

AGENDA
JOINT MEETING
FINANCE/AUDIT AND CONSTRUCTION COMMITTEES

UNIVERSITY OF SOUTHERN INDIANA
BOARD OF TRUSTEES

September 7, 2006

The Finance/Audit and Construction Committees of the University of Southern Indiana Board of Trustees met in joint session on Thursday, September 7, 2006, in the University Center. In attendance were Committee Chair Frank F. McDonald II '73 and Trustees Bruce H. Baker, Mark A. Day, John M. Dunn, and Jeffrey L. Knight. Also in attendance were Vice President for Business Affairs and Treasurer Mark Rozewski and Vice President for Governmental Relations Cindy Brinker.

Mr. McDonald called the meeting to order at 11:10 a.m. and welcomed the newly appointed trustees to the Finance/Audit and Construction Committees. He called on Vice President Rozewski, who introduced the following members of the Business Affairs staff who routinely attend meetings and report to the committees: Mary Hupfer, assistant vice president for Business Affairs; Diana Biggs, director of Internal Audit; Steve Bridges, controller; Michael Whipple, assistant treasurer and director of the Business Office; Steve Helfrich, director of Facilities Planning and operations; and Mike Jones, staff engineer. Check titles.

(FINANCE/AUDIT)

1. REVIEW OF RECOMMENDATION FOR 2007-2008 HOUSING RATES

Mr. McDonald called on Vice President Rozewski, who noted that the student housing function is a self-supporting auxiliary enterprise of the University which does not receive state appropriation. USI has 2,847 bed spaces. As of the second week of classes, student housing had occupancy of 2,498 (94.5 percent). Vice President Rozewski reported that the University budgets for 80 percent occupancy in the fall semester and 70 percent in the spring semester. He reviewed the two housing options, residence halls and apartments, offered to USI students.

Mr. Rozewski recommended an increase of 1.5 percent for 2007-2008. He noted that an emphasis on reinvestment in facilities and modernization of housing units in the apartments is underway.

He reported that while it is difficult to compare housing options at other Indiana state institutions of higher education, USI remains very competitive in the housing market.

On a motion by Mr. Dunn, seconded by Mr. Knight, a recommendation to the Board of Trustees to approve the following 2007-2008 housing rates was approved.

		<u>CURRENT</u> <u>RATE</u>	<u>PROPOSED</u> <u>RATE</u>	<u>EFFECTIVE</u> <u>DATE</u>
<u>FALL OR SPRING SEMESTER</u>				
<u>McDONALD or O'DANIEL APARTMENT</u>				
Two Bedroom:	Two students per bedroom	\$1,617	\$1,642	7-01-07
	One student per bedroom	2,897	2,941	7-01-07
One Bedroom:	Two students	1,953	1,983	7-01-07
	One student	3,636	3,691	7-01-07
<u>GOVERNORS, NEWMAN, O'BANNON, or RUSTON HALL</u>				
One and Two Bedroom: Two students per bedroom		\$1,617	\$1,642	7-01-07

SUMMER SESSIONS

Summer session rates are indexed to semester rates. The rate for each five-week summer session is one-third of the academic year semester rate.

2. REVIEW OF RECOMMENDATION FOR 2007-2008 DINING PLAN RATES

Chair McDonald called on Vice President Rozewski to review the recommendation for 2007-2008 dining plan rates. Mr. Rozewski reported that students who live in the Residence Halls (Governors, Newman, O'Bannon, and Ruston) are required to purchase a Resident Dining Plan. Three plans are available from which students can choose. The proposed rates allow for normal increases in food and labor costs.

On a motion by Mr. Knight, seconded by Mr. Dunn, a recommendation to the Board of Trustees to approve the following dining plan rates for 2007-2008 was approved.

FALL OR SPRING SEMESTER

	<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>	<u>EFFECTIVE DATE</u>
Red Eagle Plan	\$1,629	\$1,629	7-01-07
White Eagle Plan	1,519	1,569	7-01-07
Blue Eagle Plan	1,369	1,435	7-01-07

SUMMER SESSIONS

Dining plans are not offered during summer sessions.

3. RECOMMENDATION TO APPROVE PROPOSED 2007-2009 OPERATING BUDGET REQUEST

The Operating Budget Request for 2007-2009 was submitted to the Indiana Commission for Higher Education, the State Budget Agency, and the Indiana General Assembly on August 1, 2006. It was prepared under the instructions of the State Budget Agency and the Indiana Commission for Higher Education. Attachment A is a summary of the request.

Approval of the 2007-2009 Operating Budget Request (Attachment A) for recommendation to the Board of Trustees is recommended.

4. APPROVAL OF YEAR-END BUDGET APPROPRIATIONS FOR FISCAL YEAR 2005-2006

Approval of the year-end budget appropriations for fiscal year 2005-2006 in Attachment B is recommended.

(CONSTRUCTION)

5. REPORT ON PROJECTS IN DESIGN

The Committee will receive an update on three projects:

- Quad landscaping;
- Completion of the unfinished lower level of the Education Center; and
- Plans for Physical Plant/Support Services Building.

These projects will be reviewed in greater detail than is possible in the report on current construction projects presented at the full Board meeting.

UNIVERSITY OF SOUTHERN INDIANA

PRIORITIES OF 2007-2009 OPERATING AND CAPITAL IMPROVEMENT BUDGET REQUESTS

The 2007-2009 Operating Budget Request and Capital Improvement Budget Request for the University of Southern Indiana were developed in response to the critical needs of the institution and the State of Indiana. The University maintains its commitment to provide students with an affordable, quality education and will continue to expand its many partnerships with business and industry, social, educational, governmental, and health agencies.

The University faces many challenges as it continues to operate with the lowest tuition and fees of all four-year public universities in the state and the lowest appropriation per-FTE-Hoosier student of the four-year residential campuses. The financial support the University receives from the state is critical to provide the programs, facilities, and support services necessary to fund increases in enrollment and the educational requirements for a high quality educational experience.

The University of Southern Indiana seeks support from the State of Indiana for its 2007-2009 Operating and Capital Improvement Budget Requests to fund:

- *Growth in enrollment;*
- *Current programs and services;*
- *Increased appropriation levels due to disparity in funding;*
- *Quality improvement for:*
 - *Economic Development Outreach in Southwestern Indiana; and*
 - *SISTEMEC - Southwestern Indiana Science, Technology, Engineering, and Mathematics Education Center;*
- *Plant expansion for previously approved projects;*
- *Construction of the new College of Business/General Purpose Classroom Building; and*
- *Repair and rehabilitation funding.*

To help achieve the goals of the state and of the region, the University of Southern Indiana requests support of its 2007-2009 Operating and Capital Improvement Budget Requests.

INSTITUTIONAL REQUEST

Full funding of the University of Southern Indiana's 2007-2009 Operating Budget Request is important to the ongoing growth and development of the campus. The University has prioritized the needs it believes are required to maintain current programs, sustain the current pattern of enrollment and support increases in enrollment, and address critical state and regional needs. Details of the operating budget request are included in the *2007-2009 Operating Budget Request* and the supporting narrative and budget schedules.

BASIC NEEDS

	2007-2008	2008-2009
	<u>Request</u>	<u>Change</u>
Maintenance for Current Programs	\$2,128,592	\$2,192,449
Enrollment Change	910,000	
Appropriation Adjustment	2,000,000	\$1,000,000
Plant Expansion	1,258,763	

- **Maintenance for Current Programs** - The University requests a three percent increase in the expenditure base each year of the biennium to maintain current operations, for personal services, supplies, and student assistance expenses.
- **Enrollment Change** - Funding for enrollment change continues to be a major component of the University's operating budget request. The University requests funding at \$3,500 per-FTE-Hoosier student based on the four-year rolling average for an additional 260 full-time-equivalent (FTE) students. The enrollment funding formula has not been fully funded in the last several budget cycles. Most recently, the formula was funded:
 - in 2003-2004 at 50 percent and in 2004-2005 at 90 percent at the reduced rate of \$3,300 per-FTE-Hoosier student.
 - in 2005-2006 at 60 percent and in 2006-2007 at 90 percent at \$3,500 per-FTE-Hoosier student.

Because of growth in enrollment and because the enrollment formula has not been fully funded, the University's appropriation per-FTE-Hoosier student continues to fall behind. The funds provided through the enrollment funding formula are essential to provide the instruction and support needed for the additional students.

- Appropriation Adjustment** - In past budget documents, the University of Southern Indiana has drawn attention to the large disparity in state funding per-FTE-Hoosier student received by each of the public baccalaureate-degree-granting institutions. The difference in state appropriations between institutions is significant. Addressing the problem requires a review of the differentials in funding. Included in the University's 2007-2009 Operating Budget Request is a request for a special appropriation adjustment in each year of the biennium to address the discrepancy in funding per-FTE-Hoosier student. The University requests an additional \$250 per-FTE-Hoosier student in 2007-2008 and an additional \$125 in 2008-2009.
- Plant Expansion** - Plant expansion is requested for the new David L. Rice Library which opened in July 2006. Plant expansion was requested in the 2005-2007 Operating Budget Request, but was not funded. The addition of the new library increased the University's square footage by 14.4 percent. Funding for plant expansion is critical to adequately maintain the facility and to cover the operating costs.

QUALITY IMPROVEMENT INITIATIVES

	2007-2008 <u>Request</u>	2008-2009 <u>Change</u>
Economic Development Outreach in Southwestern Indiana	\$950,000	\$850,000
SISTEMEC - Southwestern Indiana Science, Technology, Engineering, and Mathematics Education Center	\$500,000	\$750,000

The University of Southern Indiana requests quality improvement funds to support the development of two new initiatives needed to serve regional workforce and economic development demands and the expansion of science, technology, engineering, and mathematics education (STEM). The support provided will assist the University in planning and implementing new programs and strengthen the institution's commitment to service to the region and the state. To develop new programs without start-up funding is a major challenge in light of the low institutional funding base. The investment of the state in specialized programs and initiatives allows the University of Southern Indiana to fulfill its mission to the region and the state.

Economic Development Outreach in Southwestern Indiana

The University of Southern Indiana is increasingly viewed as a key enabler of regional economic transformation in southwestern Indiana. USI is the higher education partner in Innovation Pointe, the downtown Evansville Certified Technology Park. With the quality improvement funds requested, the University plans to:

- Expand the activities of the University's Center for Applied Research in Innovation Pointe Certified Technology Park with the establishment of the ***Innovation and Commercialization Project***. The project will target innovation -- entrepreneurship, technology transfer, and commercialization -- and actively engage university faculty and students in specific initiatives designed to accelerate changes in the regional economy.
- Develop an ***Entrepreneurship Education Program*** through the USI College of Business to strengthen entrepreneurial assets and infrastructure within the southwestern Indiana region.
- Create a new ***Center for Business Economic Studies*** to provide regional leaders with the data needed for informed decision-making related to economic development initiatives in southwestern Indiana.

Through the expansion of existing University services and the development of new and innovative activities, these projects will strengthen the economic future of the southwestern Indiana region.

SISTEMEC - Southwestern Indiana Science, Technology, Engineering, and Mathematics Education Center

Data over the last decade shows a decreasing proportion of the population seeking undergraduate and graduate education in the areas of Science, Technology, Engineering, and Mathematics (STEM). Many students who begin their college studies in STEM areas drop out of these fields by their senior year. USI is a leader in STEM education and plays a key role in the recruitment of Indiana students working toward degrees in STEM areas and in professional development of STEM teachers.

Development of ***SISTEMEC - Southwestern Indiana Science, Technology, Engineering, and Mathematics Education Center*** will place southwestern Indiana in a

leadership role in STEM education initiatives. SISTEMEC will focus on recruitment and retention of students as well as outreach and professional development programs for teachers. The project will include:

- Development of the on-campus *Summer STEM Academy* for high school students from throughout the state will allow students who have an interest in STEM disciplines to work with other students, K-12 teachers, and university faculty in classroom and hands-on laboratory experiences.
- Creation of the *Early Undergraduate Research Program* will allow undergraduate STEM majors to work closely with faculty members on selected research projects during an eight-week summer session.
- Development of the *Program Leading to Undergraduate Success in the Sciences (PLUSS)* will provide students who are interested in STEM majors, but who may lack sufficient high school preparation, the specialized advising services, tutoring, and faculty mentoring needed to succeed in STEM disciplines.

Creation of SISTEMEC will increase student recruitment in STEM areas and assist the state in developing the skilled workforce needed to compete in an increasingly technology-oriented and science-based economy.

LINE ITEM APPROPRIATION REQUEST

The University’s 2007-2009 Operating Budget Request includes one line item appropriation for Historic New Harmony.

Historic New Harmony	2007-2008 <u>Request</u>	2008-2009 <u>Request</u>
Base Appropriation	\$516,902	\$532,409

The University requests continued funding of the line item appropriation for Historic New Harmony in the 2007-2009 biennium. To support the preservation, education, and interpretive programs of this state and national treasure, the University requests:

- a base adjustment to the current appropriation of \$150,000 beginning in 2007-2008; and
- a three percent increase on the adjusted base of the line item appropriation in 2007-2008 and 2008-2009.

Funding the University's 2007-2009 Line Item Budget Request for Historic New Harmony will allow the University to continue to provide the programming and ongoing maintenance of this Indiana historic treasure.

CAPITAL BUDGET REQUEST

The University of Southern Indiana requests bonding authorization for one capital project and full funding of the General Repair and Rehabilitation and Infrastructure during the 2007-2009 biennium.

College of Business/General Classroom Building \$29,900,000

The 2005 Indiana General Assembly authorized \$2,046,069 in bonding authority in the 2005-2007 Biennial Budget to plan and design the new College of Business/General Classroom Building. The University seeks \$29,900,000 in bonding authorization from the 2007 General Assembly to proceed with the construction of the College of Business/General Classroom Building.

General Repair and Rehabilitation and Infrastructure \$ 1,965,000

The University requests full funding of the General Repair and Rehabilitation and Infrastructure formulas to maintain existing facilities, including the infrastructure which supports these facilities, in both years of the biennium. Several general repair and rehabilitation projects totaling \$1,965,000 are planned for completion in the 2007-2009 biennium.

CONCLUSION

The University of Southern Indiana requests support from the State of Indiana for its 2007-2009 Operating and Capital Improvement Budget Requests. The funding requested to support current programs and services, growth in enrollment, quality improvement initiatives, plant expansion for approved projects, capital projects, and repair and rehabilitation projects is essential for the University of Southern Indiana to serve the southern Indiana region and to help achieve the goals of the state.

YEAR-END BUDGET APPROPRIATIONS FOR 2005-2006

Additional Appropriation of Revenue

From:	Gifts from the USI Foundation	191,600
To:	Faculty Enhancement – Liberal Arts	23,273
To:	Faculty Enhancement – Science and Engineering	50,143
To:	Faculty Enhancement – Nursing and Health Professions	11,321
To:	Faculty Enhancement – Business	73,306
To:	Faculty Enhancement – Education and Human Services	33,557
From:	Gifts from the USI Foundation	50,000
To:	David L. Rice Library Project	50,000
From:	Current Operating Funds	174,821
To:	College Achievement Program	4,841
To:	Bachelor of General Studies Program	1,059
To:	College of Liberal Arts	15,342
To:	Pott College of Science and Engineering	27,741
To:	College of Nursing and Health Professions	115,510
To:	College of Business	10,328
From:	Current Operating Funds	3,880,000
To:	Special Projects	2,200,000
To:	Reserve – Self Insurance	200,000
To:	Reserve – Science and Engineering Equipment	150,000
To:	Engineering Facilities Reserve	200,000
To:	Campus Landscaping	350,000
To:	Reserve – Equipment Replacement	250,000
To:	Reserve – Working Capital	250,000
To:	Employee Benefits Revolving Fund (Voluntary Employees' Benefit Association [VEBA] Trust)	280,000
From:	Student Services Fees	69,831
To:	University Center Expansion	69,831
From:	Technology Fee	326,997
To:	Reserve – Technology Initiatives	326,997
From:	Bookstore	850,000
To:	Bookstore Reserve	500,000
To:	Reserve – University Initiatives	350,000
From:	Food Service	374,554
To:	Dining Reserve	158,255
To:	University Center Expansion	141,857
To:	Food Service Operating Expenses	74,442
From:	Meal Plan Program	372,164
To:	Meal Plan Operating Expenses	372,164
From:	University Center	67,745
To:	University Center Expansion	67,745
From:	Residence Life	235,669
To:	General Housing Reserve	235,669

**UNIVERSITY OF SOUTHERN INDIANA
BIENNIAL BUDGET REQUEST 2007-2009
CONSOLIDATED PRIORITIZATION**

<u>CONSOLIDATED EXPENDITURE BASE</u>	<u>2007-08</u>	<u>2008-09</u>
Operating Expenditure Base	65,051,438	
Fee Replacement Appropriation	5,901,601	
TOTAL	70,953,039	
 <u>PRIORITIZATION OF INCREASES</u>		
A. Basic Needs		
1. Maintenance for Current Programs	2,128,592	2,192,449
2. Enrollment Change	910,000	0
3. Plant Expansion	1,258,763	0
4. Appropriation Adjustment	2,000,000	1,000,000
Total Basic Needs	6,297,355	3,192,449
 B. Quality Improvement Initiatives		
1. Economic Development Outreach in SW Indiana	950,000	850,000
2. SW Indiana STEM Education Center	500,000	750,000
Total Quality Improvement Initiatives	1,450,000	1,600,000
 C. Line Item Appropriation Request		
1. Historic New Harmony	160,686	15,507
Total Line Item Appropriation Request	160,686	15,507
 D. Capital Request		
1. College of Business/General Classroom Building	29,900,000	
2. General Repair & Rehabilitation and Infrastructure Funding	1,965,000	
Total Capital Request	31,865,000	

**UNIVERSITY OF SOUTHERN INDIANA
BIENNIAL BUDGET 2007-2009
REQUEST SUMMARY**

<u>EXPENDITURES</u>	2007-08	2008-09
Expenditure Base	70,953,039	78,700,394
Base Adjustments		
A. Enrollment Change	910,000	0
B. Plant Expansion	1,258,763	0
C. Appropriation Adjustment	2,000,000	1,000,000
Subtotal Before Debt Service	4,168,763	1,000,000
D. Debt Service	3,586,621	3,358
Reallocation of Student Fees	(3,586,621)	(3,358)
Subtotal Debt Service	0	0
Total Expenditure Base	75,121,802	79,700,394
Maintenance for Current Programs		
A. Personal Services 3%	1,606,636	1,654,835
B. Supplies & Expense 3%	452,656	466,235
C. Student Aid 3%	69,300	71,379
Subtotal Maintenance for Current Programs	2,128,592	2,192,449
Quality Improvement		
A. Economic Development Outreach in SW Indiana	950,000	850,000
B. SW Indiana STEM Education Center (SISTEMEC)	500,000	750,000
Subtotal Quality Improvement	1,450,000	1,600,000
Total Budget Increases	7,747,355	4,792,449
Total Expenditure Request	78,700,394	83,492,843
 <u>REVENUE</u>		
Student Fee Base	29,838,415	27,478,833
Fee Increase 3%	1,227,039	1,263,851
Transfer to Debt Service	(3,586,621)	(3,358)
Total Student Fees	27,478,833	28,739,326
Operating Appropriation Base	35,213,023	41,733,339
Appropriation Increase	6,520,316	3,528,598
Total Operating Appropriation	41,733,339	45,261,937
Fee Replacement Appropriation Base	5,901,601	9,488,222
Fee Replacement Change	3,586,621	3,358
Total Fee Replacement Appropriation	9,488,222	9,491,580
Total State Appropriation	51,221,561	54,753,517
Total Revenue Request	78,700,394	83,492,843