

Faculty Senate

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Budgets & Fiscal Planning Committee

ANNUAL REPORT 2002-2003

Budgets and Fiscal Planning Committee Report – Academic Year 2002-2003

The Budgets and Fiscal Planning Committee engaged in four primary activities during this year. They were: (a) preparation of a solution to a homework problem assigned by Bruce Sorte to make a rough estimate of the cost of OSU 2007 (b) review and make recommendations concerning the budgets and feasibility of several category I proposals (c) represent the views of the faculty in the University Budget Committee and (d) to summarize and present, in the most transparent manner, the OSU budget for FY 2004.

The rough cost estimate for OSU 2007 is attached to this report as an appendix. The principal findings from this exercise were: (a) the need for a capital campaign for 400 M\$ to fund the estimated non-recurring costs of OSU 2007, many of which are tied to the "top tier program" in engineering (~180M\$). (b) the savings in recurring costs approximately match the new costs provided personnel reduction takes place "from the top down not the bottom up". Deans, etc. need to be fired rather than clerks.

The B&FP Committee examined the budgets and other aspects of seven category I curricular proposals. Many hours were spent on the Education double degree proposal, primarily to clarify what the proposal actually involved. In this case and in several other cases, the B&FP group served as a screening group to clarify proposals. In this regard, we recommend that new category I proposals be routed (by Academic Affairs) to the B&FP group before proceeding to curricular review so that fiscal and budgetary issues can be identified early in the process. A second concern in this area is the need for some sort of guidance to the B&FP group as to the fiscal limits of growth of the curriculum. The E&G budget for OSU increased by ~ 6% from FY03 to FY04, largely due to increases in tuition and fees. It is not clear to us whether that rate of growth is sustainable and what limits, if any, there are for new programs, degrees, etc.

Members of the B&FP group went to University Budget Committee meetings to make sure our views were represented and to report back to the group as to what had transpired. In late spring (May '03) the B&FP group summarized the detailed preliminary budget for FY04 and posted the results on a web site where faculty and staff could see what was happening.

Appendix—OSU 2007

Name: Budgets and Fiscal Planning Committee

Assignment: OSU 2007 Homework Problem

Bruce Sorte asked the B&FP Committee, as a homework assignment, to develop a crude cost estimate for the various components of OSU 2007. This paper represents our attempt to work this problem. It should be emphasized that our estimates are CRUDE, based on "back of the envelope" calculations intended to illustrate the magnitudes of various items. They should not be used in place of more accurate estimates developed by Institutional Research, etc. A further caveat is that we did not treat some items in OSU 2007 because either we did not understand what a particular proposal entailed or it did not seem appropriate to use very crude techniques to "guessestimate" a cost. Examples of this are "space charges" (where it was not clear to us what the financial implications were) and "service centers" (where better estimates are being developed). We submit this homework in hopes that it might be a rough first step in understanding the cost implications of OSU 2007.

The bottom line of our estimates is that if all the sections of OSU 2007 were implemented (recognizing that some of them are contradictory) a non-recurring capital expenditure of about \$400,000,000 would be needed (presumably to be raised by a capital campaign of the OSU Foundation.) We estimate an increase in recurring expenses of ~\$29,000,000 /year with a savings of ~\$30,000,000 /year leaving a net "zero sum" or a possible savings of \$1,000,000/year in recurring costs.

Our estimates are given in the following tables.

Non-recurring Expenses

Action	Cost	Basis for Estimate
Top Tier Status for COE	180,000,000	OSU2007
House all freshmen in University Housing	70,000,000	=frac fresh off campus x #fresh x cost/student of new dorm space=0.4 x 3900 x \$9,500,000/210 students
Establish Technology Enterprise Institute	60,000,000	OSU2007
Do deferred maintenance for UHDS	50,000,000	OSU2007
Update/fix large classrooms	20,000,000	OSU2007
Make all buildings accessible	15,000,000	OSU2007
More enhanced classrooms	5,000,000	= #classrooms x cost per classroom = 20 x \$250,000
Enhance conference capability	650,000	OSU2007
Fix/replace Blackboard	500,000	BFP
Bring campus wiring up to date	1,250,000	\$25,000 per building x 50 buildings
Gigabit connection to outside world	350,000	IS
Create Strategic Communications Plan	50,000	OSU2007
Remodel and relocate Office of Services for Students with Disabilities	50,000	OSU2007
Establish Web Content Management System	150,000	OSU2007
Charter two new organizations to facilitate University Communications	10,000	OSU2007
Revise course scheduling	10,000	BFP
New testing fee schedule	1000	BFP
Totals	403,021,000	

In addition, there are three items (update faculty position descriptions, development of new University themes, 3 --> 4 credit re-packaging of curriculum) that could lead to an investment of substantial amounts of faculty time, which is a resource expenditure.

In the estimates of recurring costs below, we have counted expenditures of faculty time where that action would lead to the need to replace the instruction or other service offered by the faculty member. We did not include costs of faculty time for the usual overloading by insensitive administrators. All financial data is from 2001 OSU Fact Book. We have assumed any new infrastructure carries a minimum cost of \$100,000/year including OPE and that new deans, etc cost \$200,000/year including OPE.

Savings of Recurring Costs

Action	Savings	Basis for Estimate
Eliminate low productivity units	15,000,000	~15% of ~ \$100,000,000 academic budget involves low productivity programs
Reduce Administration by 10%	9,000,000	0.1 x \$90,000,000
Merge colleges—Create new colleges around areas of inquiry	6,000,000	16 colleges/programs x 0.75 x \$500,000/college -(assumes firing deans, etc.)
Efficiencies in curriculum management, student financial services, enrollment	150,000	OSU2007

management		
Surcharge on athletic tickets	50,000	\$1/ticket x 50,000 tickets
Substitute non-lab courses for lab courses in BACC CORE Science Perspectives	100,000	BFP
Totals	\$30,300,000	

In addition, one can identify a non-recurring saving of \$2,000,000 by a proposed transfer of funds from Athletics to the Academic portion of the University.

New Recurring Expenses

Action	Cost	Basis for Estimate
Allow each faculty member 0.1 FTE for non-departmental work	8,200,000	0.1 x \$82,000,000
Ensure all faculty will have international experience	1,100,000	= 0.33 x average asst prof salary x #asst prof x 1/5 = 0.33 x 48300 x 358 x 0.2—a low estimate given issue of travel support
Increase Library funding to 4% of total University expenditures	1,200,000	In 1998-99, library was 3.4% of total U exp.; increasing that to 4% for 1998-99 (low estimate)
Establish Technology Enterprise Institute	100,000	OSU2007
Establish new PhD programs in CLA	1,000,000	10 programs x \$100,000/ program of new hires
Increased support for research facilities	1,700,000	34 facilities x \$50,000/facility
Increase financial aid in parallel with tuition increases	1,050,000	yearly tuition increase x yearly financial aid = 0.05 x \$21,000,000
Make graduate students 20% of overall enrollment	5,250,000	# new grad students x cost of average GTA/GRA = 350 x \$15,000
15% of students will be from minority groups	3,750,000	# new minority students x cost of "full-ride" scholarship = 250 x \$15,000
Support innovative curricular development	200,000	# faculty x # hours/faculty x average faculty hourly wage= 100 x 40 x 50
Centralized Academic Success Center	100,000	BFP
Expand Office of Institutional Research to include Assessment	100,000	BFP
Establish Ugrad College to provide new courses for first two years	100,000	BFP
Establish Global Systems Science Institute	100,000	BFP
Hire VP for International Affairs/Dean of International Programs	200,000	BFP
Restore Faculty Grants and Awards for International Activities	900,000	OSU2007
Re-institute/redefine Dean of Research	200,000	BFP
Increase ugrad scholarly activity	500,000	# new projects x average \$/project = 500 x \$1000
Increase grad student scholarly		# new students x (\$/grad

activity	450,000	fellowship + tuition) = 15 x \$30,000
Create Training and Development Clearinghouse	100,000	BFP
More computer support	100,000	BFP
Strengthen Marketing	200,000	OSU2007
Restructure University Publications	200,000	OSU2007
Establish Web Content Management System	200,000	OSU2007
Adopt web standards	100,000	BFP
Establish Center for Teaching and Learning	100,000	BFP
Benefits package for part time faculty	700,000	# fac x \$/month x mo/year x OPE = 100 x \$2000 x 9 x 0.4
Increase Provost's Fund	400,000	OSU2007
Hire VP of Diversity	200,000	BFP
Establish Coalition for Healthy Campus Community	50,000	OSU2007
Hire Alcohol/Drug Specialist	60,000	OSU2007
Enhance "study abroad" programs	50,000	OSU2007
Better communication with international alumni	50,000	new staff person
Enroll 10% of ugrad students in foreign study	115,000	#US ugrad students x 0.1 x \$100 additional expense/year = 11500 x 0.1 x \$100
Establish Performance Development Network	50,000	BFP
Create on-going personnel needs assessment program	50,000	BFP
Improve IT consulting desk	10,000	personnel
More IT training	50,000	personnel
Improve event publicity, web council	50,000	OSU2007
Establish Interdisciplinary Council	50,000	staff support
Professional development funds for advisors	50,000	BFP
Advisory Board for summer term		BFP
Improvements in search procedures	50,000	BFP
Formal faculty mentoring program	100,000	BFP
Revise P&T guidelines	10,000	BFP
Hold workshops on dealing with international students	10,000	BFP
Increase Honors College Enrollment	25,000	BFP
Totals	\$29,335,000	

This assumes any increases in normal enrollment, apart from special initiatives, are fully funded.