University Budget Committee
April 29, 2022
Covell 117 and via Zoom

MINUTES

1. Discussion of proposal from Honors College to extend opportunity to Ecampus students and create a part-time charge.
2. Discussion of issues in structural changes to the Shared Responsibility Budget Model
    a. Changes to the structure of the model going forward (things that change the incentives or response of the model to change)
    b. Examples of what the same dollar allocation per credit hour might look like
    c. Strategy for setting the starting point of the model…the calibration of "slice-of-the-pie" problem.
    d. Some current relationships between budget and various metrics
3. Other issues or questions? Issues for next time?

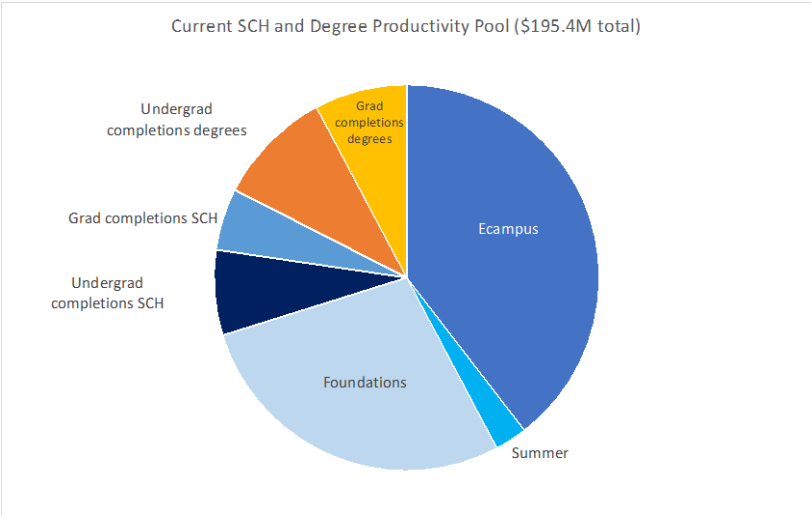
SRBM Structural Change Ideas: 1. Revising the model metrics and incentives

Model Component	Current	Potential revised components	Potential revisions
Central "off the top" costs (debt, contracts, insurance, capital renewal, reserves, etc.)	Incremental allocations; some within service and support allocation step. 9.3% of total revenues	**Central "off the top" costs** (debt, contracts, insurance, capital renewal, reserves, etc.)	Consolidate all of these "off the top"; distribute raise, grad health fees, others in initial budget; minimize settle-up need
Academic unit allocations:	About 59.5% of total revenues; 65.5% of remaining after "off the top")	**Academic unit allocations**:	
Dedicated resources	28% of college allocations; varying "tax" amounts	Dedicated resources: sales, fees, F&A recovery, differential tuition less average discount; state targeted funds	Endowment match becomes strategic support funding; Standardize the "tax" assessment and simplify implementation, as an assessment calculation?
Community support	Strategic allocations, calibrated largely to history, 6.5% of academic funding	Strategic support	Assess amounts after calibration; clarify annual increments or not, identify criteria for decreasing or sunsetting (or adding)
Settle-up and raise pools	Raises, grad health distributed mid-year, F&A, Ecampus, Summer settle-up to actuals	Settle-up pools	Retain only F&A recovery, summer, possibly a credit hour settle-up pool depending on final structure
Productivity allocation	(total $221.8M) 59% of remaining after off the top and dedicated funds	Productivity allocation	Assess the 59%-41% split after the "calibration" discussion
Foundations	SCH, weighted by level, 3 yr average, 25.1% of productivity	Credit hours	Undergrad/grad $ per credit hours, no other weights; $ value from pool size; all credits (campus, Ecampus, summer). Annual or previous year or two-year average? Credit hour measures only what can be centrally identified
Undergrad completions	40% SCH, 60% degrees, weighted by level and discipline, 3-yr average, 14.8% of productivity		
Grad completions	40% SCH, 60% degrees, weighted by level and discipline, 3-yr average, 14.8% of productivity	Degrees awarded	Undergrad/masters/doctorate/professional $ per degree, weighted by program cost? (S&S spending? # of small classes? Accreditation? Peers?) ; $ value from pool

Ecampus summer	SCH, undergrad/grad, no weights, annual, **42.9%** of productivity		size; all degrees (campus, Ecampus). Three year average?
Research	F&A recovery, 3-yr average, 2.3% of productivity	Scholarship	Composite tenure or professorial rank faculty; PhD students; F&A recovery; 3-year average? Assess size of pool.
Honors/Cascades	SCH, 3-yr. average, no weights, 0.6% of productivity	Honors/Cascades	Costs of participation and encouragement; SCH, 3-yr. average, no weights
Special populations	Degrees, no weights, 3-yr average, 2.3% of productivity	Completion incentive	Retain for Pell eligible, URM, international largely as currently structured
Service, support, executive unit allocations:	About 31.3% of total revenues; 34.5% of remaining after "off the top")	**Service, support, executive unit allocations**	Assess percentages….34.5% may be low for services desired
	Currently all by incremental allocations		Fixed inflation adjustment only? Other decisions incrementally? Some units tied to metric type measures?
Adjustments		**Adjustments**	
Floor funding	Floor at FY18 budget, currently only PHHS	Drop	Drop and replace with bridge funding allocation for PHHS
Provost Bridge Funding	Incremental	Provost Bridge Funding	Strategic, non-recurring increments
Provost/VPFA adjust	Incremental, model is advisory to leadership	Provost/VPFA adjust	Retain incremental adjustments for strategic or programmatic decisions
Reserve reduction	To reduce central budget deficit	Drop	Only happening because budget is consistently overallocated; restructuring needs to balance allocations to revenues automatically
		Space allocation	Some charge per assigned sq. ft. (budget neutral in first year) to encourage active space management

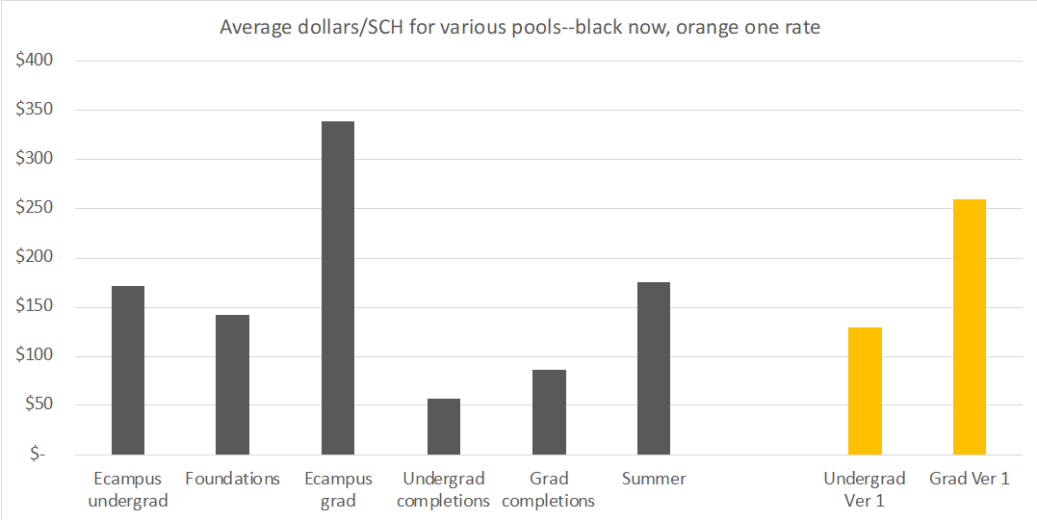
SRBM Revision Information and Examples

What if there is a single dollar allocation per credit hour across all credit hours?



The pools right now (left) total $195.4M, about 80% in credit hour allocations (the largest Ecampus) and about 20% in degree allocations.

The current dollars per credit hour (ignoring the degree completions allocations) vary widely (and these are averages across all disciplines). One version of allocating a single amount that uses the total dollar pool is shown in orange.

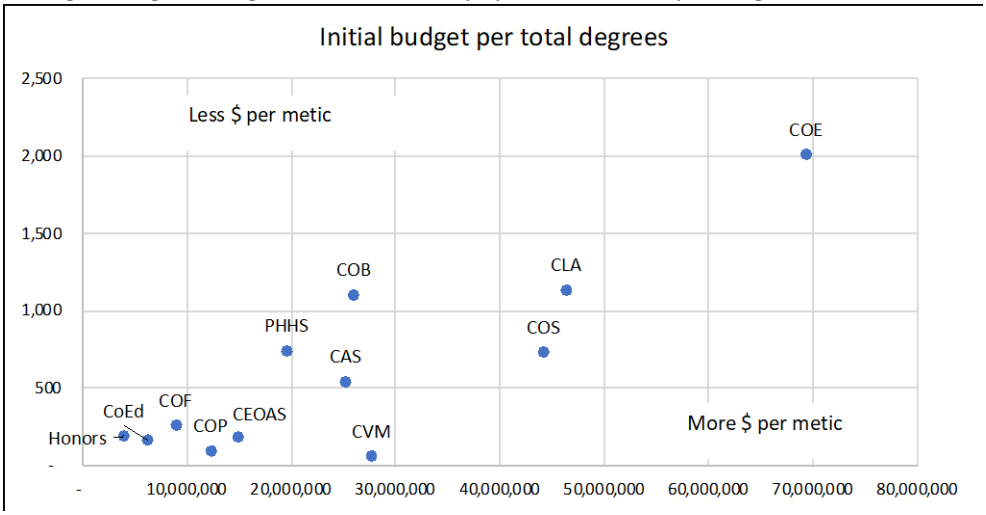


	Now	Version 1	Version 2	Version 3
Avg. Undergrad SCH	$ 134	$ 130	$ 137	$ 146
Avg. Grad SCH	$ 134	$ 260	$ 206	$ 292
BS Degree	$ 3,196	$ 2,500	$ 2,500	$ -
MS Degree	$ 10,679	$ 5,000	$ 5,000	$ -
PhD degree	$ 13,883	$ 10,000	$ 10,000	$ -
% SCH	82.5%	88.3%	88.3%	100%
% Degrees	17.5%	11.7%	11.7%	0%

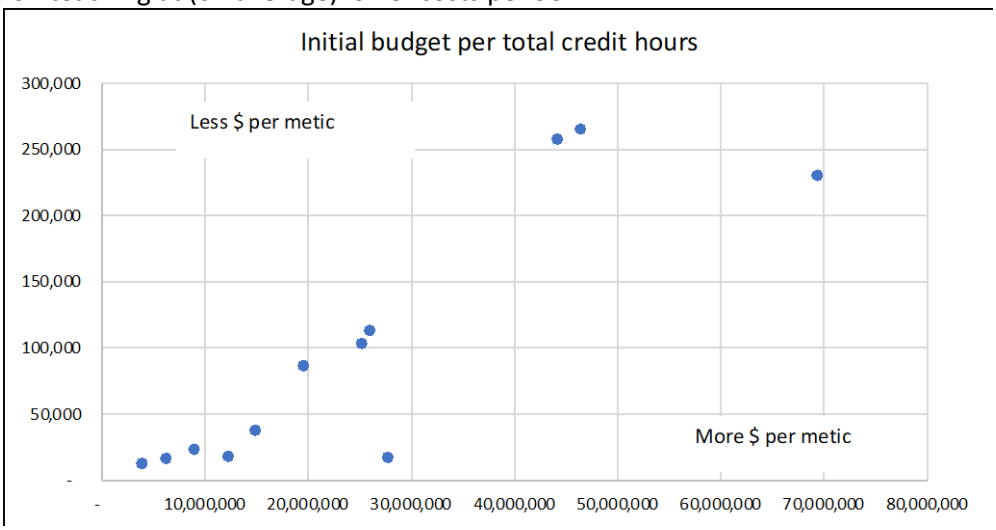
There are many ways to divide up the existing pool (and not spending any more money) by changing the proportions of degree and credit hour allocations. One question is how important a degree based allocation is.

What are some of the metrics or indicators of how big a budget should be? These are just illustrations of where OSU is now to illustrate the complexity of the problem. In general, budgets increase with increasing credit hours and degrees, unsurprisingly. But the details are complicated.

The largest colleges (Engineering) don't necessarily spend the most per degree because of scale.



Colleges with the largest SCH loads don't necessarily have the most budget because a lot of that is lower-division teaching at (on average) lower costs per SCH.



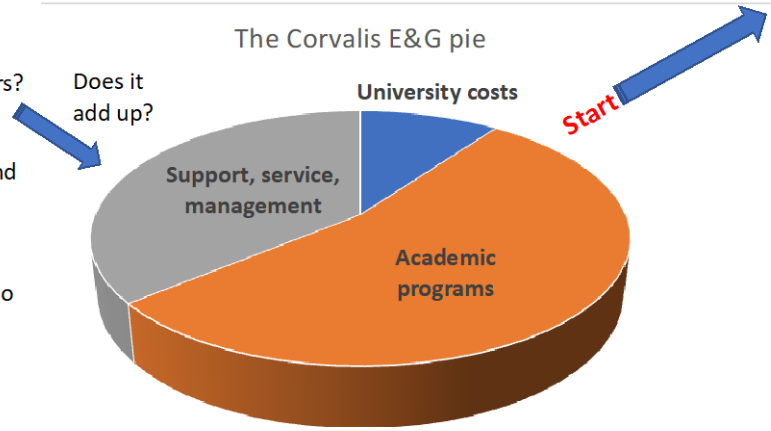
The spend per various metrics is not necessarily what you might guess. (S&S is services & supplies spending for FY20). Budget and credit hours are FY22, degrees are average last three years.

	Budget/ SCH	Budget/ major	Budget/ degree	S&S/ SCH	S&S/ major	S&S/ degree
Agricultural Sciences	244	8,054	46,540	33	1,075	112
Business	229	5,679	23,532	15	374	21
Engineering	300	6,836	34,539	29	663	44
Forestry	384	6,657	34,013	71	1,230	152
Public Health & Human Sciences	227	8,077	26,379	18	654	45
Education	384	9,338	37,861	25	608	262
Liberal Arts	175	9,273	40,895	9	455	32
Earth, Oceanic & Atmospheric Sci.	393	11,000	80,417	89	2,504	339
Pharmacy	674	35,923	129,323	111	5,907	114
Science	171	10,717	60,265	11	682	32
Veterinary Medicine	1,571	93,123	458,410	372	22,054	443
University Honors College	309	2,513	20,068	22	179	1,429

SRBM Structural Change Ideas: 2. Calibrating the initial model allocations
Possible approaches and methodology

What are service, support, executive distributions?:

Heliocampus peer data
Use public universities
Functional analysis of total salary spend and FTE
Identifies central vs distributed (i.e. college) effort
How much do we spend centrally compared to peers?
Where do we have more or less distributed effort than peers?
Are there any identifiable distinctions about OSU and what units do?
Identify 3-5 best aligned peers and use these as a range to work from.
Identify areas where work and/or resources ought to move out of colleges to support the service



University costs off the top?:

Specific to OSU
Benefits multiple units across OSU
Contracts, debt, capital renewal, etc.
Controlled by local decisions
Impacts dollars for academic/service split
A strategic issue
Could set an annual ceiling?
Model 5-8 year forecast for these?

What is the academic/service split?

IPEDS data at a high level
Instructional vs. service vs. plant
Consider our current split
Peers we use for tuition
Potentially exclude those with medical schools?
Or do it with and without those?
Define averages and a range to work from.

What are academic college distributions?:

What is the appropriate distribution to colleges, centers and interdisciplinary grad programs?
Starting assumption is to attack this as an OSU-specific assessment—equivalent peer structures, expectations, and missions likely don't map well
Proportional to core work:

- Undergraduate degrees and credentials—costs of credit hours and advising
- Graduate and professional degrees and credentials—costs of teaching, mentoring, mix of student type (thesis vs. non-thesis
- Scholarship and engagement—lab, equipment, facilities costs, professional development
- Service teaching as assigned/required by Bacc Core and other college needs, teaching costs

A scaling for cost of delivery? Ad hoc or measured by S&S spending, lab space, class type/size, other?
Accrediting agency information on peers or requirements?
How much is needed for strategic investments?
Consider selective peers for check—WSU, CSU, KSU