

Faculty Senate

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Budgets & Fiscal Planning Committee

Annual Report 2003-2004

26 June, 2004

To: Stella Coakley, Faculty Senate President

From: Budgets and Fiscal Planning Committee (K. Calvery, V. Farber, M. Gopinath, L. Hoyser, W. Loveland (Chair), J. Lundy, M. Quinn, G. Brown (ex-officio))

Report of the Budgets and Fiscal Planning Committee for 2003-2004

The Budgets and Fiscal Planning Committee reviews Category I curricular proposals to clarify their fiscal impact and to insure that they are fiscally sound. Members of the Committee serve as ex-officio members of the Curriculum Council (Loveland) and the Distance Education Committee (Calvery) to advise on fiscal matters. The Chair of the B&FP Committee serves as a member of the University Budget Committee and, in this past year, as a member of the Indirect Cost Recovery Task Force. The Committee seeks to inform the faculty about the University Budget through public meetings and a website that summarizes budgetary matters.

The academic year 2003-2004 was a busy year for the Committee. The Committee reviewed eight Category I proposals. Several of the proposals required multiple meetings of the Committee lasting for several hours to determine and evaluate the fiscal aspects of the proposals. In performing this evaluation, substantial clarification and/or modification of the academic aspects of the proposal occurred. In some cases the fiscal review of the proposals occurred after the Graduate Council and/or the Curriculum Council had approved the proposals and these groups were not able to benefit from the B&FP review. In addition, an inordinate amount of time was wasted correcting arithmetic mistakes in the budgets, correcting the misuse of data in evaluating the costs of benefits, Ecampus dispersals to departments, etc. To prevent this situation from occurring in the future, the Committee recommends to the Senate the following policy changes/suggestions:

- **In the future, category I proposals should be routed by Academic Programs to the Library and the Budgets and Fiscal Planning Committees for evaluation prior to consideration by the Graduate and Curriculum Councils. The Graduate and Curriculum Councils should take up the proposals only after this review is complete.**
- **Proposers of Category I proposals should be encouraged to avail themselves of the free service of the University Office of Budgets who will work with the proposers to prepare a suitable budget for any category I proposal. The resulting proposals will have a professionally prepared budget, which will be technically correct.**

If implemented, these suggestions should improve the quality of the review of Category I proposals as well as making the process simpler for the participants. In lesser matters, the Committee suggest the form used to present the budgets for Category I proposals be modified to allow presentation of the details of any revenue estimates as well as estimates of proposed expenditures. The Committee continues to object to the \$2000 fee assessed against the proponents of successful graduate level Category I proposals to fund the costs of an external review of the proposal. This function should be paid by the central administration as an administrative expense and not charged as an academic expense. There is also a possible perceived impropriety in having the group being reviewed having to pay the reviewers.

The Committee has tried to act as an information source for the faculty and staff regarding the University budget. In the summer of 2003 and again in the spring of 2004, the Committee prepared a website that contains a review of the FY04 and FY05 budgets, how the BAM works, and the productivity data used to allocate funds within the University. This website can be found at

<http://oregonstate.edu/instruct/ch374/fy04/> We hope that the University community will avail themselves of this information to better inform discussions of fiscal matters. In the fall of 2003, the Committee sponsored a workshop featuring Gil Brown, the director of University Office of Budget and Fiscal Planning and his staff, who answered questions and offered explanations of how the OSU budget was arrived at and the detailed workings of the BAM.

The Committee Chair represented the view of the faculty in the University Budget Committee. As discussed on the website described above, there have been changes in the University budget and its formulation over the past year that are important to the faculty. The principal source of revenue for the University continues to be student tuition rather than the State of Oregon. An Indirect Cost Recovery (ICR) Task Force recommended a new scheme for allocating indirect cost (IC) that returned more of these monies to those who generated the IC and in such a way, as to increase future ICR. A portion of those recommendations was implemented in the FY05 budget making significant positive changes in funding for the Library and Centers, Institutes and Programs. Future implementation of other recommendations will further benefit the research-intensive portion of the University as the expense of non-research activities.

Significant structural difficulties in the productivity-based BAM were revealed in 2003-2004. Substantial intervention by senior administrators was required to preserve budget stability. In the longer term, the University must decide whether it wishes to continue its current zero-based, productivity informed budget allocation process for academic units or to significantly modify it. As the University changes in response to its Strategic Plan, one can anticipate significant changes in the relative funding of various units. The speed and extent at which these changes occur will be an important subject of future discussion. A continuing challenge is the appropriate funding of central administrative services as revenue from fees, differential tuition, legislative mandates, etc. increases.

The Committee wishes to express its appreciation to Gil Brown, Terri Cook and other members of the University Office of Budget and Fiscal Planning for their help and patient explanations over the past year. We also appreciate the fiscal insights given to the Committee by the University Budget Committee (B. Boggess, Chair) and the Indirect Cost Recovery Task Force (S. Bloomer, Chair).

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