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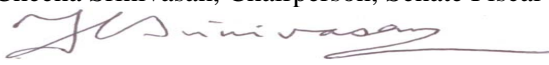
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Subject: Year-end Report from Senate Fiscal Committee

Date: June 30, 2008

From: Cheena Srinivasan, Chairperson, Senate Fiscal Committee  


To: President Gordon Gee  
Provost Joseph Alutto

The purpose of this year-end report is to communicate the sense of the Senate Fiscal Committee (SFC) on some of the items discussed at length by the committee during the preceding year. SFC and its incoming chairperson for the coming year, Ralph Boerner, look forward to a continuing dialog on these issues.

1. Funding quality doctoral education – The SFC received reports from Patrick Osmer, Vice Provost and Dean of the Graduate School, on the implementation of the doctoral program review process and the recommendations of the task force on graduate tuition and charges to external grants. The SFC also received information on the fiscal impact of the proposed reduction in post-candidacy registration requirements for doctoral requirements, as well as plans for use of the expected inflationary increase in doctoral subsidy to address these fiscal impacts in addition to funding specific initiatives to advance doctoral program quality. The SFC analyzed the impacts of these planned actions on the center as well as the colleges, and provided advisory comments to the Provost. While recognizing that these actions constituted notable progress in funding quality doctoral education, SFC members recognize that significant additional long-term resources would be needed to sustain the initiative, and look forward to working with you to further this goal.

2. Budget review process – The SFC, and its Central Distribution Subcommittee (CDS), developed and submitted a report on rebasing tools for use by the Provost in considering revisions to college base budgets, the report being the fourth in a series of reports developed since January 2006 on different aspects of budget restructuring. The SFC also interacted frequently with the Budget System Advisory Committee (BSAC) during the current fiscal year. The BSAC report underscored the importance of SFC's continuing role in recommending timely adjustments to the budget model, based on assessments of college base budget and marginal income trends and changing internal and external circumstances, to exploit the flexibility inherent in the model. SFC members look forward to participation in this continuing review process, to ensure better alignment of resource allocation with impact on institutional quality. As has been the committee's experience, it will respond with diligence to requests for advice or recommendations from the Provost on matters related to the BSAC report.

3. Review of Office of Research – The SFC, and its Central Services Subcommittee (CSS), conducted an organizational review of the Office of Research (OR). SFC endorses the principal recommendations of the distinguished external review panel, including elevation of research to the status of the key institutional priority and resource allocation consistent with this priority. In particular, given the critical role of interdisciplinary research, SFC recommends that the Provost appoint an *ad hoc* committee to identify strategies for fostering strong growth of interdisciplinary research, including the issue of resource allocation. Further, the transition in the leadership of OR makes this time an opportune one for a comprehensive reconsideration of the structure and focus of research administration at Ohio State.

More details on the activities of SFC are listed in the attachments.

## Senate Fiscal Committee - Major Activity Report – Academic Year 2007 – 08

The following is a brief report of the topics and issues considered, and actions taken, by the Senate Fiscal Committee (SFC) during the 2007 – 08 academic year.

Funding quality doctoral education – The SFC received reports from Patrick Osmer, Vice Provost and Dean of the Graduate School, on the implementation of the doctoral program review process and the recommendations of the task force on graduate tuition and charges to external grants, on November 6, 2007, and February 5, 2008 respectively. The SFC also received updated information on the fiscal impact of the proposed reduction in post-candidacy registration requirements for doctoral requirements, as well as plans for use of the expected inflationary increase in doctoral subsidy to address these fiscal impacts in addition to funding specific initiatives to advance doctoral program quality. The SFC analyzed the impacts of these planned actions on the center as well as the colleges, and provided advisory comments to the Provost.

Overviews of specific issues and units – The SFC initiated interactions with representatives from a number of units in order to obtain a better understanding of specific issues. The visiting representatives are provided with a list of questions a few days in advance of their meeting with SFC, to facilitate focused and productive interactions:

- Student Financial Aid – Martha Garland, Vice Provost, Enrollment Services, and Dean for Undergraduate Education, met with SFC on December 4, 2007, and reported on issues related to student financial aid and undergraduate student quality.
- Campus Partners – Terry Foegler, President, Campus Partners, and Doug Aschenbach, met with SFC on December 4, 2007, and reported on issues related to its real estate investments and community initiatives, the extent of OSU support of these activities, and the organization’s future plans. SFC looks forward to a continuation of this dialog in the 2008 – 09 academic year, including a review of the organization’s updated business plan.
- Athletics Department – Gene Smith, Director of Athletics, Ben Jay, Associate Athletics Director for Finance and Operations, and Peter Hagan, Associate Athletics Director for Finance, met with SFC on February 19, 2008, and reported on issues related to the mission of the athletics department, its budget and budget trends, and the relationship of the department to the rest of the university.
- Student Housing – Bill Schwartz, Associate Vice President, Student Affairs, met with SFC on May 20, 2008, and reported on strategic planning related to student housing, including phasing, institutional objectives, and issue being addressed.

Jeff Kaplan, Senior Vice President and Special Assistant to the President, met with SFC members on June 3, 2008, at their request. Committee members and Jeff shared their perspectives and thoughts on units that report to Jeff in his new capacity, including Campus Partners, Student Life, and the Office of Outreach and Engagement. SFC and Jeff Kaplan look forward to more formal interactions in the coming year, in pursuance of SFC’s continuing review of the allocation of the university’s fiscal resources and underlying policies.

Updates from Office of Business and Finance – Bill Shkurti, Senior Vice President, Business and Finance, briefed SFC on the following topics, followed by discussion:

- Funding deferred maintenance and renewal, Jan. 22, 2008
- Debt management, Jan. 22, 2008
- Chief Investment Officer search and long term investment pool performance, Jan. 22, 2008
- The streamlining/simplification task force formed as a follow-up to the Price Waterhouse Cooper review, Feb. 19, 2008

- FY 2009 – 2014 Capital plan, 2009 – 2010 Basic renovation requests, and 2011 – 2012 Biennium capital plan process – October 23, 2007 and April 8, 2008
- Preliminary budget recommendations for FY 09 – June 10 and June 24, 2008
- Financial implications of one University, including discussion of financial performance goals to assist in strategic planning and policies governing investment of operating funds, Oct. 9, 2007 and May 6, 2008
- Proposal for funding of the President’s strategic investment fund to support strategic initiatives – June 10, 2008

University System of Ohio – Herb Asher, Counselor to President Gee, reported to SFC on the ten-year strategic plan for higher education in Ohio proposed by Chancellor Eric Fingerhut of the Ohio Board of Regents, April 22, 2008.

Fiscal impact of restructured undergraduate curriculum (McHale Report) – University-level impact of implementing the reduction in credit hours required for graduation, as predicted by a revised model, was presented to SFC by Lee Walker, Director, Resource Planning, May 6, 2008.

Central Distribution Subcommittee (CDS) actions – SFC discussed, and subsequently endorsed unanimously, CDS reports on the following: dual major fees, budget reconciliation, composite benefit rates, rebasing tools, overhead rates, and POM rates. See report from CDS on its activities in 2007 – 08 for more details. The report on rebasing tools was intended for use by the Provost in considering revisions to college base budgets, and was the fourth in a sequence of reports developed by CDS and SFC since January 2006 on different aspects of budget restructuring.

Central Services Subcommittee (CSS) actions – SFC discussed and, subsequently endorsed unanimously, recommendations from CSS on Budget Hearings for the Central Support Units of the University. SFC also discussed, and endorsed unanimously, the report from CSS on its organizational review of the Office of Research, and received the External Review Panel report on the Office of Research. See report from CSS on its activities in 2007 – 08 for more details.

Interactions with the Budget System Advisory Committee (BSAC) – The BSAC included four members of the SFC, including its two co-conveners, and SFC was updated often by the BSAC on its deliberations and progress. The BSAC report underscored the importance of SFC’s continuing role in recommending adjustments to the budget model, including assessments of college base budget and marginal income trends, in a timely manner to exploit the flexibility inherent in the model and enable the institution to best respond to changing internal and external circumstances.

## Central Distributions Subcommittee – Major Activities – Academic Year 2007-2008

The following is a compilation of the topics and issues of substance acted upon by the Central Distributions Subcommittee during the 2007-2008 academic year.

Dual Major Fees: The subcommittee evaluated alternatives for payment of program fees, technology fees, and laboratory fees by students with two or more majors. The subcommittee's recommendation was reviewed and approved by the Senate Fiscal Committee on October 9, 2007.

Budget Reconciliation: The subcommittee reviewed the final tuition and fee reconciliations for FY07, and approved the recommended funds distributions at its meeting on October 16, 2008. The full Senate Fiscal Committee approved the subcommittee's recommendations on October 23, 2008.

Composite Benefit Rates: The proposed composite benefits rates for FY09 were discussed and recommended by the subcommittee on January 29, 2008 and approved by the Senate Fiscal Committee on February 5, 2008.

Rebasing Tools: The subcommittee assembled for each of the colleges a compilation covering FY03 to FY07 of sources and uses profiles and marginal income components for use by the provost in considering revisions to base budgets. A series of aspects that the subcommittee felt warranted additional attention by the provost were identified, and the full Senate Fiscal Committee approved and forwarded the materials to the Office of Academic Affairs on February 4, 2008.

Overhead Rates: The subcommittee reviewed overhead rates for hospitals, regional campuses, instructional clinics, and other earnings units. The subcommittee's recommendations were reviewed and approved by the Senate Fiscal Committee on February 19, 2008.

Plant Operation and Maintenance (POM): The subcommittee reviewed the recommended assessment rates for FY08 for utilities, maintenance, custodial services, and renewal. Several recommendations for surcharges were also reviewed. The subcommittee's recommendations were reviewed and approved by the Senate Fiscal Committee on March 4, 2008.

Allocation of Marginal Income from Masters' Programs: The subcommittee began analyzing the trends in income from SSI and tuition and fees from Masters' programs, but was unable to complete this work before the end of the academic year. A detailed analysis of total and marginal income from both Masters' and doctoral programs will be undertaken during the summer and submitted for consideration by the subcommittee during Autumn Quarter 2008.

## Central Services Subcommittee – Major Activity Report – Academic Year 2007-2008

The Central Services Subcommittee (CSS) undertook its first organizational review of a Support Unit since the modifications to the review procedures were adopted by SFC last year. We reviewed the Office of Research. In consultation with the Provost, we recommended a six member team of external reviewers. Along with Institutional Research and Planning, and representatives from the Senate's University Research Committee, the Autumn and Winter quarters were spent interviewing staff and leadership in the Office of Research and the University, as well as meeting with various faculty groups and conducting surveys. The External Review Panel visited March 30-April 2, 2008, and issued its report in early May. CSS heartily endorsed the findings of the External Panel. CSS completed its review of the Office of Research in June.

The Central Services Subcommittee conducted its annual budget hearings of the Central Support Units from March through June. We invited the Office of Academic Affairs, the Office of Research, the Office of Business and Finance, and the Office of University Relations to meet with the committee. In consultation with the Vice-President for Business and Finance, CSS recommended allocations of approximately 1.5 million dollars in annual rate and 11 million dollars of cash.