Process
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 of the budget model, challenges in the current model, and ideas for improvements in the budget model and the budget process have been identified because of the review.

Context
There is a lot of information about the current model on the Budget Office website (including the current version of the model itself). The SRBM is a modified Responsibility Centered Management (RCM) type of budget allocation which just means some significant part of budget allocations are tied to unit activities (like credit hours taught and degrees awarded).

A couple things about the Corvallis E&G budget might be helpful. The graph at left shows the drivers of revenues. Over 65% of revenues come from undergraduate activities (undergraduate tuition and state funding based on undergraduate measures). This is a big reason the model tries to encourage attention to undergraduate education.

The graph at the right shows how revenues are distributed. Some are earmarked (like sales & service revenues), summer and Ecampus are allocated based on credit hours, and other revenues by productivity measures for academic units and incremental allocations for support units.

Major findings and issues

Budget Model issues
- The model is an improvement over the previous approach and has helped units understand the costs and revenues associated with various programs.
- The model is too complicated which makes it hard to use as a predictive tool.
- The Ecampus revenue sharing model has worked well for academic units and should not be broken.
- Scholarship and engagement is not visible enough in the model and uses a measure of activity that is too narrow for the diversity of scholarship pursued by OSU faculty.
- The budget model should not drive curriculum or pedagogy but should respond to curricular changes.
- Recognition of high-cost courses (e.g., experiential learning) are not directly recognized in the model.
- The original model allocations were “calibrated” to history, potentially perpetuating historical disparities. The next version of the model should be recalibrated in an appropriate way.

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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](https://fa.oregonstate.edu/budget/budget-model/budget-model-review-2021-2022)
The CIP code-based weights used now to recognize cost differences are rooted in a history which includes long-standing gender and racial inequities. What are alternatives?

Community support is really a strategic investment but need more truly discretionary strategic funds.

There should be an incentive to encourage units to manage space use more actively.

The unpredictability of pool sizes has eroded colleges’ confidence in the model’s approach.

The current mechanism of three-year, moving averaging has mixed results and could be reconsidered.

**Budget Process and Communication: Key Concerns and Observations**

- Communicate the context of budget and the “big picture” better.
- Be clearer about how the budget aligns with (and is shaped by) the strategic plan.
- Provide clear documentation of data, data definitions, structures, and timelines.
- OSU needs a consistent strategy for supporting large research project planning and execution.

**How we talk about budget to ourselves**

- The review heard frequent “either/or” thinking (e.g., scarcity/abundance, haves/have-nots). The focus is often on a single side of these polarities and seem to limit our ability to think broadly or creatively.

### Possible Changes

**FY23 Budget Cycle: possible technical and process changes**

- Move all truly university costs to being taken “off the top”.
- Budget to available revenues (i.e., do not use negative central budget reserves).
- Move professional colleges (Pharmacy and Vet Med) to a block funded model.
- Technical adjustments (distribute as much as possible in initial budget and simplify).
- Create a values document that connects the SRBM to the University’s strategic goals and missions.

**FY24 Budget Cycle: possible structural and principal adjustments**

- Look for benchmarks to calibrate spending on academic colleges and administrative or support functions at similar universities. Include impacts of recommended Bacc Core changes.
- Simplify the formulas for distribution of revenue to make the model easier to use for planning.
- Consider using an e-campus model with a fixed dollar allocation per SCH for all credit hours.
- For credit hours, drop the lower-division/upper-division distinction and the disciplinary weights.
- Increase the proportion of the model that is distributed on strategic criteria.
- Retain an allocation for degrees but consider replacing the current disciplinary weights with an alternate measure of program cost that relies less on historical disciplinary salary structures.
- Add a space metric to unit allocations to encourage active space management.
- The research productivity metrics should be reconsidered to acknowledge all types of scholarship.
- Revisit graduate student incentives and the relative weights for doctoral and master degrees.
- Reconsider the three-year moving average formulation so that part of the funding is less subject to overrides that devalue the financial return from investments colleges committed to.
- Consider adjustments to the process for determining funding for administrative units (e.g., metric-driven, service-level agreements, stakeholder expectations, etc.).

### Next Steps

Meetings will be scheduled with college leadership, senior leadership, and faculty leadership (and campus open forums) to review the conclusions of the review and potential solutions to address the issues. Changes of a technical nature (with no significant budget impact) will be made in 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.