

Indiana University

Fiscal Year 2022 Operating Budget

Fiscal Year 2023 Budget Outlook

John Sejdinaj – Vice President & Chief Financial Officer

Samuel Adams – Associate Vice President for Budget & Planning

June 2021

Agenda

- Budget Planning Priorities
- COVID Financial Impact & Stimulus Funding
- Budget Planning Parameters
- FY2022 Operating Budget – **Requesting Approval**

FY2022 Budget Timeline

- January 2021 – Campuses Begin to Rework the 5-Year Planning Model
- February thru April - Budget Conferences held on Campuses
 - All University Administration VPs present to the President
 - All Deans Present to Provost/Chancellors/EVPs
 - All EVPs Present Campus Budget Conferences Summaries to the President
- April and May
 - State Approves Biennial Budget – Appropriations Finalized
 - Commission Provides Tuition Guidance
 - 5-Year Model Updated for Proposed Tuition and State Appropriations
 - Budget Construction Begins
- June
 - Tuition Forum – Tuition & Fee Increases Finalized
 - University and Campus Budgets Completed for Board Approval
- July 1
 - Approved Budget and Salary Increases Implemented

Budget Preparation is a University-Wide Activity

University

President McRobbie
John Sejdinaj
Sam Adams
Karen Adams

IU Bloomington

EVP/Provost Lauren Robel
M. A. "Venkat" Venkataramanan
Aimee Heeter

IUPUI

EVP/Chancellor Nasser Paydar
Camy Broeker
Corey Back

IU School of Medicine

EVP/Dean Jay Hess
Jamie Dimond
Samantha Reece

University Administration

All Vice Presidents
Senior Finance Administrators

IU Regionals

Executive Vice President John Applegate
Philemon Yebei

IU East

Chancellor Kathryn Girtten
Leisa Julian

IU Kokomo

Chancellor Susan Sciame-Gieseck
Jared Hayman

IU Northwest

Chancellor Ken Iwama
Michelle T. Dickerson

IU South Bend

Chancellor Susan Elrod
Carolyn Kasdorf

IU Southeast

Chancellor Ray Wallace
Dana Wavle

Budget Planning Priorities

- Continued focus on safety of students and employees
- Maintain fiscal health while funding academic, research, and student programs
- \$94M in budget reductions in FY21 are permanent
- Steward stimulus funds to:
 - maximize student support, and
 - reimburse COVID related expenses/revenue losses

Budget Planning: COVID Impact & Stimulus Funds

- The Higher Education Emergency Relief Fund (HEERF) has provided \$324M
- Student Emergency Aid Funds = \$144M (\$53M allocated as of 5/31)
- Institutional Funding for COVID related expenses and lost revenue = \$180M (\$70M used as of 5/31)
- Operating losses and COVID expenses exceed institutional funds by **\$170M** (FY20 thru FY22)

INSTITUTIONAL FUNDS ONLY	BL	IUPUI	Regionals	UA	Total
Institutional Stimulus Funds					
CARES	12,286,461	10,459,672	7,341,681		30,087,814
HEERF II	23,711,675	23,434,962	19,437,336		66,583,973
HEERF III	31,942,880	29,559,205	22,670,080		84,172,165
Total	67,941,016	63,453,839	49,449,097		180,843,952
CARES Uses					
Student Refunds	(12,286,461)	(5,813,000)	(1,617,000)		(19,716,461)
Additional Student Aid		(500,000)	(940,000)		(1,440,000)
Testing		(2,014,377)	(1,877,784)		(3,892,161)
Lost Auxiliary Revenue		(2,125,401)	(318,643)		(2,444,044)
Lost State Appropriations			(444,184)		(444,184)
Other Expenses (Medical response, central expenses, comp)		(6,894)	(2,144,070)		(2,150,964)
Total	(12,286,461)	(10,459,672)	(7,341,681)		(30,087,814)
HEERF II & HEERF III Planned Uses					
COVID Compensation	(19,522,485)	(9,060,541)	(3,603,627)	(1,859,040)	(34,045,693)
Lost State Appropriations	(14,137,292)	(9,151,566)	(6,187,741)	(975,136)	(30,451,735)
Auxiliary Lost Revenue	(106,822,943)	(22,538,053)	(1,081,357)	(1,489,000)	(131,931,353)
Estimated Other Lost Revenue (Tuition & Fees)	(16,155,755)	(5,800,914)	(6,000,000)		(27,956,669)
Testing, PPE, and Supplies	(45,073,322)	(20,604,736)	(11,438,550)	(3,325,225)	(80,441,833)
Other Expenses (Medical response, central expenses, comp)	(1,555,671)	(1,255,852)	(408,869)	(28,226)	(3,248,618)
Additional Student Aid			(13,387,272)		(13,387,272)
Total	(203,267,468)	(68,411,662)	(42,107,416)	(7,676,627)	(321,463,173)
Surplus/(Deficit)	(147,612,913)	(15,417,495)	0	(7,676,627)	(170,707,035)

Budget Planning Assumptions: Tuition & Fees

- Resident UG Tuition & Fee increases for FY22 & FY23 at or below ICHE recommended (0% to 1.45%)
- Non-Resident Undergraduate, Resident Graduate & Professional, and Non-Resident Graduate & Professional Tuition and Fee increases range from 1.5% - 2.5% and vary by program

Campus	Rate Type	FY22	FY23
IU Bloomington	Resident Undergraduate	1.00%	1.00%
IUPUI Indianapolis	Resident Undergraduate	1.00%	1.00%
IU School of Medicine	Resident Undergraduate	1.00%	1.00%
IU Regional Campuses	Resident Undergraduate	1.45%	1.45%
IU Bloomington	Non-Resident Undergraduate	2.00%	2.00%
IUPUI Indianapolis	Non-Resident Undergraduate	1.50%	1.50%
IU School of Medicine	Non-Resident Undergraduate	1.50%	1.50%
IU Regional Campuses	Non-Resident Undergraduate	1.75%	1.75%
IU Bloomington	Resident Graduate/Professional	1.50%	1.50%
IUPUI Indianapolis	Resident Graduate/Professional	1.50%	1.50%
IU School of Medicine	Resident Graduate/Professional	1.50%	1.40%
IU Regional Campuses	Resident Graduate/Professional	1.75%	1.75%
IU Bloomington	Non-Resident Graduate/Professional	2.50%	2.50%
IUPUI Indianapolis	Non-Resident Graduate/Professional	2.00%	2.00%
IU School of Medicine	Non-Resident Graduate/Professional	1.00%	1.00%
IU Regional Campuses	Non-Resident Graduate/Professional	1.75%	1.75%

Budget Planning Assumptions: State Appropriations

- In FY21, the state operating appropriation was reduced 7% (\$30M)
- FY22 Appropriation restored to originally appropriated FY21 levels, and no performance funding formula (PFF) applied
- FY23 – PFF applied at 7% (2% new dollars and 5% reallocation) - BL Appropriation reduced **\$3M (1.5%)**
- All line items held flat except dual credit (\$45/credit hour)
- No funding for new capital projects
- \$8.1M in cash funding for regional deferred maintenance in FY23
- R&R Funding held flat at last biennium's appropriation - \$28.7M over two years

Campus	FY2021 (Original Appropriation)		FY2022	FY2022 v. FY2021 \$	FY2022 v FY2021 %		FY2023	FY2023 v. FY2021 \$	FY2023 v FY2021 %
Bloomington	202		202	0	0%		199	(3.00)	-1.5%
IUPUI (Including IUFW)	116		116	0	0%		127	11.01	9.5%
IU School of Medicine & IU Dentistry	122		122	0	0%		125	2.45	2.0%
East	14		14	0	0%		15	1.00	7.1%
Kokomo	16		16	0	0%		17	0.47	2.9%
Northwest	19		19	0	0%		20	0.74	3.9%
South Bend	25		25	0	0%		25	0.39	1.6%
Southeast	21		21	0	0%		21	0.29	1.4%
Total	535		535	0	0%		548	13.35	2.5%

Budget Planning Assumptions: Compensation

- Prior to Fiscal Year 2021, the 5-year average salary increase for employees was 1.8%
- Fiscal 2021 salaries frozen in response to financial concerns related to the pandemic
- **Fiscal Year 2022 Compensation Policy**
 - 1% mandatory increase for appointed faculty and staff
 - Up to an additional 1% permitted depending on availability of resources
 - \$15/hour minimum wage for all appointed faculty & staff
 - To address compression:
 - Employees earning \$15-\$17/hour and 3+ years of service
 - Up to \$500 additional increase
- **Overall Result**
 - Average increase across IU = 1.5% (range across campuses 1.0% to 2.0%)

Campus	Bloomington	IUPUI	IU School of Medicine	East	Kokomo	Northwest	South Bend	Southeast*	University Admin.	University- Wide
Average Increase	1.5%	1.5%	1.6%	2.0%	1.9%	1.9%	1.0%	0.0%	1.5%	1.5%

* SE campus - enrollment declining, but strong cash position will provide 1% one-time payment

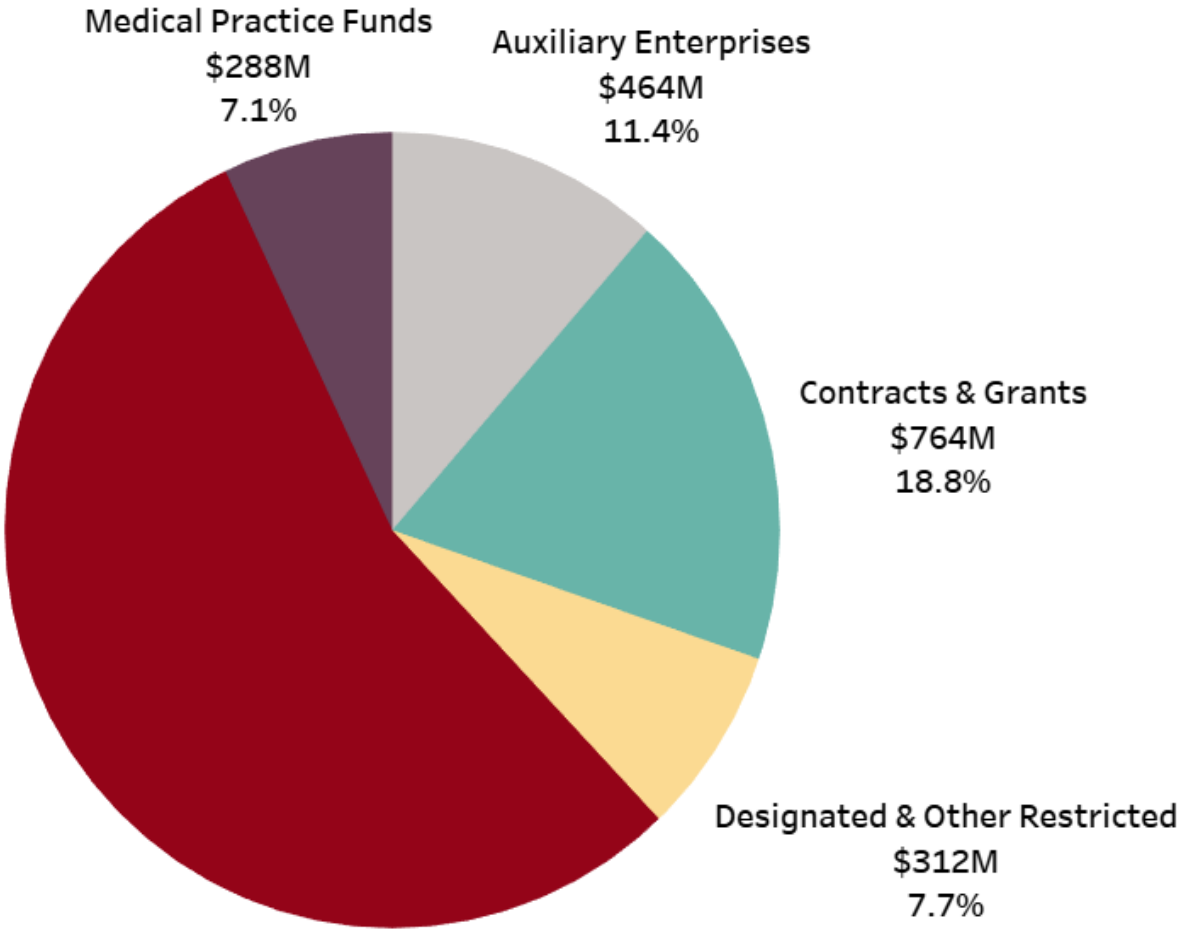
FY2022 Budget Overview & Fund Summary - \$4B

Medical Practice Funds

Clinical funds supporting IU School of Medicine.

General Funds

Supported primarily by state appropriation and tuition. Includes academic departments, academic support, physical plant and general administration.



Auxiliary Enterprises

Activities, largely self-supporting, for the benefit of students, faculty, staff and the public including, Student Housing, Athletics, Parking, etc.

Contracts and Grants

Funds whose use is specified and restricted by granting agency, including research grants and contracts.

Designated and Other Restricted Funds

Designated - Funds allocated for specific, internally designated purposes such as faculty start-ups. Restricted - Funds provided by gifts (IUF) with restrictions on use stipulated by the donor.

General Fund: \$2.2B

- The Bloomington General Fund returns to pre-pandemic levels in FY22 as student fee and state appropriation revenue increases
- Regional campuses expect enrollment challenges. Boosted by state appropriations in 2023 and tuition increase of 1.45% (within Commission Guidance) for 2022 and 2023
- University Administration decline due to reduced distance education fees for students

	FY21 Budget	FY22 Budget	FY21-FY22		FY23 Budget	FY22-FY23	
			Budget Change	% Change		Budget Change	% Change
IU Bloomington	1,131M	1,211M	80M	7.1%	1,236M	24M	2.0%
IUPUI	548M	572M	24M	4.4%	592M	20M	3.6%
IU Medicine	172M	184M	12M	7.0%	185M	1M	0.5%
IU East	39M	39M	0M	1.1%	40M	1M	2.7%
IU Kokomo	39M	38M	0M	-0.1%	39M	1M	2.0%
IU Northwest	52M	52M	0M	-0.2%	53M	2M	3.0%
IU South Bend	63M	63M	0M	0.0%	65M	2M	3.2%
IU Southeast	54M	54M	0M	0.6%	56M	1M	2.7%
University Admin	24M	20M	-4M	-16.8%	19M	-1M	-4.0%
Grand Total	2,121M	2,233M	113M		2,285M	52M	

Other Operating Funds (OOF): \$1.8B

- OOF = auxiliaries, restricted funds (financial aid), designated funds, and contracts & grants
- Contracts & Grants (C&G) are reported separately, with variances resulting from stimulus funding
- Excluding C&G, growth in OOF represents gradual return of auxiliary revenue (\$90M+ loss in FY21)

	FY21 Budget	FY22 Budget	FY21-FY22		FY23 Budget	FY22-FY23	
			Budget Change	% Change		Budget Change	% Change
IU Bloomington	452M	444M	-9M	-1.9%	468M	24M	5.4%
IUPUI	115M	114M	0M	-0.2%	117M	2M	1.9%
IU Medicine	358M	360M	2M	0.5%	364M	4M	1.0%
IU East	7M	7M	0M	-3.8%	7M	0M	1.9%
IU Kokomo	7M	7M	0M	-2.9%	7M	0M	1.8%
IU Northwest	10M	9M	0M	-4.3%	9M	0M	2.0%
IU South Bend	15M	14M	0M	-2.5%	15M	0M	1.9%
IU Southeast	13M	12M	-1M	-6.6%	13M	1M	5.0%
University Admin	77M	97M	20M	25.6%	86M	-10M	-10.7%
Contracts and Grants	554M	764M	210M	37.9%	619M	-145M	-19.0%
Grand Total	1,608M	1,828M	221M		1,704M	-124M	

Budget Overview: Revenue

- Total Operating Revenues increase \$333M to \$4B in FY22, primarily due to federal stimulus funding
- General Fund growth steady due to:
 - State Appropriations being restored to originally appropriated 2021 levels
 - Tuition & fee increases
- 4.5% (2022) growth in Restricted Revenues represents increases in undergraduate and graduate financial aid
- Stimulus funds to be fully utilized in FY22, in FY23 revenue budget returns to steady state

		FY21 Budget	FY22 Budget	FY21-FY22 Budget Change	% Change	FY23 Budget	FY22-FY23 Budget Change	% Change
General Funds	Tuition and Fees	1,435M	1,517M	81M	5.7%	1,557M	40M	2.7%
	Other Revenue	135M	140M	5M	3.6%	138M	-2M	-1.3%
	State Operating	551M	577M	26M	4.8%	590M	13M	2.3%
Auxiliary Enterprises	Total Revenues	479M	464M	-15M	-3.1%	485M	20M	4.4%
Designated Funds	Total Revenues	386M	402M	17M	4.3%	395M	-7M	-1.8%
Restricted Funds	Total Revenues	189M	197M	9M	4.5%	205M	7M	3.7%
Contracts and Grants	Total Revenues	554M	764M	210M	37.9%	619M	-145M	-19.0%
Grand Total		3,728M	4,061M	333M		3,989M	-72M	

Budget Overview: Expenses

- Compensation growth FY22 = 2.8% (Salary increase of 1.5%, planned recruitment, lifting of hiring freeze)
- FY22 use of stimulus funding results in one-year bump in financial aid
- FY22 restart of auxiliaries and other campus services results in one-year bump in other expenses
- Excluding stimulus funds, financial aid growth = \$19M or 5% in FY22 and \$11M or 2.2% in FY23

	FY21-FY22				FY22-FY23		
	FY21 Budget	FY22 Budget	Budget Change	% Change	FY23 Budget	Budget Change	% Change
Salaries & Wages	1,610M	1,655M	45M	2.8%	1,683M	28M	1.7%
Employee Benefits	546M	568M	22M	4.0%	589M	21M	3.7%
Financial Aid	542M	614M	72M	13.3%	551M	-64M	-10.4%
Other Operating Expenses	1,030M	1,224M	194M	18.8%	1,166M	-58M	-4.7%
Grand Total	3,728M	4,061M	333M		3,988M	-73M	

Approval Requested