

## MINUTES

### Agenda

1. Overview of the Budget Model and answering “How does it work?” questions
2. Work on adding to the Budget Model Frequently Asked Questions document

### Committee Members Present

Allison Hurst, Sherm Bloomer, Alison Johnston, Lisa Gaines, Joanna DeMeyer, Michaela Canete, Amy Bourne, Kelly Sparks, Jon Boeckenstedt, Javier Nieto, John Gremmels, Staci Simonich, David Park

### Committee Members Absent

Jackie Thorsness, Mackenzie Thibault, Taha Elewfati, Jessica DuPont, Edgar Rodriguez, Deja Preusser

### University Staff Present

Nicole Dolan, Laurie Henry

### 1. Overview of the Budget Model

Sherm Bloomer, Associate Vice President for Budget and Resource Planning gave an overview of OSU’s process for the allocation of the Corvallis-campus Education and General (E&G) budget which moved to a new Shared Responsibility Budget Model (a hybrid approach) for the FY19 fiscal year which addressed a number of concerns<sup>1</sup>.

The new budget process intended to:

- Link budget clearly to the programs and results delivered by academic units;
- Be transparent and consultative;
- Recognize academic success also requires strong service, support, and facilities services;
- Encourage financial decision making at the local level to align decisions with OSU’s strategic goals
- Be equitable and predictable, to allow unit leadership to plan for the future
- Keep the university and all of its components financially healthy

The model allocates budget for three major functional areas:

- **Academic program delivery:** This includes academic colleges, centers and institutes, and some teaching delivered by other units. These funds support delivery of instruction, research, and engagement. These activities generate most of the revenue that supports OSU.
- **Academic support, institutional operations:** These functions include academic support (the library, information services, graduate school, research administration, etc.); student and faculty support (student affairs, undergraduate studies, etc.); plant and facilities operations; and institutional operations (finance and administration, business centers, etc.). These services are essential to allow the colleges to deliver programs and for students and faculty to access support for their work.

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<sup>1</sup> For more information: [Budget Model Overview](#)

- **Financial stability and university commitments:** This includes commitments for debt service, contracts with the Foundation and INTO-OSU, reserves for mid-year salary increases, reserves for settle-up of tuition and returned overhead, charges paid to the city and other entities, and similar costs. It also includes contingency funds for revenue shortfalls or unexpected costs. These costs are necessary to maintain OSU's financial stability and obligations to partners. Most of these costs benefit multiple units across campus and are therefore budgeted centrally.

Allocation process (the first step being the distribution of dedicated funds):

- **Dedicated funds (22% of total):** Sales and service, earmarks, F&A recovery, fees, differential tuition over base tuition, endowment match AND capital renewal and repair funds
- **Academic funds (45% of total):** 59% of balance (a decision point in the model—how much to academic vs support)
  - Academic college reserves
  - Academic productivity (see Figure 1 in Budget Model Overview for more detail)
  - Community Support Fund
- **Support and management funds (31% of total):** 41% of balance; debt contracts, raise pools, contingency and reserves, strategic commitments, athletics, service and support units, executive functions

Allison Hurst, UBC Chair and Associate Professor with the School of Public Policy added that approximately 66% of all revenue comes from tuition and roughly 45% of all revenue is distributed according to school credit hours. Bloomer further explained that the budget model budgets to the college-level. Internally colleges have the same problem; a portion is productivity generated (driven by credit hour) and a portion that is strategic. If the E&G budget is made up from 2/3 tuition, the most important thing to think about is enrollment. It was emphasized that the model does not expect that all programs generate net revenue. It is important that the portfolio of programs at OSU has a positive operating balance but the mix of academic programs (in subject and in cost) is an essential part of being a research university.

## 2. Budget Model Frequently Asked Questions

Bloomer asked the committee for input and feedback or questions that may be relevant and helpful in communicating how the Budget Model works that could be incorporated into Frequently Asked Questions document.

Thoughts and feedback from the committee:

- Communication in the budget model
- How colleges currently use the model
- Lack of consistency across colleges

## 3. Adjournment

Meeting adjourned at 3:00 p.m. by Sherm Bloomer. Next meeting will be held March 19, 2021 from 2:00 – 3:30 p.m. via Zoom.