The Shared Responsibility Budget Model (SRBM) review process began in spring, 2021 and engaged five workgroups, each focused on a different aspect of the university’s work. The process included facilitated conversations with college leadership, faculty, administrative and support units, and staff supporting units' financial work. Positive aspects, challenges, and ideas for improvements in the budget model and the budget process have been identified because of the review.

The SRBM review recommended that the SRBM be simplified. The recommendation was to do this in two steps. The first step (for the FY23 budget) was to make technical or process changes that were to be largely budget neutral to create a simpler foundation for subsequent structural changes. Those structural changes would be implemented for the FY24 budget after discussion and review with the campus community and leadership in fall 2022.

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<th>FY22 Initial Budget</th>
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**Step 1: Technical and process changes**

These have been developed using the FY22 model as a base. The FY22 initial budget allocations were used as a starting point. The mid-year allocations (raise pools, graduate health pools) were distributed to calculate a revised initial budget allocation. The changes below were then made to the model and the model was adjusted as needed to yield very close to those revised initial budget allocations. This revised FY22 model is then to be used as the base for the FY23 preliminary initial budget. The changes that were made included:

- Moved truly university costs (debt service, insurance, OSUF contracts, etc.) to being taken “off the top” so there is clarity on what is a shared institutional cost.

- Moved the professional colleges (Pharmacy and Vet Med) to a block funded model (revenues plus appropriate strategic support).

- Renamed and clarified structure of the community support fund to emphasize that those allocations are strategic and support key parts of the university’s mission.

- Technical adjustments (neutral to units).
  - Move the graduate health budget into college initial allocation.
  - With the change to July 1 raises cycles, move reserves for annual salary increases into initial unit allocations. Settle-up reserves remain for Ecampus, summer, and F&A but these will be as small as is reasonable.
  - Replace productivity allocations to non-academic units. These create incentives for activities not central to the work of the unit and unit leaders prefer they are not used.
  - Replace or drop the 7.4% tax on dedicated funds. While reasonable in theory, this approach has been very labor intensive and created unexpected behaviors. Suggested approach is to move it to an assessment based on previous year totals for now.
  - Remove floor funding calculation. This currently affects only PHHS and can be addressed in other ways in the model. Add equivalent floor funding to Provost adjustments for PHHS.
  - Centralize services that are charged for into the model. This would be by assessments to non-E&G units or budget reallocation collected centrally and then distributed to the unit responsible for the service. Examples include network services, community network, credit card charges, background checks and business center costs. For FY23 consider CN and Telecomm charges to E&G funds (these have not been completed yet in the FY22 revised model version distributed to units—the change will eliminate the annual billing to colleges and remove the equivalent amounts from the initial budget allocations).
  - Consider a materiality level for the model. Budget is always an estimate and there would be value in identifying a level of rounding in budget or a level at which tracking individual headcount or credit hours are immaterial relative to the cost of making “last dollar” estimates.

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1 Summaries of the review findings and next steps are posted on the budget office website at: https://fa.oregonstate.edu/budget/budget-model/budget-model-review-2021-2022
In working on the model, one added change was made to move Ecampus out of designated funds into budgeted support operations, as it is no longer tied to the fee portion of Ecampus tuition.

Ideally, we would also budget to available revenues (i.e., not use negative central budget reserves to allow larger allocations to units than projected revenues allow). It is likely this will not be possible for FY23 and we will still overbudget by some amount in developing unit initial budgets.

What do these changes mean for managing units?

- Salary reserve dollars will be distributed in initial budget and there will not be mid-year allocations of additional dollars. Units need to plan to cover their personnel costs from initial budget allocations.
- Pools for graduate health insurance and the discounting of PhD tuition will be distributed in initial budget (through the model) and there will not be during the year allocations of additional budget for those costs. Units will need to manage for those costs as they do for graduate tuition remissions.
- There will still be central pools for settle-up for F&A recovery, summer revenue sharing and Ecampus revenue sharing. The goal in initial budget will be to get the initial allocations as close to actual allocations as possible.
- Service and support units no longer receive productivity allocations (credit hour and degree-based dollars). Those have been replaced by incremental E&G allocations.

**Step 2: Structural changes for FY24**

There are two parts to structural revisions of the budget model.

1. Changes to the model that adjust the process of annual budget allocation. This impact incentives, changes over time, and metrics for forecasting budget changes with program changes in SCH and degrees. Some possible changes to meet the goals of simplifying the model and making it a better forecasting tool include:

- Use an Ecampus model for all credit hours (flat $ amount per SCH, no discipline weights). This would align the return for all credit hours but would change the current rates for various credit hour pools.
- Retain a degree allocation but simplify the rates.
- Making the model stable enough the credit hour and degree allocation amounts are predictable is important. The one allocation rate per credit hour approach would help.
- Broaden the metric used for the scholarship allocation beyond F&A recovery.
- Look for an alternative to the CIP-based disciplinary weights.
- Add a space management incentive of some sort.

2. “Calibrating” the model meaning adjusting the initial settings to define what each unit’s share of the existing budget should be. In answers the question “given how much money we have, how much should Science, Business, Human Resources, Student Affairs, etc. be allocated to be as effective as possible?”. This is harder in some ways than the first part but might include:

- Using IPEDS to benchmark administrative/administrative distributions.
- Using Heliocampus peer comparisons to benchmark costs of administrative and executive costs against peers.
- Looking for OSU-specific metrics (projected majors, degree trajectories, credit hour loads, accreditation standards, etc.) that correlate with E&G budget
- Completing a contribution margin analysis and establish boundaries on how much colleges contribute to or receive from the general pool for indirect or administrative and support costs.
- Building a long-term model for the expected “off the top” costs for E&G operations so those can be part of the model forecasting.

**Next Steps**

Meetings with college leadership and open forums are continuing. The changes of a technical nature have been proposed for the 2022-23 version of the model. Changes of a more substantial nature, including considering a recalibration of the model (informed by current work to revise the baccalaureate core curriculum in addition to the budget model review), will be made in the 2023-24 version of the model. Proposals for those changes will be discussed with campus in fall of 2022.