



## INDIANA UNIVERSITY

OFFICE OF THE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER

VIA EMAIL

November 11, 2024

Greetings University Administration and Academic Leadership:

During the development of the fiscal year 2025 budget, my office agreed to review and update the methodology regarding the allocation of the University Administration (UA) Assessment to campuses in preparation for the fiscal year 2026 budget development process. The sentiment was that the current method for allocation of the UA Assessment to campuses was outdated, lacked a data driven approach, and could not be reproduced and explained in a thoughtful and meaningful way. In addition, over the years the allocation methodology was adjusted in ways that did not properly reflect the true UA Assessment to each campus.

As promised, my office created a working group to assess and review the current UA allocation model and methodology, along with identifying new ways the assessment, an effort also called “rebasings”, could be allocated to campuses starting in fiscal year 2026. The working group was comprised of the Senior Vice Chancellors from IU Indy, IU Bloomington and IU School of Medicine, the Associate VP for Regional Campuses and Online Education, the AVP for Budget and Planning and members of her team, and me. The working group focused on methods in which the UA Assessment could be allocated based on how campuses utilize UA services, including replicable and known data to drive the allocation model. In addition, the working group wanted to make the model more transparent and easily understandable to the IU community.

Starting in June of 2024 and going through late October of this year, the working group reviewed allocation model options based on various data sets and utilizing multiple years of data (1 to 3 years) to analyze and understand the impact to each campus. The working group settled on 6 main data points that would be applied to each of the UA units, allocating those UA units assessments to each campus. Those metrics were:

- Student enrollment, Full Time Equivalent
- Employee counts, Full Time Equivalent
- Campus annual operating expenses
- Campus research proposals submitted to Office of Research Administration
- Square footage at each campus
- Combined Student and Employee Full Time Equivalent

Through these data points, the working group was able to analyze what percent a campus represented versus the whole of IU. For example , using the Human Resources

assessment, the working group agreed the employee FTE data metric should be used to allocate the HR assessment to each campus. Extending the example, IUN represents about 1.7% of the total IU employee FTE count, thus IUN would be allocated 1.7% of the HR UA assessment for fiscal year 2026. The group repeated this method based on each UA unit's assessment, assigning a data metric to each UA unit, and calculating that amount against each campus's percentage of the individual data metric.

This data driven approach did not consider past allocation methods, but truly took a new approach by creating a data driven method to allocate the UA Assessment to each campus. The data is directly pulled from IU resources, and the working group reviewed the data to ensure they agreed with the output and methodology. In addition, having a data driven approach allows our office to reproduce this method annually and have a track record of how campus allocations were determined. Finally, we will continually review the allocation method annually to ensure it is updated with the working group to address any concerns or updates based on its first year of implementation.

Lastly, for fiscal year 2026, our goal was to determine an estimated UA Assessment figure early in the budget process to allow for campuses to plan for budget development in the spring. With the new allocation methodology being rolled out this fall, we also have an estimated UA Assessment figure for the next fiscal year, which is \$331.6 million. The figure is subject to change as we move through the budget development process but represents our best projection for the UA Assessment in fiscal year 2026. The change from fiscal year 2025 (currently \$308.8 million) includes an increase for UA unit compensation changes projected for fiscal year 2026 of \$11.6 million, and shifting ongoing operational costs from cash to base funding of \$11.0 million. The University Budget Office will be sharing with each of your financial leaders a breakdown of the allocation model by campus and the projected UA Assessment for your campus for fiscal year 2026.

I want to personally thank Aimee Heeter, Jamie Dimond, Samantha Reece, Philemon Yebei, Camy Broeker, Megan Ornellas and Nathan Schroeder for their work on this new allocation model. They were instrumental in gathering data, analyzing information, providing feedback on the models' design and advocating for a transparent and data driven model for future years.

Sincerely,

Jason D. Dudich  
Interim Vice President and CFO