

UBC Meeting April 1, 2022

What better day to talk about the budget model?

AGENDA

1. Budget model revisions
 - a. FY23 technical and process changes
 - i. Review what is included and outcomes of adjusted model
 - ii. Next steps
 - b. FY24 structural model changes
 - i. Principal goals
 - ii. Issues and challenges
 - iii. Strategies or approaches (whiteboard discussion)
2. Other issues?

1a. FY23 technical and process changes: the goal is to make some technical changes that simplify the model as a foundation for larger changes in FY23.

Suggested change	Implementation steps
Distribute salary, graduate health, and other appropriate central reserve in initial budget. Goal is to get initial resources as close to total resources as is reasonable.	Calculated an FY22 budget after these distributions and used this as a target budget in assessing other model changes as these should be roughly budget neutral.
Move all central costs to the off-the-top allocation to provide clarity on the total of those costs.	Moved contractual costs out of the Central Pools and Reserves allocation and check the productivity split to recognize that (the 59% academic still works)
Remove productivity allocations from non-academic units to focus on core missions	Replace with general fund incremental allocations
Block fund Pharmacy and Vet Med outside the productivity pool to provide predictability and to recognize the unique nature of those colleges.	Allocate 100% of state funding, tuition, and other revenues. Zero the productivity part for these colleges. Add a 10% overhead charge and adjustments for facilities paid by E&G for Pharmacy, and adjust the Strategic Support allocation for Vet Med. This also requires adjusting the split of the productivity pool as a large number of graduate students are removed (so grad pool a little smaller, undergrad pool a little bigger).
Drop the floor funding calculation as it only applies to PHHS now.	Replace with a block allocation in bridge funding.
Move Ecampus funding out of Dedicated Funds to Service Support & Mgmt since it is a budget operations	This was a piece of checking the overall productivity split noted above.
Simplify the 7.4% tax on dedicated revenues as it is time consuming and hard to manage.	For now, replaced with an assessment based on previous year's actuals (for this version used the current estimates).
The Graduate Health distribution overallocates to units with lots of graduate students and few GAs and underallocates to units with lots of grad students and lots of GAs	As a stopgap, a correction was applied of 75% of the difference between funding the graduate health centrally and allowing it to flow through the model (75% because some of the other changes mute the full impact of this). This adjustment will go away with the recalibration of the model in the FY24 changes.
Strategic Mission funding was adjusted for some of the Colleges receiving it (formerly Community Support Funds).	This is block funding based on historical trends and the various changes required some adjustments in Education, Vet Med, Honors, and Pharmacy (the last was eliminated as unnecessary)
The next step is to use this version of the model with FY23 inputs.	Inputs include revenue estimates and updated SCH and degrees

Table 1: FY22 Budget Distributions from SRBM Technical Revisions. “Target FY22 Budget” is with distributions of salary and graduate health insurance dollars allocated to units added to the initial budget. “Modified FY22 SRBM” shows what the modified SRBM yields in comparison to that target budget.

Budget Unit	FY22 FINAL Budget	Target FY22 Budget before CN, Telecom change		Modified FY22 SRBM	Delta
Centrally managed					
Academic settleup and salary funds	15,080,231	7,295,038		7,295,038	0.00%
Capital renewal funding	12,000,000	12,000,000		12,000,000	0.00%
Contractual, debt service, etc.	53,501,047	44,954,960		45,110,963	0.35%
Instruction & Research					
Agricultural Sciences	25,209,364	26,251,958		26,431,980	0.69%
Business	25,971,067	26,354,555		26,390,388	0.14%
Engineering	69,355,186	72,202,426		72,215,996	0.02%
Forestry	8,934,104	9,295,770		9,271,201	-0.26%
Public Health & Human Sciences	19,537,975	20,380,692		20,361,825	-0.09%
Education	6,247,020	6,390,035		6,385,868	-0.07%
Liberal Arts	46,375,456	48,019,983		48,081,320	0.13%
Earth, Oceanic & Atmospheric Sciences	14,850,376	15,663,601		15,711,014	0.30%
Pharmacy	12,285,657	12,724,540		12,664,953	-0.47%
Science	44,134,407	46,703,857		46,927,520	0.48%
Veterinary Medicine	27,657,427	28,184,236		28,117,448	-0.24%
University Honors College	3,893,225	3,946,599		3,937,872	-0.22%
Extended Campus	22,949,137	23,363,394		23,305,422	-0.25%
Research Equipment Reserve & BUC & Casc	5,118,720	5,118,720		5,108,400	-0.20%
Global Affairs	662,775	682,009		680,479	-0.22%
Interdisciplinary Graduate Programs	862,940	922,167		915,850	-0.69%
University Libraries	15,015,416	15,319,171		15,285,731	-0.22%
Research (Centers / Institutes)	11,706,004	11,940,540		11,916,284	-0.20%
Instruction & Research Total	360,766,256	373,464,253		373,709,551	0.07%
Service, Support, and Management:					
Executive Offices	9,703,838	9,866,267		9,845,077	-0.21%
Athletics	7,936,500	7,936,500		7,920,000	-0.21%
University Relations & Marketing	4,118,163	4,249,777		4,240,157	-0.23%
Provost	1,192,166	1,214,073		1,211,443	-0.22%
Provost - Pass-through	1,726,379	1,773,834		1,769,874	-0.22%
Provost - MSI	758,532	780,082		778,342	-0.22%
Enrollment Management	13,104,324	13,328,038		13,296,898	-0.23%
Academic Affairs	4,726,478	4,780,965		4,769,798	-0.23%
Faculty Affairs	1,333,131	1,339,374		1,336,624	-0.21%
University Information & Technology	26,505,267	27,085,154		27,020,160	-0.24%
Graduate School Administration	4,529,767	4,601,966		4,591,376	-0.23%
Extension & Engagement	746,500	746,500		744,990	-0.20%
Research Administration	9,273,405	9,561,591		9,540,021	-0.23%
Student Affairs	13,149,700	13,410,321		13,380,221	-0.22%
Finance and Administration	43,844,669	45,146,510		45,044,630	-0.23%
University Facilities, Infrastructure, & Operations	32,391,502	32,852,651		32,782,691	-0.21%
Service, Support, and Management Total	175,040,321	178,673,604		178,272,303	-0.22%
Total Educational and General Budget	616,387,855	616,387,854		616,387,855	0.00%

1b. FY24 structural model changes: Respond to the major changes

Goal	Simpler and easier to use for prediction	Recognize legitimate cost of delivery differences but move away from CIP based weights with historical baggage	Recalibrate the model by unit and function (how big are the pie slices?) to something other than just history	Keep a robust Ecampus revenue sharing model (even if proportions have to change a bit)	Use a broader measure of scholarship activity
Challenges/ Issues	Simpler trades off recognizing unit complexity and uniqueness	CIP-based weights rooted in salaries which have historical inequity, but some cost of delivery differences are real	Peer data exists but likely depends more on what OSU wants to be and where our strengths (and weaknesses) are; history does have some meaning	Applying the current per credit hour allocation to all SCH likely distributes more money than there is (\$142M before any other kind of allocation like degrees vs. the current total \$125M in non-Ecampus productivity)	Needs to be things that can be consistently centrally measured
Strategies or approaches	No weights on credit hours (UG/Grad only) One SCH rate for all credit hours? Etc.			One rate? One rate plus an Ecampus bonus? Other? Etc.	