

## Budgets and Fiscal Planning Committee

### 2012-2013 Annual Report

**Membership:** Mark Fermanich (Education), Roger Hammer (Sociology), Walt Loveland, Co-Chair, (Chemistry), Luke McIlvenny, Co-Chair (Engineering), Deb Pence (Engineering), Dorthe Wildenschild (Engineering), Sherm Bloomer, Ex-officio (Office of Budgets)

**Statistics of Meetings:** During the 2012-2013 academic year, the Budgets and Fiscal Planning Committee (BFP) met 10 times with a total meeting time of 15 hours. During these meetings the Committee considered various fiscal issues and reviewed a number (12) of Category I proposals or MOU documents. It ultimately approved nine of these proposals/documents.

**Category I Proposals:** The principal development regarding Category I proposals was the implementation of the requirement that the budgets of all Category I proposals be prepared by the relevant business centers. This development enormously changed the consideration of these proposals from worrying about the arithmetic details of the proposals to being able to focus on the larger fiscal issues involved. The time required to consider and approve new proposals was shortened without losing the careful scrutiny of the proposals. Co-Chair McIlvenny led the effort to make and implement these changes.

**Fiscal Issues:** The BFP group took up seven separate fiscal policy issues. The issues were:

1. The tuition plateau, an ill-advised fiscal policy.
2. The OSU budget for FY14 where revenue (tuition) increases were discussed relative to costs of operation and the financial burden upon students.
3. Deferred maintenance (currently about 600 M\$ for OSU) where it is clear we are not on the "right fiscal path" to handle maintenance issues and the institution needs to change its budget model accordingly.
4. Returned Overhead where the BFP group developed a minority report to the Provost requesting that a percentage of the returned overhead come back to the PIs who generated the grant/contract revenue to meet small scale budgetary needs.
5. The INTO project where faculty are facing significant problems related to academic dishonesty and poor student preparation that lessen the positive impact of the program.
6. A request to examine the cumulative effect of "re-organization" which seems to have neither saved money nor produced more efficient ways of doing things.
7. A new budget model for OSU.

The details of these discussions are contained in the minutes of the BFP [archive](#).

**General Fiscal Issues That Are Noted Each Year:** Each year the BFP group notes certain recurring fiscal problems in its discussions of Category I proposals and discussions of specific fiscal issues. We list these issues below since they may be part of the fabric of future committee discussions.

1. The current OSU strategic plan is poorly suited to be a foundation for a OSU budget model as it does not discuss the principal source of OSU's revenue, lower division undergraduate teaching.

2. Access funds are a poor means of budgeting, as they do not allow strategic planning.
3. In the budget model for the future, we need a "mature model" for Ecampus. A previous OSU president has suggested the situation where half of the students are online students. Another scenario is to pick the largest credible estimate for the number of online students, and then double that. Will the model chosen for Ecampus work under those circumstances?
4. In the budget model of the future, is there a role for anachronisms such as the extension service and 4-H where face-to-face instruction of a sparse population occurs? Can we use modern online techniques to do this instruction at lower cost?
5. We favor the general principle that revenue should flow to those who generate it. The current challenge is that tuition dollars do not effectively follow the students. While we appreciate the idea that the large departments such as math, chemistry, English, etc., should not claim all the tuition revenue, the current fraction of the revenue going to these units is not adequate for high quality education.
6. How do we invest in transformative changes in infrastructure? Most educators believe the large lecture model for instruction is a disaster. How do we alter our teaching spaces to allow modern instruction, particularly in STEM areas?
7. There are several fiscal issues concerning the Graduate School that need to be addressed. Can we lower the cost of continuous enrollment, especially for students who are candidates? Can we solve the dilemma that OSU PIs face that supporting postdocs is a more effective strategy than supporting graduate students?