

TO: Fort Wayne Senate

FROM: Brian L. Fife, Chair, Budgetary Affairs Subcommittee

DATE: February 21, 2011

SUBJECT: Budgetary Affairs Subcommittee Biennial Report to the Senate

DISPOSITION: For information only

Whereas, Senate Document SD 01-18 requires that the members of the Budgetary Affairs Subcommittee submit a biennial report directly to the Fort Wayne Senate; and

Whereas, the allocation of scarce resources is a paramount issue at IPFW;

Be it resolved, that the members of the Fort Wayne Senate receive this report for information only.

APPROVING

Susan Ahrens
Margit Codispoti
Suining Ding
Brian Fife
Mark Jordan
Donald Linn
Peter Ng
Ali Rassuli

NOT APPROVING

ABSENT

Introduction

Pursuant to Senate Document SD 01-18 (approved April 8, 2002), the following biennial budgetary report is presented to the Fort Wayne Senate. This is the fourth report issued to the Senate and the others can be secured at the following websites:

www.ipfw.edu/senate/referenc/2004-05/SR04-15.html (2004-05)

www.ipfw.edu/senate/referenc/2006-07/SR06-14.pdf (2006-07)

www.ipfw.edu/senate/referenc/2008-09/SR08-23.pdf (2008-09)

This report will be submitted to the Senate in a different format, however, as the national survey which has been utilized since the inaugural report has been changed.

Integrated Postsecondary Education Data System (IPEDS)—The Finance Survey

The Integrated Postsecondary Education Data System includes several different surveys that are forwarded by higher education officials to the U.S. Department of Education, National Center for Education Statistics, on an annual basis. The finance survey delineates all institutional expenditures by categories, and for the most recent year of data available (2008-09), the following variables will be highlighted and compared for all fourteen baccalaureate public institutions of higher education in Indiana:

Total expenditures: sum of operating and non-operating expenses and deductions in a given year.

Instruction: sum of all operating expenses associated with all instructional divisions in an institution.

Research: sum of all operating expenses associated with activities specifically organized to produce research outcomes and commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution.

Public service: sum of all operating expenses associated with activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Examples include conferences, institutes, general advisory services, reference bureaus, and similar services provided to the community.

Academic support: sum of all operating expenses associated with activities and services that support the institution's mission of instruction, research, and public service.

Student services: sum of all operating expenses associated with admissions, registrar activities, and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of their instructional program.

Institutional support: sum of all operating expenses associated with day-to-day

operational support of the institution. Included in this category are expenses for general administrative services, executive-level activities, legal and fiscal operations, space management, employee personnel and records, purchasing and printing, and public relations and development.

Physical plant: sum of all operating expenses associated with operations established to provide service and maintenance related to campus grounds and facilities and used for educational and general purposes.

Scholarships and fellowships: sum of all operating expenses associated with scholarships and fellowships treated as expenses because the institution incurs an incremental expense in the provision of a good or service.

Auxiliary enterprises: sum of all operating expenses associated with essentially self-supporting operations of the institution that exist to furnish a service to students, faculty, or staff that charge a fee that is directly related to, although not necessarily equal to, the cost of the service. Examples include residence halls, food services, student health services, inter-collegiate athletics (only if essentially self-supporting), college unions, college stores, faculty and staff parking, and faculty housing (see U.S. Department of Education, National Center for Education Statistics, 2011).

Core expenses are reported for each institution of higher education in the IPEDS Data Center by using the following variables consistently across the nation: instruction, research, public service, academic support, student services, and institutional support. Other core expenses are collapsed into one category and include additional important expenditures including, but not limited to, operation and maintenance of the physical plant and scholarships and fellowships. Auxiliary enterprises are reported separately as some institutions have modest expenditures in this category, especially those campuses that do not have residential housing.

Revenue in higher education is generated from a variety of sources including tuition and fees; government (federal, state, and/or local) appropriations; government grants and contracts; private gifts, grants, and contracts; endowment income; sales and services of educational activities; auxiliary enterprises; hospitals; and independent operations. The focus of this report is not where revenues are obtained, but where funds are allocated. The IPEDS finance survey contains useful information for higher education stakeholders and advocates as it can be used to measure policy commitment to each of the categories in the survey. Not surprisingly, institutional missions have a direct bearing on policy commitment (Fife and Losco, 2004; Fife, 2000).

In advance of comparing the fourteen public baccalaureate institutions of higher learning in Indiana, general information about each campus is available in Table 1. This information includes basic institutional characteristics.

[Table 1 here]

Clearly, the differential Carnegie classification schemes reflect the reality that the institutions of higher education in Indiana are mission-driven. There are two research universities with very high research activity (Purdue University and Indiana University); one research university with a high level of research activity (Indiana University-Purdue University Indianapolis--IUPUI); two doctoral/research universities (Ball State University and Indiana State University); two master's colleges and universities with larger programs (Indiana University-South Bend and Indiana University-Southeast); three master's colleges and universities with medium programs (Indiana University-Purdue University Fort Wayne—IPFW; Purdue University-Calumet; and the University of Southern Indiana); one master's colleges and universities with smaller programs (Indiana University-Northwest); and three baccalaureate colleges with diverse fields (Indiana University-East; Indiana University-Kokomo; and Purdue University North Central). Included in Table 2 is an enrollment breakdown by campus utilizing Fall 2009 IPEDS data.

[Table 2 here]

Both Indiana and Purdue University have over 40,000 total students. IUPUI has over 30,000 students, while Ball State has over 20,000. IPFW is the fifth largest public university in the state in terms of total students (just under 14,000). Just over 10,000 total students are enrolled at Indiana State, the University of Southern Indiana, and Purdue University-Calumet. The remaining six institutions have total enrollments ranging from just under 3,000 to over 8,000 students.

Comparing IPFW with the other Baccalaureate Institutions in Indiana

A meaningful basis of comparison is essential to determine how IPFW compares with other peer institutions in the state. The results by institution and variable are presented in Table 3. The percentage of the total core expenses for each of the following variables is provided: instruction, research, public service, academic support, student services, institutional support, and other core expenses, which includes the physical plant and scholarships and fellowships. Auxiliary enterprises are added to the subtotal to yield the figure for total expenditures in an institution.

[Table 3 here]

The IPEDS finance survey has utility in that it provides a measure of policy commitment over time (Losco and Fife, 2000; Fife and Losco, 2004). In interpreting the data, it would be prudent to consider such realities as institutional mission as well as local ecological factors. If anything, a review of IPFW's finance survey may prompt more questions than steadfast conclusions. A rigorous dialogue about the institution's primary mission (instruction, research, and public service) can only prove facilitative. Such a discussion must include an understanding of funding differentials across the public institutions of higher education in Indiana.

Appropriation per FTE, 2010-2011

Full-time equivalent (FTE) student enrollment is calculated by dividing credit hours taken by undergraduate and professional students by fifteen and by dividing credit hours taken by graduate students by twelve and summing the two quotients. The figure that is generated expresses instructional activity in terms that allow for institutional comparisons (Indiana University, 2011). In Indiana, a significant portion of revenue for the public institutions of higher education is appropriated by the Indiana General Assembly in its biennial budget. The operating appropriation per FTE for all public institutions in Indiana (including the fourteen institutions in Table 3 along with Vincennes University and Ivy Tech Community College) for 2010/11 is delineated in Table 4. Total appropriation per FTE in 2010/11 is available in Table 5.

[Tables 4 and 5 here]

IPFW is ranked thirteenth of sixteen institutions in the operating appropriation per FTE and twelfth in total appropriation per FTE. The vast differences among the publicly-supported institutions in operating appropriation per FTE, as well as total appropriation per FTE, are well documented, and the issue has been a focal point in the Fort Wayne Senate for a considerable period of time (see, e.g., Senate Document SD 96-7, amended and approved on December, 9, 1996). State funding for IPFW has consistently been below the average and has even lagged most other regional campuses in the state. Arguably, IPFW officials could invest more in its primary mission (instruction, research, and public service) if funding formulas employed by the state legislature resulted in more equitable outcomes.

Summary

This report is presented by the members of the Budgetary Affairs Subcommittee to the Fort Wayne Senate to comply with the letter and spirit of Senate Document SD 01-18. The following is a summary capsule of the comparison between IPFW and the other thirteen public baccalaureate institutions in the state of Indiana:

1. The percentage of total expenditures committed to instruction is the second highest in the state (2/14).
2. The percentage of total expenditures committed to research is in the middle of the comparison group (tied for 7/14).
3. The percentage of total expenditures committed to public service is tied for fifth highest in the state (tied for 5/14).
4. The percentage of total expenditures committed to academic support is one of the lowest in the state (12/14).
5. The percentage of total expenditures committed to student services is sixth in the state (6/14).
6. The percentage of total expenditures committed to institutional support is the second highest in the state (2/14).
7. The percentage of total expenditures committed to other core expenses,

including the physical plant and scholarships and fellowships, is amongst the lowest in the state (tied for 12/14).

Policy Recommendations

The eight members of the Budgetary Affairs Subcommittee voted on each of the following policy recommendations. The breakdown of the vote appears next to each numbered recommendation.

Recommendation #1: (8-0) Maintain the current commitment to instruction, the core mission of IPFW. More than half of expenses in the most recent year of available data were allocated to instruction. This is appropriate and in sync with the commitment of stakeholders in the University to providing the students with a quality education. A noteworthy objective should be to reduce the reliance on limited term lecturers/adjunct instructors and to hire more full-time tenure-track faculty in order to further enhance the academic experience of IPFW's students.

Recommendation #2: (8-0) Increase the financial commitment to research, something that will benefit the students as well as enhance the stature of IPFW in the higher education community. In the most recent year of data available, 0.5 percent of expenditures were targeted to research compared to 3.2, 5.4, and 7 percent for Purdue University-Calumet, Ball State University, and Indiana State University, respectively. A more substantive financial commitment to research will enhance the overall quality of education available at IPFW.

Recommendation #3: (8-0) Increase the financial commitment to academic support. The four campuses affiliated with Purdue University (Purdue University, IPFW, Purdue University-Calumet, and Purdue University-North Central) maintained the lowest commitment to academic support (between 1.7 to 4 percent of all expenditures). In the other 10 campuses, this category consumed between 5.1 to 15.8 percent of all expenses. A significant portion of spending in this category is allocated for funding of the library. It is crucial to maintain a steadfast commitment to the creation and maintenance of a fully functional library. This serves not only the intellectual needs of students and faculty members at IPFW, but also is of intrinsic value to the greater community as well.

Recommendation #4: (8-0) Decrease the financial commitment to institutional support. The three regional campuses of Purdue University allocated the highest amount of their respective expenditures to administration (institutional support). IPFW ranked second in the state with 18.3 percent of total expenditures allocated to administration. While maintaining an effective administration of day-to-day operations is absolutely essential to the effectiveness of institutions of higher education, at some point the growth in the bureaucracy has to be reasonably balanced with the core mission of the University (instruction, research, and public service). The University cannot sustain the allocation of almost one-fifth of its resources to administration without diminishing the overall quality of education at IPFW.

Recommendation #5: (8-0) Increase funding for IPFW and other public institutions that are well below the statewide average. IPFW administrators have worked diligently to increase funding for the campus by working closely with the northeast Indiana delegation in the Indiana General Assembly. These efforts by Chancellor Michael Wartell and others are duly noted and they are appreciated by those who believe more equity should exist in public education funding. Thus, recommendation #5 is not a recommendation to the Chancellor but to the Indiana General Assembly, the governor, and the Indiana Commission for Higher Education. Funding needs to be more uniform and equitable across the public institutions of higher education in Indiana, understanding that mission differentiation is a factor to consider when making funding decisions in the political arena. Simply put, all Indiana students enrolled in public institutions of higher education should be treated more equitably, regardless of where they matriculate.

Sources

Fife, Brian L. 2001. *Handbook of Higher Education Expenditures in Indiana*. Indianapolis, IN: Indiana

Commission for Higher Education.

Fife, Brian L. and Joseph Losco. 2004. Reexamining Carnegie Research Institutions: Evidence from IPEDS

Data. *Journal of Scholarship of Teaching and Learning*, 4:1, 1-13.

Indiana Commission for Higher Education. 2011. Correspondence with Jason Dudich, Chief Financial Officer and Associate Commissioner, February 20, 2011.

Indiana University. 2011. University Institutional Research and Reporting: Enrollment. Accessed on

February 18, 2011, from

<http://www.indiana.edu/~uirr/reports/standard/enrollment/index.shtml>.

Losco, Joseph and Brian L. Fife. 2000. Higher Education Spending: Assessing Policy Priorities. In Joseph

Losco and Brian L. Fife (eds.), *Higher Education in Transition: The Challenges of the New Millennium*. Westport, CT: Bergin & Garvey, 51-81.

U.S. Department of Education, National Center for Education Statistics. 2011. *Integrated Postsecondary Education Data System*. Accessed on February 17, 2011, from

<http://nces.ed.gov/ipeds/datacenter/>.

Table 1
Institution Characteristics, Public Baccalaureate Institutions in Indiana
2008-2009 Academic Year

Institution	Carnegie Classification	Total dormitory capacity	Endowment
Purdue University (West Lafayette)	Research universities (very high research activity)	11,816	1,423,009,366
Indiana University (Bloomington)	Research universities (very high research activity)	11,800	643,520,056
Indiana University-Purdue University Indianapolis (Indianapolis)	Research universities (high research activity)	1,100	470,947,327
Ball State University (Muncie)	Doctoral/Research universities	6,744	122,570,081
Indiana State University (Terre Haute)	Doctoral/Research universities	3,312	38,072,461
Indiana University-South Bend (South Bend)	Master's colleges and universities (larger programs)	400	9,235,764
Indiana University-Southeast (New Albany)	Master's colleges and universities (larger programs)	403	5,077,183
Indiana University-Purdue University Fort Wayne (Fort Wayne)	Master's colleges and universities (medium programs)	756	23,409,674
University of Southern Indiana (Evansville)	Master's colleges and universities (medium programs)	2,837	30,469,940
Purdue University-Calumet (Hammond)	Master's colleges and universities (medium programs)	744	8,905,206
Indiana University-Northwest (Gary)	Master's colleges and universities (smaller programs)	0	8,214,975

Indiana University-East (Richmond)	Baccalaureate colleges-diverse fields	0	4,963,586
Indiana University-Kokomo (Kokomo)	Baccalaureate colleges-diverse fields	0	11,793,046
Purdue University-North Central (Westville)	Baccalaureate colleges-diverse fields	0	2,218,834

Source: U.S. Department of Education, National Center for Education Statistics. 2011. *Integrated Postsecondary Education Data System*. Accessed on February 17, 2011 at <http://nces.ed.gov/ipeds/datacenter/>.

Table 2
Fall 2009 Enrollment, Public Baccalaureate Institutions in Indiana

Institution	Part-time enrollment	Full-time enrollment	Total enrollment
Indiana University	4,875 (11.5%)	37,472 (88.5%)	42,347
Purdue University	4,629 (11.3%)	36,422 (88.7%)	41,051
IUPUI	10,642 (35%)	19,741 (65%)	30,383
Ball State University	3,386 (16.1%)	17,693 (83.9%)	21,079
IPFW	5,135 (37.6%)	8,540 (62.4%)	13,675
Indiana State University	2,409 (22.9%)	8,125 (77.1%)	10,534
University of Southern Indiana	2,323 (22.1%)	8,193 (77.9%)	10,516
Purdue University-Calumet	3,982 (39.3%)	6,151 (60.7%)	10,133
Indiana University-South Bend	3,859 (46%)	4,535 (54%)	8,394
Indiana University-Southeast	2,902 (42.4%)	3,938 (57.6%)	6,840
Indiana University-Northwest	2,309 (41.5%)	3,251 (58.5%)	5,560
Purdue University-North Central	1,702 (38.1%)	2,761 (61.9%)	4,463
Indiana University-East	1,400 (47.9%)	1,524 (52.1%)	2,924
Indiana University-Kokomo	1,391 (46.5%)	1,601 (53.5%)	2,992

Source: U.S. Department of Education, National Center for Education Statistics. 2011. *Integrated Postsecondary Education Data System*. Accessed on February 17, 2011 at <http://nces.ed.gov/ipeds/datacenter/>.

Table 3
IPEDS Finance Survey, 2008-2009 Academic Year
Core Expenses and Percent Distribution
Public Baccalaureate Institutions in Indiana

	IPFW	Purdue University	Indiana University	Ball State University	IUPUI
Instruction	\$64,053,709 (56.6%)	627,936,540 (51.3%)	427,538,634 (41.5%)	148,754,986 (43.7%)	360,792,150 (38.4%)
Research	534,709 (0.5%)	223,052,463 (18.2%)	79,685,842 (7.7%)	18,480,821 (5.4%)	144,099,292 (15.3%)
Public Service	6,509,197 (5.8%)	114,095,276 (9.3%)	59,772,928 (5.8%)	8,620,780 (2.5%)	86,529,796 (9.2%)
Academic Support	3,561,833 (3.1%)	48,813,384 (4.0%)	75,423,535 (7.3%)	42,683,900 (12.5%)	127,196,905 (13.5%)
Student Services	8,376,322 (7.4%)	32,267,183 (2.6%)	48,607,886 (4.7%)	18,414,883 (5.4%)	27,794,449 (3.0%)
Institutional Support	20,667,351 (18.3%)	136,263,067 (11.1%)	103,227,306 (10.0%)	35,199,296 (10.3%)	27,893,658 (3.0%)
Other Core Expenses	9,449,124 (8.4%)	41,633,694 (3.4%)	235,244,248 (22.9%)	68,275,766 (20.1%)	165,588,947 (17.6%)
Subtotal	113,152,245	1,224,061,607	1,024,500,379	340,430,432	939,895,197
Auxiliary Enterprises	10,218,977	219,506,322	168,087,325	56,302,108	131,604,684
Total Expenditures	123,371,222	1,443,567,322	1,197,587,704	396,732,540	1,071,499,881

Table 3 (continued)
IPEDS Finance Survey, 2008-2009 Academic Year
Core Expenses and Percent Distribution
Public Baccalaureate Institutions in Indiana

	Indiana State University	Purdue University-Calumet	University of Southern Indiana	Indiana University-South Bend	Indiana University-Southeast
Instruction	\$63,468,595 (37.5%)	55,165,489 (57.0%)	41,100,589 (44.0%)	29,645,645 (45.2%)	25,896,108 (45.0%)
Research	11,890,286 (7.0%)	3,069,433 (3.2%)	439,566 (0.5%)	311,654 (0.5%)	159,147 (0.3%)
Public Service	1,669,523 (1.0%)	5,011,938 (5.2%)	2,151,038 (2.3%)	196,499 (0.3%)	950,720 (1.7%)
Academic Support	18,077,338 (10.7%)	2,004,414 (2.1%)	14,794,621 (15.8%)	6,294,797 (9.6%)	5,771,608 (10.0%)
Student Services	11,197,796 (6.6%)	7,289,903 (7.5%)	7,509,314 (8.0%)	3,664,583 (5.6%)	4,677,719 (8.1%)
Institutional Support	19,179,366 (11.3%)	17,625,975 (18.2%)	13,985,387 (15.0%)	2,850,043 (4.3%)	3,850,806 (6.7%)
Other Core Expenses	43,878,659 (25.9%)	6,596,423 (6.8%)	13,392,802 (14.3%)	22,681,646 (34.6%)	16,199,220 (28.2%)
Subtotal	169,361,563	96,763,575	93,373,317	65,644,867	57,505,328
Auxiliary Enterprises	26,330,010	5,349,390	27,406,611	2,287,430	1,978,523
Total Expenditures	195,691,573	102,112,965	120,779,928	67,932,297	59,483,851

Table 3 (continued)
IPEDS Finance Survey, 2008-2009 Academic Year
Core Expenses and Percent Distribution
Public Baccalaureate Institutions in Indiana

	Indiana University- Northwest	Purdue University- North Central	Indiana University- Kokomo	Indiana University- East
Instruction	\$20,218,427 (40.9%)	17,763,470 (50.5%)	10,020,577 (38.9%)	8,984,527 (33.7%)
Research	43,203 (.09%)	11,431 (.03%)	0	9,055 (.03%)
Public Service	1,125,337 (2.3%)	2,510,643 (7.1%)	788,807 (3.1%)	4,456,679 (16.7%)
Academic Support	4,882,967 (9.9%)	590,269 (1.7%)	2,487,897 (9.7%)	1,351,996 (5.1%)
Student Services	3,142,059 (6.4%)	2,557,939 (7.3%)	1,999,858 (7.8%)	2,051,160 (7.7%)
Institutional Support	3,353,815 (6.8%)	9,365,235 (26.6%)	1,897,067 (7.4%)	2,893,387 (10.8%)
Other Core Expenses	16,655,368 (33.7%)	2,402,394 (6.8%)	8,549,530 (33.2%)	6,931,281 (26.0%)
Subtotal	49,421,176	35,201,381	25,743,736	26,678,085
Auxiliary Enterprises	714,736	1,568,235	278,850	15,045
Total Expenditure s	50,135,912	36,769,616	26,022,586	26,693,130

Source: U.S. Department of Education, National Center for Education Statistics. 2011. *Integrated Postsecondary Education Data System*. Accessed on February 17, 2011 at <http://nces.ed.gov/ipeds/datacenter/>. Percentages may not equal 100 due to rounding.

Table 4
University Operating Appropriation per FTE, 2010-2011 Academic Year
Public Institutions of Higher Education in Indiana

Institution	Resident FTE**	Appropriation per FTE
Indiana State University	7,660	\$9,339
Indiana University	23,226	8,209
Purdue University	22,535	7,439
Ball State University	18,440	6,789
Indiana University-Southeast	3,700	5,364
Indiana University-Kokomo	2,069	5,000
Statewide	216,131	4,817
University of Southern Indiana	8,611	4,549
Indiana University-East	1,863	4,238
Purdue University-Calumet	6,314	4,237
IUPUI (GA programs)	18,948	4,234
Indiana University-South Bend	5,185	4,199
Vincennes University	9,235	4,027
IPFW	9,607	3,936
Indiana University-Northwest	4,398	3,854
Purdue University-North Central	3,263	3,769
Ivy Tech Community College	71,077	2,474

Source: Indiana Commission for Higher Education. 2011. Correspondence with Jason Dudich, Chief Financial Officer and Associate Commissioner, February 20, 2011.

** Resident FTE is for students who are residents only. The figure does not include reciprocity students or out-of-state students, but it does include undergraduate and graduate students alike.

Table 5
University Total Appropriation per FTE, 2010-2011 Academic Year
Public Institutions of Higher Education in Indiana

Institution	Resident FTE**	Total Appropriation per FTE
Indiana State University	7,660	\$10,605
Indiana University	23,226	10,428
Purdue University	22,535	9,880
Ball State University	18,440	7,848
Indiana University-Southeast	3,700	6,371
University of Southern Indiana	8,611	5,905
Statewide	216,131	5,834
Indiana University-Kokomo	2,069	5,751
Indiana University-South Bend	5,185	5,005
Indiana University-East	1,863	4,990
IUPUI (GA programs)	18,948	4,945
Vincennes University	9,235	4,599
IPFW	9,607	4,559
Indiana University-Northwest	4,398	4,509
Purdue University-Calumet	6,314	4,473
Purdue University-North Central	3,263	3,769
Ivy Tech Community College	71,077	2,928

Source: Indiana Commission for Higher Education. 2011. Correspondence with Jason Dudich, Chief Financial Officer and Associate Commissioner, February 20, 2011.

** Resident FTE is for students who are residents only. The figure does not include reciprocity students or out-of-state students, but it does include undergraduate and graduate students alike.