

**REPORT OF THE ADMINISTRATION AND FINANCE COMMITTEE
COUNCIL OF TRUSTEES
Indiana University of Pennsylvania
September 7, 2023**

The Administration and Finance Committee reviewed and discussed the items appearing on pages 1 through 9 in the Docket Report and in Exhibits 1 through 6, which depict the highlights of the Administration and Finance Division.

PRESENTATION: Comments by Vice President

Vice President Debra Fitzsimons presented discussion items related to the Administration and Finance Committee. She provided comments about the general business, administrative, and financial operations of the university. Highlights included business process improvement projects in the Administration and Finance Division, the Comprehensive Planning Process Update, PASSHE (Pennsylvania's State System of Higher Education) Total Fiscal Year 2023-24 Commonwealth Appropriated Line Items, a summary of endowment performance and debt service, and information from the June 6, 2023, Annual Facilities Inspection Report, the Kovalchick Convention and Athletic Complex financial report, and the Long-Range Facilities Master Plan. Presentations by University Operations and Administrative Services were also provided.

Comprehensive Planning Process Update

Jodie Cadile provided a CPP update. In order to promote transparency and more timely updates to the State System Board of Governors about each university's financial position, a modified Comprehensive Planning Process (CPP) timeline was developed. As part of transitioning to this new timeline, universities were required to submit a high-level CPP update in June 2023. IUP's high-level update was submitted to the System office on June 14 and reported financial sustainability progress for FY2022-23 through FY2024-25. This report was reviewed and discussed with the IUP Council of Trustees as part of the quarterly financial sustainability discussion. Another high-level CPP update is required to be submitted by IUP by September 22, 2023, and will include further updates as related to the financial sustainability work in progress. This update will be provided to the IUP Council of Trustees at the December meeting.

PASSHE Total Fiscal Year 2023-24 Commonwealth Appropriated Line Items

Jodie Cadile presented the commonwealth appropriated line items. The State System Board of Governors approved a \$33.1-million increase in the System's Educational and General appropriation, for a total of \$585.6 million.

Endowment Performance Summary for Fiscal Year 2022-23

Bill Buttz provided an overview of endowment performance. The combined university and Foundation for IUP endowments increased to \$88.5 million (by 8.6 percent) for the year that ended June 30, 2023. The overall endowment return was consistent with the benchmark market returns in equity and fixed income indices.

Debt Service

Bill Buttz provided an overview of debt service. The university redeemed Bond Series AO-2 (for Dining Services) in the amount of \$11,125,000 on July 15, 2023.

Refunding the debt would have produced negative savings at the prevailing interest rate. Therefore, the debt was redeemed, which will reduce auxiliary debt service by approximately \$1.5 million annually through June 30, 2033.

IUP's Comprehensive Planning Process report will include this \$1.5 million annual savings for the auxiliary fund.

Kovalchick Convention and Athletic Complex Fiscal Year 2022-23 Financial Update as of June 30, 2023

Sam Phillips provided an overview of the Kovalchick Convention and Athletic Complex project budget summary as of June 30, 2023.

This concludes my report.

Tim Cejka, Chair
Administration and Finance Committee