

Ohio University Faculty Senate
Monday, November 4, 2013
Room 235, Margaret M. Walter Hall, 7:10 p.m.
Minutes

Faculty Senate Chair Elizabeth Sayrs called the meeting to order at 7:11 p.m.

In attendance:

College of Arts and Sciences: E. Ammarell, N. Bernstein, S. Hays, R. Palmer, B. Quitslund, L. Rice, A. Rouzie, K. Uhalde

College of Business: K. Hartman, T. Luce, Z. Sarikas

College of Fine Arts: C. Buchanan, E. Sayrs, D. Thomas

College of Health Sciences and Professions: A. Sergeev, B. Sindelar, J. White for T. Basta
Group II: D. Duvert

Heritage College of Osteopathic Medicine: S. Inman, J. Wolf

Patton College of Education: D. Carr, B. Vanderveer

Regional Campus—Chillicothe: B. Trube

Regional Campus—Eastern: J. Casebolt

Regional Campus—Lancaster: L. Trautman

Regional Campus—Southern: none present

Regional Campus—Zanesville: J. Taylor, A. White

Russ College of Engineering: B. Stuart, G. Suer

Scripps College of Communication: B. Bates, L. Black, J. Slade

Voinovich School of Leadership and Public Affairs: A. Ruhil

Excused: C. Bartone, T. Basta, S. Doty, C. Elster, K. Hicks, B. Reader, S. Wyatt

Absent: RA Althaus, G. Brooks, G. Holcomb, V. Marchenkov, G. Negash, S. Patterson, S. Walkowski

Overview of the Meeting:

- I. President McDavis and Executive Vice President & Provost Benoit
- II. Ryan Lombardi, Vice President for Student Affairs and Susanne Dietzel, Director of the Women's Center: Update on Campus Conversations
- III. John Day, Associate Provost for Academic Budget and Planning: Update on Responsibility-Centered Management (RCM)
- IV. Roll Call and Approval of the October 14, 2013 Minutes
- V. Chair's Report
 - Updates and Announcements
 - Upcoming Senate Meeting: December 9, 2013, 7:10 p.m., Walter Hall 235
- VI. Executive Committee
 - Resolution to Update Language on Faculty Senate Meeting Dates—first reading
- VII. Professional Relations Committee—Ben Bates

- VIII. Educational Policy & Student Affairs Committee—Ruth Palmer
 - IX. Finance & Facilities Committee—Ben Stuart
 - X. Promotion & Tenure Committee—Joe Slade
 - XI. New Business
 - XII. Adjournment
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I. President McDavis and Executive Vice President & Provost Benoit

- **President McDavis** introduced four topics:
 - Sexual assault policies: This review was prompted by the recent incident on Court St. [Sanctioning guidelines](#) for student conduct were revised in 2010-11. Any student violating any section of the policy against sexual misconduct will face a minimum of a semester suspension, while rape or sexual assault will result in expulsion. Investigations of sexual misconduct allegations are conducted jointly by the Office of Institutional Equity and the Office of Community Standards. Students may, of course, appeal investigation outcomes, and survivor counseling is provided. [See below for a report on the Campus Conversation held on 10/24/13.]
 - The Higher Education Funding Commission: Gov. Kasich appointed McDavis to head this initiative for allocating capital funding to Ohio public campuses based on a single compiled list of priorities. The emphasis will be on deferred maintenance. By 11/1, all institutions submitted their six-year capital plans; the first two years' worth contain requests for the upcoming capital budget. A final list of recommendations for funding is due to the governor before the end of December, although it is not yet clear what the target amount will be. A final bill should be passed by the end of the fiscal year. The President said that Ohio appears to be the only state allowing higher educational institutions to control their own capital budget recommendations.
 - Commission on college affordability, quality, and access: The governor has asked former OSU President Gordon Gee to head a group looking for ways to cut the cost of college in Ohio and pursue innovative forms of funding. He and Chancellor Carey will be traveling the state in search of good ideas. McDavis promised to talk to Gee.
 - Wins for OU: The good news for the University this year includes the best enrollment growth in the state, the best S.B. 6 ratio (measuring financial health), and the largest percentage SSI increase in the state due to the new funding formula. (The funding formula may still receive some tweaking; there has been some surprise at OU's success there.) He thanked faculty for the work that has resulted in such successes.
- **EVPP Benoit** provided two updates:
 - Spring break alignment: The Provost's office has been working closely with Athens City Schools Superintendent Carl Martin to coordinate OU's spring break with theirs, a process made difficult by the state testing schedule for the high school. In 2015, the breaks will both begin on March 2. Benoit said that she hoped (but could not promise) that this alignment could continue in the future.
 - Accreditation: This was discussed in some detail at the last Board of Trustees meeting, and the EVPP brought further background to the Senate at the request of Vice Chair David Thomas (representative to the Academics Committee of the Board). Based on geography, OU belongs to the North Central Association of Colleges and

Universities, which accredits through its Higher Learning Commission (HLC). The HLC offers three [pathways](#): Standard (for institutions which have been accredited for fewer than ten years); Open (for those of long-standing accreditation and stable institutional form); and the Academic Quality Improvement Program (AQIP). The principle of AQIP is continuous improvement, which means that accreditation-related activities are ongoing rather than only relevant during review years. Institutions are invited to this pathway, which OU has been on since 2002. We are currently in the Systems Portfolio part of the process, having submitted answers to 137 comprehensive questions about the institution on 11/1. (This was overseen by **Mike Williford**, and Benoit says that it looks very strong.) In about 12 weeks, the HLC will respond with a Systems Appraisal that identifies strengths and “opportunities for improvement.” The University will develop a plan to act on these opportunities in advance of the AQIP site visits in 2014-15. The site visits will verify the portfolio with emphasis on 10-12 items, examine responses to improvement opportunities, and interview many innocent faculty and staff members about the University’s culture of improvement and understanding of AQIP principles. The four possible [outcomes](#) range from reaffirmation of accreditation for the next seven years with encouragement to begin next round of improvements to a finding of failure to meet criteria for accreditation and the ensuing unpleasant consequences.

Questions and Discussion:

Most discussion centered on OU’s [enrollment and retention](#). **Joe Slade** wondered what we had done right to bring in so many students and place us so highly on the completion ranking that our SSI increased. McDavis said that we had always been sanguine about graduation and course completion as criteria for SSI because those are our strong suits. He also said that our online growth has been strategic. Benoit added that recruitment has become more intensive and more strategic, including reaching out to students early in high school; focusing efforts on areas in other states where the in-state costs are similar to our out-of-state ones; building strong community college partnerships to increase transfers; and using high-touch approaches with admitted students. She added that the scholarship revisions may be paying off, especially in improving quality. **Albert Rouzie** was concerned that the larger freshman class also brought more at-risk or academically shaky students, and wondered about support for them. Benoit emphasized the importance of OU’s access mission in addition to desire for academic quality, and said that the number of Appalachian students also had record growth this year. Executive Vice Provost and Dean **David Descutner** added that this year’s class does not have a disproportionate number of underprepared students, though reading scores nationwide are worrisome. Individual colleges as well as the Academic Advancement Center and the Allyn Help Center provide assistance to students who need it. This can be particularly important for our first-generation college students, who may be academically prepared but lack the cultural resources of peers from families with experience in college. Recent initiatives have included funding additional tutors for the Writing Center and publicizing the AAC’s willingness to help reach students who have stopped coming to class—after an email from Jenny Klein earlier this semester, 75 referrals came in (compared to a total of 27 all last year). McDavis praised the close collaboration of the Provost with Student Affairs, and noted that the campus’s beauty is helpful in recruiting (which is why the budget for landscaping has increased slightly over the last year).

Other questions centered on accreditation and capital improvement. **Katherine Hartman** wondered if, given that faculty would be expected to understand AQIP, there would be a cheat sheet provided with the (approximately) Top Ten Things to Know. The Provost enthusiastically embraced the suggestion. The President observed that OU is unusually large for an AQIP-pathway institution, a testimony to our commitment to improving academic quality. Finally, **Slade** asked what is on OU's list for the capital budget. Benoit said that it contained nearly 40 items, all maintenance on the order of HVAC systems, roofs, elevators, and painting. [The whole list can be found [here](#) at Tab 10.]

II. Ryan Lombardi, Vice President for Student Affairs and Susanne Dietzel, Director of the Women's Center: Update on Campus Conversations

In introducing the topics, Sayrs thanked all those who were able to respond in a few hours to sign the [letter](#) from faculty that appeared in *The Post* before Halloween about student safety.

Lombardi and Dietzel said that the impetus for the Campus Conversation was the sometimes unhelpful student responses to the videos of possible sexual assault, which included divisive dialogue, finger-pointing, and a desire for quick rather than thoughtful answers. To find a way for people to talk productively, Student Affairs, Residential Housing (including individual RAs), the Office for Diversity, and faculty collaborated to develop topics for discussion. At the 10/24 event, experts sat at different tables to facilitate exchanges on topics such as healthy masculinity, open conversations, victim blaming and slut shaming, consent, and (with the help of Institutional Equity and Community Standards) University policies. Participants included counselors from Survivor Advocacy and Psychological Services. Some faculty brought classes, and students, RDs, and RAs came to talk about building a more respectful campus climate. Between 300 and 400 students attended during the four hours.

Follow-up will include related events with both similar and different formats. Faculty and graduate students with research expertise on bystander intervention may give a keynote speech or provide training. Training about consent issues also seems necessary. In the spring, targeted programs about healthy masculinity and healthy sexuality are being tentatively planned. Lombardi and Dietzel invited the Faculty and Student Senates to contribute topics for **the next set of facilitated conversations on Monday, 11/18, from 10 a.m. to 2 p.m. in the Baker Center Ballroom.**

Gene Ammarell asked whether it would be possible to have a list of people and resources for bringing issues about sexual assault and rape culture into their classes. Lombardi promised a resource sheet, and Dietzel noted that organizations like the Survivor Advocacy Program and other student groups are well-informed and effective educators. David Descutner said that University College invites counselors from Survivor Advocacy into first-year seminars, and that students respond particularly well to learning from peers. Sayrs agreed that efforts should be student-led, but that faculty, who have much greater institutional longevity, need to also be structurally involved.

III. John Day, Associate Provost for Academic Budget and Planning: Update on Responsibility-Centered Management (RCM)

This is an abbreviated version of the [presentation for the Budget Planning Council](#). The PowerPoint as presented to the Senate is attached to the end of the minutes.

- RCM clarifies the relationship between revenues and academic activities and provides academic units with clear incentives for both efficiency and innovation, but does not in itself dictate how resources are allocated. Having clear indicators of academic quality helps ensure that decisions appropriately balance academic and financial concerns.
- Each unit (or Responsibility Center—RC) has *revenue* (mostly tuition, fees, and SSI), *direct expenditures* (personnel and things purchased by the unit), and *allocated indirect costs* (to pay for everything in the University that doesn't directly earn money by teaching students or charging admission). SSI revenue attribution follows the SSI formula. Tuition and fees are allocated 85% by Weighted Student Credit Hours (using the state taxonomies for weighting) and 15% by major FTE. Non-resident fees follow non-resident students on the same principles. Although the General Fee is attributed to colleges, it is then taken back 100% as a tax. Undergraduate revenues are smoothed out with 3-year averages so as not to cause rapid and unpredictable swings in revenue, but graduate revenues are allocated in real time (because graduate waivers have to be paid in real time).
- Expenses are allocated in ways meant to avoid perverse incentives. The cost of financial aid is thus charged as a proportion of undergraduate revenue rather than charging a given college more when they take more students in need. The libraries are charged based on total student and employee FTEs, rather than actual use by students. And so on.
- The final piece is the Strategic Initiative Pool, money resulting from a 12.5% “tax” on all RCs. (This was finalized over the summer, through a process of negotiation among the deans.) In the immediate term, distributing this tax allows all units to be revenue neutral relative to the previous budgeting model—that is, the tax monies are allocated out to colleges such that everyone can start with the same budget they had last year. In the future, a marginal increase in each college's tax from higher revenues could be retained centrally for strategic initiatives; in addition, subventions to colleges where expenses exceed revenues could eventually be decreased or increased in response to University priorities.
- RCM will require some new governance procedures and two new committees (the RCM Budget Implementation Committee and the Academic Support Improvement Committee). UCC will have an expanded charge in order to oversee academic quality monitoring. A question about the Service Alignment Projects Oversight Committee drew the explanation that this guides the [ongoing project](#) to help HR, OIT, and Finance meet service obligations to the RCs and justify costs.

Further questions centered on Intercollegiate Athletics and the longer-term prospects for RCM. When **Steve Hays** asked how ICA's costs fit into the model, Day replied that it is essentially paid for by the colleges (through the mechanism of the General Fee, which is attributed to colleges and then allocated back out to other units). Sayrs pointed out that the model does treat ICA as a Responsibility Center, but one that has insufficient direct revenues to support it. Asked by **Slade** whether the RCM model would survive the Provost's eventual departure, Day said that deans would be unlikely to want to give up the budgeting control it grants them.

IV. Roll Call and Approval of the October 14, 2013 Minutes

Ben Bates moved to approve the minutes, seconded by **James Casebolt**. The minutes were approved by a voice vote.

V. Chair's Report

- Updates and Announcements
 - The instrument for the Faculty/Staff survey planned for spring is at the Provost's Office for review. It has been approved by Institutional Research.
 - Follow-up on Semester Feedback: The spring break alignment solves one issue from last spring's semester feedback collection. Another was complaints about administrative policies like add/drop dates, which EPSA has agreed to monitor over two years. There is discussion about a fall break, which many faculty favored, although there are challenges in the fall calendar. Most faculty preferred an October break to an extended Thanksgiving. The largest source of complaints was the rigid class scheduling policy. As a result, there is now investigation into whether there are actual pedagogical problems resulting from the policy, as well as what the effects on student scheduling and large classroom usage would be if more flexibility were built in. Anyone who has comments about class scheduling should contact Sayers.
- Report from representatives to the Board of Trustees:
 - **Ben Stuart** (Resources Committee) reported that the Resources and Academics Committees held a joint session, largely about the [capital improvement plan](#) [see Tab 3]. The Board approved \$970 million for improvements over the next six years, about half in debt service. He noted that the budget includes line items for increased project management personnel in Facilities, temporarily doubling the size of that staff and resulting in some permanent increase in FTEs. Note too that after this very large capital investment, the average age of OU buildings will not have decreased, because that's how much deferred maintenance we have. Another resolution declared the property under the Baymont Inn and Bob Evans surplus and authorized its sale. Finally, a committee is looking at the improvement and maintenance needs of classroom space. If you know classrooms badly in need, contact him at stuart@ohio.edu
 - Asked about new power generation plants at the University included in the capital bill, Stuart replied that the Lausche replacement is a cogeneration plant, which will provide not only steam and chilled water but also electricity.
 - **David Thomas** (Academics) reported that the joint committee meeting also discussed Guaranteed Tuition, which has been expanded to include out-of-state students; AQIP was also on the agenda. The independent meeting of the Academics Committee looked at the very positive OU-HCOM dashboard and passed some consent agenda items. Athens undergraduate retention was reported at 78.7%, which is lowish by recent historical standards.
- Upcoming Senate Meeting: December 9, 2013, 7:10 p.m., Walter Hall 235

VI. Executive Committee

- **Resolution to Update Language on Faculty Senate Meeting Dates—First reading**
 - This resolution is intended to address the unanticipated annoyances of the semester calendar for Senate meetings (like holding this meeting three weeks after the

previous one). The schedule for spring semester meetings is worse. The resolution proposes meeting on the first Monday of the month “unless Senators are notified of an exception”; the plan is that January will be an exception in having no meeting. Stipulating no January meeting specifically, however, would require an amendment to the Senate constitution, which can only happen after a referendum of the whole faculty and Board approval. This seems particularly inadvisable given that the academic calendar might change again (e.g., for a fall break). The resolution would go into effect for the AY 2014-15 meeting schedule. Senators expressed no qualms about eliminating the January meeting (which currently takes place on the first day of spring term, after a December meeting during fall finals week). One senator opined that since work expands to fill the time available, eight rather than nine Senate meetings might mean more efficiency.

VII. Professional Relations Committee—Ben Bates

- The Committee has no activity to report.
- To calculate working hours for compliance with the ACA, Group III faculty will be considered to have worked 2.67 hours/week for each credit hour of instruction. Bates averred that Senior Human Resource Director Greg Fialko also plans to monitor actual Group III hours worked to avoid violating the terms of the ACA.

VIII. Educational Policy & Student Affairs Committee—Ruth Palmer

- There have been no major developments in the Copyright Task Force, although work continues on language regarding exceptions of faculty ownership of work.
- Trimester discussions have been focused on increasing summer enrollment.
- EPSA is considering the need to include National Guard Training Days among the excused absences as listed in the Faculty Handbook.

IX. Finance & Facilities Committee—Ben Stuart

The Committee heard a presentation on the six-year capital plan. John Day will be giving the long version of the RCM presentation for RCM college liaisons; contact Stuart if you wish to attend.

X. Promotion & Tenure Committee—Joe Slade

- On 11/4, the Committee voted to uphold an appeal for promotion. The intention is to send it back to the unit for reconsideration and to avoid, if possible, a special Senate committee.
- A Senate hearing on the P&T case of Tim McKeny from Education was just concluded. The hearing committee upheld his appeal on the grounds that the college had no P&T standards and thus no grounds for denial.
- Another promotion appeal will be considered soon.

XI. New Business

There was none.

XII. Adjournment

Joe Slade moved to adjourn, seconded by **Ruth Palmer**. The meeting adjourned at 9:04 p.m.

Budget 101: RCM Budget Orientation

Faculty Senate
11/4/13

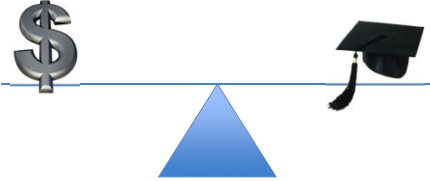
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Guiding Principles

The following set of principles will guide the implementation and application of Responsibility Center Management (RCM) at Ohio University. These principles, which also will inform the five-year review of the model and affirm that RCM's application in planning and decision-making should:

- Ensure the sustained strength of Ohio University by aligning resources with university priorities to support academic excellence.
- Support strong academic governance that promotes collaboration across units and builds on the strengths of the university.
- Present a holistic view of the university budget that provides a clear connection between performance and incentives.
- Empower unit-level decision making authority to promote academic excellence and institutional efficiency that is balanced by responsibility and accountability.
- Create a simple and transparent budget process driven by the goals of financial predictability, and stability.

The Balance



RCM simply reveals the underlying economics associated with academic activity
Resource allocation decisions must be a balance between financial considerations and academic priorities

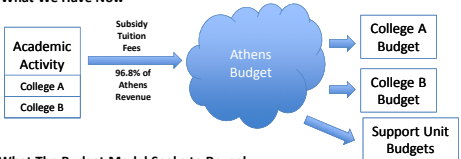
Academic Quality Indicators

Indicators that can be used to ensure that academic units do not focus solely on financial aspects of the model but also maintain academic quality consistent with the mission of the unit. Changes in these indicators would be monitored and discussed to ensure that they are consistent with the academic strategy of the unit.

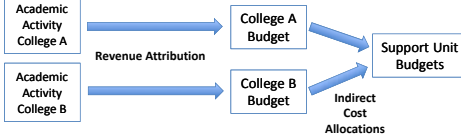
- Maintenance of Appropriate Mix of Full-Time Faculty
- Maintenance of Tenure-Track Faculty Workload
- Maintenance of Research and Creative Activity Production
- Minimal Course Duplication and Credit Hoarding
- Controlling Section Size
- Controlling Time to Graduation
- Controlling Grade Inflation
- Maintaining Incoming Student Profile
- Maintaining Program Accreditation
- Maintaining Support for Honors Programs
- Maintaining Support for Interdisciplinary Programs

The Big Picture

What We Have Now



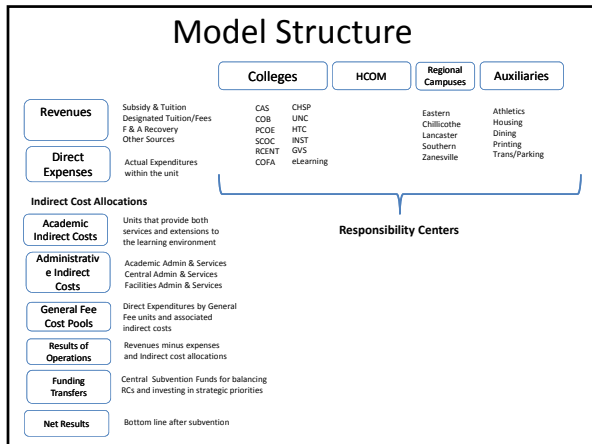
What The Budget Model Seeks to Reveal



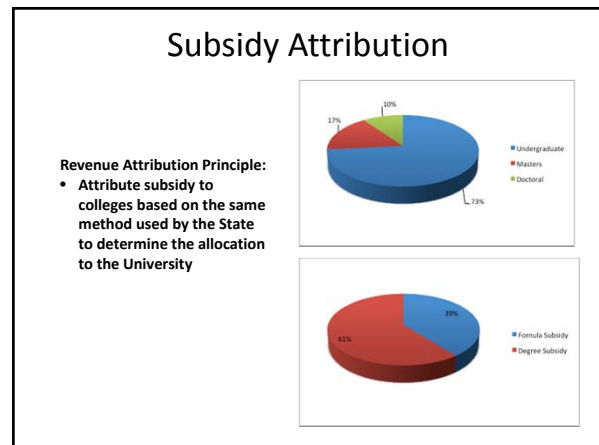
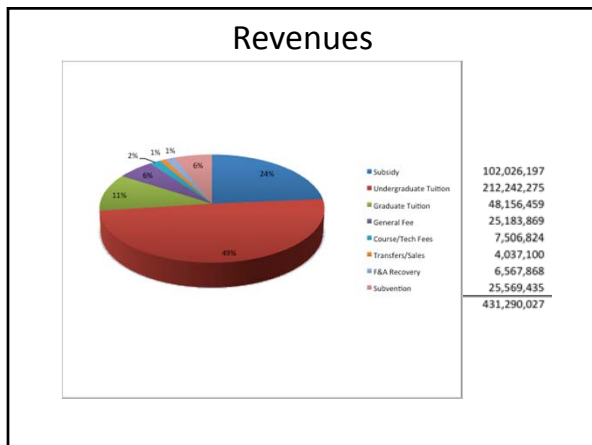
Resource allocation decisions and responsibility shifts to the local college level

Current Status of the RCM Model

- The model is an approximation of the underlying economics of our academic activity
- The primary goal is to provide incentives for growth and fairly align resources with academic activity using a model that is as simple and transparent as possible
- This model is the result of two years of collaboration with the Deans with input from Huron Consulting in building the FY14 Budget
- This first version of the model was created for the current FY14 budget and was designed to be a neutral conversion to essentially create a baseline RCM model



OHIO UNIVERSITY	FY2014	FY2014	FY2014	FY2014	FY2014
	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
OPERATING	ACADEMIC AFFAIRS (ATHLETIC)	COLLEGE OF MEDICINE	REGIONAL CAMPUSSES	SUBVENTION INVESTMENT FUND	AUXILIARIES
1	REVENUES				
2	State Share of Instruction (SIS) Subsidy	11,025,377	11,025,377	23,929,387	1,842,279
3	Tuition & Educational Fees (net of financial aid)	211,292,823	19,205,987	34,432,723	2,211,124
4	Other Educational Activities				
5	Room & Board				
6	Grants and Contracts			1,128,718	
7	Facilities & Admin Costs Recovery	6,547,884	375,000	7,500	
8	Gifts				
9	Endowment Distributions				4,500,000
10	Investment Income				
11	Transfers, Sales and Other Revenue	4,027,100	1,821,489	1,100,000	15,133,277
12	Total Revenues Before Internal Allocations	232,720,077	13,227,713	26,561,940	20,686,680
13	Total Internal Revenue Allocations	(28,281,132)	(3,247,444)	(2,284,076)	48,433,713
14	Total Revenues	204,438,945	10,000,277	24,277,864	69,120,393
15	EXPENSES & INDIRECT COST ALLOCATIONS				
16	Salaries, Wages, & Fringe Benefits	141,926,222	23,591,111	44,475,837	
17	IP&S	40,948,433	4,979,112	10,827,752	
18	Total Direct Expenses	182,874,655	28,570,223	55,303,589	
19	Total Internal Allocations & Sales	9,140,013	303,393	177,000	
20	Academic Indirect Costs Allocations	15,549,723	683,276		
21	Academic Admin & Services Indirect Costs	1,545,260	625,200	3,024,832	
22	Central Admin & Services Indirect Costs	40,133,104	2,211,108	9,211,823	
23	Facilities Admin & Services Indirect Costs	19,340,241	2,418,792		
24	Administrative Indirect Costs Allocations	74,849,297	3,495,219	12,488,657	
25	General Fee Indirect Costs Allocations	30,547,812	739,438		
26	Total Indirect Costs Allocations	111,394,844	6,497,763	12,488,657	
27	Total Internal Allocs & Indirect Expenses	125,747,828	7,213,938	12,488,657	
28	Total Expense, Allocations & Indirect Costs	208,246,783	35,251,184	67,792,246	
29	Results of Operations	(22,807,838)	(6,250,907)	(13,470,286)	58,497,148
30	Provisions for Replacement & Depreciation	811,000			
31	Other Revenue	1,379,222	16,294	28,000	
32	Transfers to (from) Operations	(25,149,433)	(6,221,922)	(13,418,380)	45,429,743
33	Total Funding Transfers	(22,807,838)	(6,221,922)	(13,418,380)	45,429,743
34	Total Expense & Funding Transfers	205,538,945	29,449,262	54,894,266	64,777,891
35	Net Results	104,493	(181,231)	(17,516)	12,342,502



Undergraduate Tuition and Fee Attribution

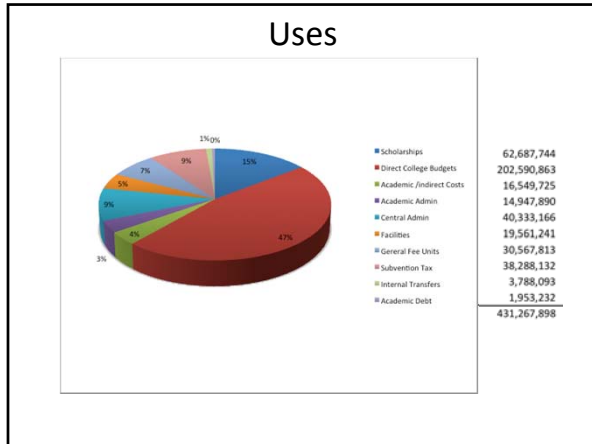
Revenue Attribution Principles:

- Credit hours and majors are averaged over three years to smooth out swings in enrollments
- Undergraduate credit hours are weighted by statewide costs – essentially creates differential tuition
- 85% allocated by weighted credit hours to reflect the fact that the majority of cost is in the staffing and offering of courses
- 15% allocated on FTE major headcounts to reflect cost of attracting, advising and retaining students.
- Non-Resident fee is allocated based on credit hours taken by non-resident students and majors that non-resident students take – essentially gives credit to courses and majors that attract non-residents
- General Fee charges are triggered by the offering of credit hours by colleges so General Fee revenue is attributed to the colleges but the same amount is charged to the colleges to pay for the General Fee units – basically creating a “pass-through”

Graduate Tuition Attribution

Revenue Attribution Principles:

- Treat all graduate activity the same and provide all revenues and associated waivers to the college in the year earned.
- Revenues are not averaged or weighted since most of the revenue from Athens programs is waived and that would require averaging and weighting waivers
- Graduate revenues are not split between credit hours and major since graduate students typically take all of their credits in the department in which they major



Scholarships

Indirect Cost Allocation Principle:

- Undergraduate financial aid is distributed to the colleges in proportion to their guaranteed undergraduate revenue - essentially taking it "off-the-top" so that the model is blind to where students with need actually enroll - avoids the perverse incentive for colleges to not accept students with financial need.
- Employee waivers are charged to colleges in proportion to the number of employees they have as opposed to actual use of waivers by employees to avoid the perverse incentive of encouraging employees not to use them or not hiring employees with dependents

Indirect Cost Allocations

OHIO UNIVERSITY	FY2014	FY2014
OPERATING	BUDGET	BUDGET
70	Library	442,303
71	Library	13,313
72	Library	69,052
73	Library	8,024
74	Library	73,133
75	Library	37,212
76	Library	449,278
77	Library	113,283
78	Library	511,628
79	Library	511,628
80	Library	511,628
81	Library	511,628
82	Library	511,628
83	Library	511,628
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113	Library	511,628

Indirect Cost Allocation Principle:

- Central costs are spread across the responsibility centers using an allocator that is simple, avoids perverse incentives and is roughly aligned with the impact of each RC on that cost pool
- Facility costs allocated by NASF to create an incentive for RCs to manage their appetite for space.

Subvention/Strategic Initiative Pool

OHIO UNIVERSITY	FY2014	FY2014
OPERATING	BUDGET	BUDGET
1	REVENUES	
14	12.5% Subvention/Strategic Initiative Pool Allocation	(11,601,134)
15	Total Internal Revenue Allocations	(11,601,134)
16	Total Revenue	35,798,065

Revenues within a responsibility center are subject to a subvention "tax" of 12.5% which is used to create a Strategic Investment Pool.

The central Strategic Investment Pool is then reallocated back to responsibility centers at the bottom of the model (see next slide) to accomplish two goals:

- Since previous budgets have been balanced by basically allocating out all the revenues to cover the expenses in all the responsibility centers and support units, at the macro level all of the subvention tax collected must be allocated back out in this first year to maintain that balance.
- Since the revenues allocated in the model will not match the direct and indirect expenses assigned to a responsibility center (some RCs will have revenues left over and other will have costs that exceed the revenues assigned to them) the allocation from the strategic investment pool will need to be differential to rebalance across responsibility centers to maintain neutrality and offset this historical imbalance created by the old incremental budgeting approach

Subvention/Strategic Initiative Pool

OHIO UNIVERSITY	FY2014	FY2014
OPERATING	BUDGET	BUDGET
1	REVENUES	
117	Results of Operations	(1,051,407)
121	Provisions for Replacement & Depreciation	300,000
124	Debt Service	40,688
125	Non-Mandatory Transfers to (from) Operations Funds	677,050
126	Non-Mandatory Transfers to (from) Foundation Funds	30,000
127	Transfers to (from) Strategic Investment Pool	(5,725,912)
128	Transfers to (from) Operations	(5,000,000)
129	Total Funding Transfers	(5,388,864)
130	Total Expenses & Funding Transfers	34,662,265
131	Net Results	(1,051,407)

The Results of Operation (line 117) is negative because the subvention tax is removing revenue that has always been allocated in the budget

Therefore each college will receive an allocation from the Strategic Investment Pool (line 127) to bring their budget into rough balance

The Net Results lines will not be zero if a college has not entirely balanced all their non-guaranteed revenues and expenses. This will get sorted out as their expenses adapt to the actual revenue they realize during the year

The allocation from the Strategic Investment Pool (line 127) is designed to rebalance across the RCs by returning part of the subvention tax collected. This amount becomes a baseline from which future subvention decisions can be made to increase or decrease subvention over time:

- As new revenues flow into the system the 12.5% on the new marginal revenue can be maintained centrally
- If revenues for a college increase, subvention may decrease or revenues may be retained for investment
- Some level of subvention will be permanent or even grow over time in response to inflation
- There may be strategic plans to rebalance the amount of subvention over time

Transition Timeline

- FY2013 (last year)
 - Model Development
- FY2014 (this year)
 - Parallel Budget Process - Neutral Conversion
 - Hold Harmless and Hold Benefit
 - No Rebalancing
- FY2015
 - Limited Hold Harmless
 - Set Rebalancing Levels
- FY2016
 - Full Implementation
 - Hold Harmless Phasing Out
 - Case-by-Case Rebalancing (potentially over multiple years)
- FY2017
 - Five-Year Review

Governance

- RCM Budget Implementation Committee (New)
 - Direct refinement and implementation of RCM Model
 - Oversee the five-year review process which will involve feedback from Colleges and constituent groups
 - Regular Consultation with Colleges
- Academic Support Improvement Committee (New)
 - Reviews support units to make recommendations to BPC on appropriate funding levels, service levels, customer satisfaction and performance
- Facilities Planning and Advisory Council (Existing)
 - Works with and advises Facilities and University leadership about prioritization of capital and deferred maintenance projects
- Space Management Committee (Existing)
 - Monitors use of space, tracking of space allocations to units and facilitates re-purposing of space and planning for new space needs
- University Curriculum Council (Existing)
 - Monitoring of Academic Quality Indicators related to the curriculum and report to EVPP
 - Course duplication
 - Curriculum hoarding
- Service Alignment Projects Oversight Committee
 - Review and monitor projects associated with the Service Alignment initiative
 - Communicate with campus constituents regarding projects
 - Report to EVPP and VP F&A
- Budget Planning Council
 - Participate in the five-year review process
 - Normal review and recommendations for marco revenue and cost assumptions and strategic investment initiatives