

CBS FISCAL PLAN (Draft by RWH 9May08)

Existing Budget Planning Process

College level budgeting:

Nancy Tomei, the CBS fiscal officer maintains a budget planning model that projects college cash and annual rate balances several years into the future. The main drivers of the model are marginal revenues from the budget model, costs of new hires, and salaries recovered through retirements and departures of faculty and staff. The model is updated at least twice a year and in preparation for major resource commitments (Appendix #).

The advent of budget restructuring has hindered our ability make accurate budget projections. It is difficult to predict changes in rates for credit hours taught, POM rates, benefit rates and assessments. Therefore, we are fairly conservative in committing to new faculty positions and programmatic growth.

Top priority is given to commitments that leverage existing resources to gain matching funds. Recent examples include the three funded Targeted Investments in Excellence programs, joint hires with other colleges, equipment cost sharing, and renovations funded by the university through the capital improvements processes.

Department level budgeting:

Department budgets change primarily through salary and benefit increases for personnel on general funds and changes in the numbers of faculty, staff and graduate students (salaries, benefits and fee authorizations). The only direct connection to the budget process is the return of one third of the marginal change in F&A (change in F&A less taxes and research assessment) to the departments.

Departments accumulate cash primarily from development funds (including endowments), release time, faculty setup and retention commitments.

Current Budget Situation

Our aspirations are great but our resources are not. Incremental changes in tuition and subsidy rates have not kept up with the cost of faculty hiring and increases in enrollments have not been sufficient to fund the increased costs of doing business.

We have been hit especially hard by escalating costs of faculty laboratory set up packages, POM and the costs of renovating laboratory space in the Biological Sciences Building. In 2006, we began to fund set up packages incrementally rather than as a lump sum. This freed up approximately \$1M in cash to allow us to pursue additional hires. Projected costs for faculty setup packages are daunting (Appendices F1 and F2). Without new resources, it will be impossible to hire enough regular faculty to meet our goals. We simply need to find additional sources of revenue while managing existing resources better.

Finding the Resources to Implement the Strategic Plan

Although there may be opportunities to increase our budget through rebasing and special initiatives, prudence dictates that we plan to increase revenues on our own. These actions can increase funds available to implementing the strategic plan:

Action 1: Increase sponsored research and use marginal increases in F&A to fund infrastructure and faculty set-up costs.

Sponsored research is critical to the maintenance of modern research laboratories, graduate programs and undergraduate research opportunities in the college. However, sponsored research does not pay for itself; indirect cost recoveries do not reimburse the college or its departments for all of the expenses associated with sponsored research. We already encourage departments to maximize indirect cost recovery by returning a portion of the net marginal indirect costs recovered. We must make use of the talents of our faculty by facilitating their success at garnering extramural support that provides full indirect costs.

We will work with the Office of Research and relevant colleges to renegotiate the F&A rate on ODNR grants. Our target rate is 25%. The college receives over \$1M per year in funding from ODNR. The 5.8% F&A rate was negotiated in the early 90's. Although some of the grants pay direct costs that might otherwise be funded by F&A, increases in the cost of research support, especially POM costs, compel us to recover more overhead from the sponsor.

Action 2: Increase credit hours taught

Under the current budget model, the most reliable method of increasing marginal revenues is through increased teaching. The departments and programs must create opportunities for students to take courses. The College will fund new courses or additional sections of popular courses that are likely to attract students. Until resources exist to hire regular faculty to teach courses, we will use lecturers, A&P staff and Clinical Faculty to staff courses. Undergraduate program fees can fund instructional expenses for courses taken primarily by CBS majors. Opportunities for increased enrollments include:

1. Offer high-quality GEC courses and many sections of popular GEC courses at convenient times and locations. Life Sciences GEC courses offer modest opportunities for growth in credit hours and fiscal incentives to maintain enrollments. A key element to our success is effective scheduling of GEC courses in Jennings room 001.
2. Develop compelling courses for non-science students. There is a pool of students outside of the sciences who will be attracted to courses in the biological sciences. Such courses would attract students because the material is topical and interesting to a broad audience. Good models include the case-history approach used in some sections of Biology 102, Introduction to Forensic Science (ASC 211), Chocolate Sciences (FS&T 101) and Wine and Beer in Western Culture (FS&T) 170.
3. Develop courses or expand existing offerings for Biology majors. Biology is the largest major on campus and represents significant opportunities for additional courses in our departments. We believe that more sections of existing courses will significantly increase enrollments. CBS will continue to fund departmental expenses for additional sections of

popular courses.

4. Develop courses or expand existing course offerings for departmental majors. There has been no significant increase in enrollments in departmental courses over the last few years. Such offerings could do double-duty as they are available to biology majors as well.
5. Encourage departments to simplify course logistics (e.g., separating labs and lectures within existing courses).

Action 3: Increase undergraduate program fees beginning in FY10. Institute laboratory fees for students outside of CBS enrolling in laboratory courses.

In 2005, the college instituted undergraduate program fees for juniors and seniors to cope with increasing enrollments in a period of static budgets. An estimate of current undergraduate program fee income based on AU07 headcounts is \$284k/year. Based on this estimate, extending the fees to freshmen and sophomores will raise about \$276k. Doubling fees to \$120/quarter for all ranks will raise another \$560k.

Institute a \$50 fee for laboratory courses. Because our majors already pay program fees, the laboratory fee would apply only to majors outside of the College of Biological Sciences. Based on calendar year 2007 enrollments in laboratory courses, this fee would generate about \$425k per year.

Action 4: Make full use of college and department resources.

1. Develop partnerships with OSU academic and administrative units to garner resources to achieve college goals. Examples include: initiatives such as TIE, joint faculty hires with other colleges and pursuit of matching funds for renovations and equipment purchases.
2. Continue to evaluate department release time policies, earnings operations, endowment balances, etc. to assure that cash reserves are used to accomplish department and college goals.
3. Expand the scope of annual budget hearings for each department and program. Chairs and directors will be asked to justify each portion of their budgets. Budgets will be realigned in accordance with the strategic plan and college budgetary priorities.
4. Move support services from general funds to earnings operations.

Action 5: Manage size and funding of graduate programs (including IGPs) to maximize program quality.

1. Require OSURF fee authorizations to be funded on grants or by departments. Currently, the college funds fee authorizations for GRAs appointed to sponsored projects that pay full F&A. In FY07 the college funded \$773k in fee authorizations. The amount of resources freed up will depend on the following: decisions about reductions in credit hours required for full time status, changing revenues associated with reductions in credit hours, and phasing of the shift of fee authorizations to OSURF.
2. Adjust the number of GTAs and GRAs in departments and programs according to instructional demand, department quality and student quality. Integrate IGP support costs into budget conversations with departments.

Action 6: Focus on development

Top priorities for the upcoming capital campaign are endowed chairs and professorships, graduate fellowships and capital projects, especially a replacement for the Biological Sciences Building.

Appendix F1: The Budget Projection Model

[Insert commit model here]

Appendix F2: Projects Costs of New Faculty Hires

[Insert faculty hiring cost projections here]

Appendix F3: Example of possibilities for new revenue, distributed to the strategic planning committee and the college executive committee (May 2008 version).

HOW TO INCREASE YOUR BUDGET AT OSU (by Rich Hall, May 2008)

- **Teach more (each option generates ~\$1M at FY08 rates)**
 - 6,800 credit hours (1360 students) in GS-2 courses (e.g., Biology 101)
 - 5,100 credit hours (1020 students) in Bac-3 courses (e.g. Mol Gen 500)
 - 3,300 credit hours to Mas-3 students (graduate students with <50 hours)
 - 2,400 credit hours to Doc-2 students (graduate students with more than 50 and less than 260 hours taken including 999)
- **Increase undergraduate program fees¹ (~ \$850k)**
- **Initiate course fees² (~\$50k – \$425k)**
- **Get an additional \$3M in grants that pay full F&A (50%) - \$1M**
- **Move fee authorizations for 78 GRAs from college and departmental sources to grants (according to FY08 rules @ \$12,876/student) - \$1M**
- **Recover sponsored release time on grants**
- **Raise an endowment of \$25,000,000 (with a 4% payout) - \$1M**

¹ An estimate of current undergraduate fee income based on AU07 headcounts is \$284k/year. If we extend undergraduate program fees to freshmen and sophomores, we can raise another \$276k. If we double program fees to \$120/quarter for all ranks, we raise another \$560k.

² A laboratory fee of \$50/laboratory course charged to non-CBS students would generate about \$425k. This might be counterproductive as our Biology courses might be price-sensitive. If we limit the fee to courses at the 200 level and above, the total is \$65k. If we limit the fee to courses at the 400 level and above, the total is about \$56k.