Budget Restructuring
Base Budget Scenario

Overview

This document describes the allocation of the University’s general funds budget based on the principles outlined in Budget Restructuring VIII and in University Goals and Resource Allocation. The scenario produced based on these principles is known as the Base Budget Scenario and represents a historical presentation from FY 1996 to FY 1999. This document can be used in conjunction with the review of the detailed spreadsheets of the Base Budget Scenario to aid in the understanding of the scenario. These spreadsheets are available on the Resource Planning and Institutional Analysis website at www.rpia.ohio-state.edu.

The goal of the Base Budget Scenario is to display the resources and commitments of each college using a consistently applied methodology to all colleges. The specifics of this methodology are described below. In this scenario, some colleges have resources greater than commitments and other colleges have commitments greater than resources. However, since the general funds budget is a balanced budget, the total resources for all colleges equal total commitments. This scenario displays the cross-subsidization between colleges. Those colleges with commitments greater than resources can be viewed as receiving an “implied subsidization”. Those colleges with resources greater than commitments can be viewed as paying an “implied tax”.

The Base Budget Scenario is different from previous budget restructuring versions, known as “Sources and Uses”, last distributed in 1997. The Base Budget Scenario is based on the University’s annual rate budget, not actual revenue and expense; and it includes only general funds budgets, not earnings or restricted funds.

The Base Budget Scenario does not necessarily reflect the guidelines that will be established for sharing revenue on the margin in the future. It does not reflect a conclusion by the University or any of its parts on the appropriate level of funding for a college’s base budget in the future.

Overview of Methodology

Summary
Instructional fees are distributed to the academic units based on the fee credit hours by each college of instruction by each fee-paying category. The fee-paying categories include undergraduate, graduate, Law, MBA, Pharmacy, Medicine, Dentistry, and Veterinary Medicine. Fees are distributed on a rolling average of total fee credit hours for the preceding two years.

Non-resident fees (excluding graduate non-resident fees) are combined with instructional fees and also distributed to academic units based on credit hours by each college of instruction by each fee-paying category without regard to residency. In this method, non-residency does not impact the resources by college.

Graduate non-resident fees are distributed to academic units based on non-resident credit hours by college of instruction. Fees are distributed on a rolling average of non-resident fee credit hours for the preceding two years. In this method, non-residency does impact the resources by college.

State instructional subsidy is distributed to academic units based on subsidy eligible credit hours by college of instruction by subsidy category. Subsidy is distributed on a rolling average of the preceding five years of subsidy eligible credit hours. The subsidy categories are General Studies 1-3, Baccalaureate 1-3, Masters 1-3, Doctoral 1-2, and Medical 1-2.

Indirect cost recovery is distributed 100% back to the academic units. Some portion of indirect cost recovery is held centrally for those academic centers that do not reside in a college (example: Byrd Polar Research Center).

Commitments to colleges include direct commitments, centrally budgeted commitments allocated to colleges, and the uniform assessment.

Direct Commitments

Present budget allocation is the PBA for each academic unit as of June 30 of each fiscal year.

Fee Waivers include GRA, GTA and GAA fee authorizations including instructional and non-resident waivers.

Centrally Budgeted Commitments Allocated to Colleges
Research administration allocations represent the academic unit’s share of sponsored research administration costs based on that unit’s share of research expenditures. Like indirect cost recovery, allocations to research centers not located in colleges are held centrally.

Student Services allocations represent the academic unit’s share of the centrally budgeted student services commitments. These commitments are categorized into cost pools for undergraduate, graduate, total, UVC and Arts and Sciences then allocated based on the credit hours for those categories. Further details on the allocation of student services commitments are available in a document called “Recommendations for the Allocation of the Centrally Budgeted Student Services Commitments” available on the RPIA website.

The Uniform assessment (flat tax) is calculated as a percentage of a college’s total resources (subsidy, fees and indirect cost recovery). The uniform assessment covers other central commitments not recovered through specific allocations.

Description of Spreadsheets

Within the Excel or Lotus file of the Base Budget Scenario, there are multiple sheets. Each tab is labeled and discussed below.

Summary Spreadsheets

Flowchart – Displays a flowchart of the Base Budget Scenario methodology with a reference to supporting spreadsheets.

Executive Summary – Displays by college resources less commitments for FY 1996 – FY 1999 using the methodology in the Base Budget Scenario. Total resources less commitments for all colleges combined net to zero since this represents a balanced budget model.

Resources and Commitments – Displays by college the resources and commitments by year. Resources are instructional subsidy, instructional fees, and indirect cost recovery. Commitments are direct commitments (PBA and fee authorizations), central commitments allocated to colleges (physical plant, sponsored research administration, and student affairs/financial aid), and the uniform assessment.

Summary of Budget Model – Displays the resources and commitments for colleges and central administration.
previous two years of credit hours. The net effective fee rate per credit hour is derived by dividing the budgeted instructional and non-resident fees for each fee-paying category by the total average credit hours of the previous two years.

*Fee Average Credit Hour* – Displays the average credit hours used for the distribution of fees in *Fee Distribution*.

*Graduate NR Distribution* – Displays the distribution of graduate non-resident fees by college of instruction based on the average of the previous two years of graduate non-resident credit hours only. The net effective fee rate is derived by dividing the budgeted non-resident fees by the total average non-resident credit hours of the previous two years.

*Grad Average NR Credit Hours* – Displays the average graduate non-resident credit hours used for the distribution of graduate non-resident fees in *Graduate NR Distribution*.

*Fee Credit Hours* – Displays the raw data for fee credit hours by fee paying category, by college of instruction, by fiscal year. This data is the source of the average fee credit hours used in the *Fee Distribution* sheet. It is important to note that prior to FY 1998, fee and subsidy-eligible credit hours may not precisely match fee credit hours in profiles. Subsidy and fee credit hours data prior to FY 1998 has not been reconciled to the Registrar’s data. There may be minor differences at the college level. These differences should not significantly affect the results. All data from FY 1998 forward is reconciled so this should not be a continuing issue. In addition, MBA is not a separate fee paying category so these credit hours were isolated by identifying MBA students by major and subtracting from all other graduate credit hours.

*Grad NR Credit Hours* – Displays the raw data for graduate non-resident credit hours by college of instruction by fiscal year.

*Subsidy Distribution* - Displays the distribution of subsidy by college of instruction based on the average of the previous five years (where available) of subsidy eligible credit hours. The net effective subsidy rate per credit hour is derived by dividing the budgeted subsidy for each subsidy category by the total average subsidy-eligible credit hours of the previous five years (where available). Subsidy-eligible credit hour data is only available from FY 1993. For those years where less than five years of history was available, the years available were used.

*Subsidy Average Credit Hours* – Displays the average subsidy-eligible credit hours used for the distribution of subsidy in *Subsidy Distribution*. 
Indirect Cost Recovery – Displays indirect cost recovery by college/VP by year. Because indirect cost recovery is not budgeted by college/VP, it is necessary to derive those budgets based on actual ICR. The budgeted indirect cost recovery by college/VP is based on each college/VP’s percentage share of actual indirect cost recovery. The budgeted indirect cost recovery is then shown in Resources and Commitments.

Fee Authorizations – Displays research fee authorizations (GRA) and fee authorizations that ABR from 219221 (GAA & GTA). Like indirect cost recovery, fee authorizations are not budgeted by college/VP. Therefore, the budgeted fee authorizations by college/VP are based on each college/VP’s percentage share of actual fee authorizations. Both the instructional and non-resident fee is included in the fee authorization. Therefore, the full cost is given to the colleges, including the non-resident fee waiver. The fee authorization totals are shown in Resources and Commitments.

Grad Fee Authorizations – Displays additional detail on graduate fee authorizations. Exchange of Service fee authorizations are directly allocated to Education, FAES and Social Work and included in Fee Waivers in Resources and Commitments.

Physical Plant Allocation – Displays the allocation of physical plant budgeted commitments by college, by cost pool, by year, based on assignable square feet for the specific cost pool. A college’s allocated physical plant commitments are calculated by multiplying the total for a cost pool by the college’s percentage share of total assignable square feet for that specific cost pool. The methodology used to allocate physical plant budgeted commitments does not necessarily represent the methodology which will be used in the future. A recommendation will be made by a workgroup early winter quarter regarding the allocation of physical plant costs.

Physical Plant Cost Pools – Displays the cost pools for physical plant budgeted commitments.

Research Administration Allocation – Displays the allocation of sponsored research administration commitments budgeted centrally to the colleges based on colleges’ percentage share of total actual sponsored research expenditures.

Student Services Allocation – Displays the allocation of student services budgeted commitments by college, by cost pool, by year based on the allocation mechanism.

Student Services Cr Hrs – Displays the credit hours and percent of total by college by year
College specific commitments are allocated on each college’s share of undergraduate credit hours. All other commitments are allocated on each college’s share of total credit hours.

Detail by Department

The Base Budget Scenario provides information at the college level. Fee and subsidy resources can be calculated at the department level if desired. For example, credit hour detail is available on the RPIA website at the department level from FY 1996. The sheets *Subsidy Average Credit Hours* and *Fee Average Credit Hours* both include a net effective rate per credit hour. The average credit hours by department can be calculated from the detail on the RPIA website and multiplied by the net effective rate to arrive at subsidy and fee distributions by department. If a college desires department level information, they should contact RPIA for further guidance on data sources and calculations.