may be forthcoming for the School of Art and Design, but that is as yet unknown.

However, over the last 5 years the College’s student credit hours have grown more slowly than those of the university as a whole (such that our market share has been steadily declining), and we are at a point where there is now a highly worrisome drop in undergraduate credit hours and majors (slide 7). Several factors are driving this negative trend, most notably an increase in credits transferred from elsewhere (ACP, online courses, Ivy Tech, etc.). The decline in majors is most concentrated in the humanities and soft social sciences. The institution of the General Education curriculum led to a temporary reversal of the negative credit hour trend, but this negative trend re-emerged right after the reform and has continued unabated ever since.

Puckett continued by discussing the sources of revenue (slide 8), of which undergraduate student fees make up the largest percentage (66.7%), and how the primary revenue sources are allocated to the academic RC’s (slides 10-11). She noted that under RCM, student fee income goes to instructional units. Prior to last year, funds distributed to the units were based on market share that depended on the relative prior year undergraduate credit hour growth of RCM units at IUB. She noted that for the current FY15-16, the formula was changed such that the disbursements to RCM units depend now on a blended resident/non-resident flat fee per student credit hour, where the number of student credit hours is calculated at a three year moving average, comprised of the actual previously completed two years’ undergraduate credit hours and a prediction of the coming fiscal year. Because this new formulation depends only
on the student credit hours in the College and does not require knowledge of student credit hours in the other RCM units, it permits the Executive Dean to project revenue more accurately. Thus, this method of distributing revenue makes more apparent the future budget shortfalls for the College. The CPC asked Singell and Puckett about the impact of direct admission into the College. Singell noted that GPA required for direct admission to the College has historically been higher than for other units on campus, and the College is working to harmonize our requirements with those of the other schools, which is expected to lead to more than a doubling of the direct admits to the College.

Puckett discussed the impact of graduate income, which flows almost directly into remissions and fellowships; state appropriation, which is distributed to units proportionally; and ICR, which flows to the research-active units, except 2.5% which goes to the President and OVPR (slides 10-11).

In examining the Base budget operating expenditures after assessments are removed (slide 13), 95% of the budget is used for compensation, for which selective reductions are difficult, and financial aid. Puckett noted the impact of sustained growth in faculty hiring, primarily through campus initiatives and support of the new schools; mandated freezes on staff vacancies as a result of the 2009 sequestering; the early retirement incentive program, and a slight decrease in benefits (although there is a 90% increase over 10 years)(slide 14). The number of faculty has increased in the College, both at the TT and NTT levels (slide 15). Puckett also explained the role of assessments in the budget (slide 16).

Several factors contribute to College budget trends (slide 16): student fees have increased, state appropriation is in a pattern of decline, and ICR has generally increased but with federal funding cuts the trend has recently reversed. Compensation represents 81% of the College’s expenditures, and funds used for graduate support have increased dramatically. The campus distributes base funds from student credit hours predicated on an assumed level of enrollment that has been smaller than the actual level of enrollment over the last 5 years, which leads to a cash distribution of surplus funds to the College and other RCM units at the end of the fiscal year. IU takes this conservative approach to providing base funds to insure that we do not unrealistically incur reoccurring (i.e., Base-budgeted) expenditures beyond our continuing capacity to fund same. The campus has been updating the expected level of undergraduate enrollments such that the year-end surplus from student fees has been declining. This year, however, the campus increased the surplus distribution from $5.0M to $12.5M to the College, which was instrumental in providing the College increased cashflow as of FY15 year-end; this source of revenue is not a sustainable means of balancing the budget.

Discussion of the budget will continue in future meetings.
Singell and Puckett left the meeting at 5:40, after which the meeting adjourned.

Julie Van Voorhis, recorder