<table>
<thead>
<tr>
<th>Category</th>
<th>2000 Calculation</th>
<th>Differences</th>
<th>Explanation/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Subsidy (State Support)</td>
<td>Base budget calculations were made on a three-year credit hour average for tuition revenues and a five-year credit hour average for state support.</td>
<td>Annual changes in both tuition and subsidy revenues are based on a two-year average.</td>
<td>- The two-year average is more consistent with the principle of explicitly linking revenue and revenue-generating activity. - Use of a two-year average for both is simpler and easier to understand. - While a three-year average was considered, three years rather than two did not appear to yield a substantial improvement in predictability or stability.</td>
</tr>
<tr>
<td>State Share of Instruction (SSI)</td>
<td>Subsidy distributed as earned in Board of Regents (BOR) models</td>
<td>General Studies, Baccalaureate, and Masters SSI pools determined by weighted FTE's.</td>
<td>Volatility within the state's subsidy models made allocations less stable and predictable thus conflicting with the principles of the budget allocation process.</td>
</tr>
<tr>
<td>Marginal POM SSI</td>
<td>Allocated on square foot basis</td>
<td>Algorithms based on inflationary increases in Physical Plant allocations for Custodial, Utilities, and Maintenance. The total allocation methodology for POM is deducted from the SSI amounts before the SSI pots are determined.</td>
<td>The methodology is intended to protect those colleges who have a large amount of existing space. The method for allocating POM SSI will be discussed by Senate Fiscal Subcommittee on Central Distributions during FY 06.</td>
</tr>
<tr>
<td>Med I SSI Allocation</td>
<td>Resource Analysis data</td>
<td>Med I allocations based on internal data.</td>
<td></td>
</tr>
<tr>
<td>Calculation of Indirect Cost Recovery</td>
<td>Indirect costs were allocated based on data reported in the General Ledger.</td>
<td>Indirect costs are allocated using OSURF data which distributes the credit for the IDC's to the participating departments according to the splits indicated by the participants on the PA005 form.</td>
<td></td>
</tr>
<tr>
<td>Technology portion of undergrad fee</td>
<td>NA</td>
<td>76% allocated to colleges in FY 04 and FY 05, contingent upon submission of proposals.</td>
<td></td>
</tr>
<tr>
<td>Increase in grad fees above 6.0%</td>
<td>NA</td>
<td>Untaxed in FY 05 allocations.</td>
<td>Graduate fees were increased by 12.9% in order to keep pace with increases in undergraduate fees.</td>
</tr>
<tr>
<td>Success Challenge</td>
<td>Held Centrally</td>
<td>76% of Marginal Increases allocated to colleges.</td>
<td></td>
</tr>
<tr>
<td>Marginal POM SSI: Beginning FY 07</td>
<td>100% of the inflationary increase in Custodial, Utilities, and Maintenance were funded through POM SSI. In FY 07 the percentage was 75%. In FY 08 it is 50%.</td>
<td>A percentage of the inflationary increase in POM SSI.</td>
<td>Inflationary costs in POM were increasing faster than the SSI, moving money away from the instructional subsidy. The change in methodology balances the need to protect colleges with large amounts of existing space with the need to increase instructional funding.</td>
</tr>
<tr>
<td>Doctoral Subsidy for STEM Programs</td>
<td>NA</td>
<td>A portion of doctoral funding will be set aside annually to match state funds.</td>
<td>The Ad Hoc Subcommittee on Doctoral Education recommended that the university set aside a portion of the Doctoral subsidy allocation equally, equating approximately 20% of the total doctoral allocation to fund initiatives to improve doctoral education. 70% of the state funds will be used to match state funds intended to improve doctoral STEM initiatives while 30% will be used to fund non-STEM initiatives. The allocation of these funds is based on quality indicators developed by the Graduate School.</td>
</tr>
<tr>
<td>Doctoral Subsidy for Non-STEM Programs</td>
<td>NA</td>
<td>A portion of doctoral funding will be set aside to improve graduate education in non-STEM fields.</td>
<td>The Ad Hoc Subcommittee on Doctoral Education recommended that the university set aside a portion of the Doctoral subsidy allocation equally, equating approximately 20% of the total doctoral allocation to fund initiatives to improve doctoral education. 70% of the state funds will be used to match state funds intended to improve doctoral STEM initiatives while 30% will be used to fund non-STEM initiatives. The allocation of these funds is based on quality indicators developed by the Graduate School.</td>
</tr>
<tr>
<td>Targeted Investments in Excellence</td>
<td>NA</td>
<td>Beginning in FY 07 OAA will invest $10 million annually in interdisciplinary research initiatives.</td>
<td>The increases in subsidy revenues have not kept pace with the increases in fee revenue, leading to distortions in allocations between colleges that are more subsidy dependent and those that are more fee dependent. The weights are intended to fix undergraduate allocation to their proportion of 2003 funding in order to protect them from the impacts of legislative decisions.</td>
</tr>
<tr>
<td>Undergraduate Fees and Revenues</td>
<td>Undergraduate fees and subsidy were allocated as earned.</td>
<td>65% of the total marginal increase in undergraduate fees and subsidy are allocated on an unweighted basis, while 40% are allocated on a weighted basis.</td>
<td></td>
</tr>
</tbody>
</table>
### Category 2000 Calculation Differences Explanation/Comment

<table>
<thead>
<tr>
<th>Category</th>
<th>Differences</th>
<th>Explanation/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Student Services Cost Allocation</strong></td>
<td>Cost pools 3 (Arts and Sciences) and 4 (USAS) were consolidated into the Executive Dean of ASC and eliminated from the Student Services Assessment.</td>
<td></td>
</tr>
<tr>
<td><strong>Graduate Fee Authorizations</strong></td>
<td>Non-resident graduate fee waivers were allocated to the college issuing the fee authorization. Annual changes in the non-resident portion of graduate fee waivers are included in the Student Services Cost Allocation. Included in base scenario Decentralized</td>
<td>It would be detrimental to the quality of graduate programs if a system were put in place that, because of the cost to colleges, favored in-state students. Hence, the cost of the non-resident fee surcharge should not be charged directly to colleges going forward</td>
</tr>
<tr>
<td><strong>Student Services Cost Allocation</strong></td>
<td>Costs supporting University College were allocated among all colleges with undergraduate students. Costs to support Arts and Sciences were allocated among the Colleges of the Arts and Sciences. Costs supporting University College were allocated among all colleges with undergraduate students. Costs to support Arts and Sciences were allocated among the Colleges of the Arts and Sciences.</td>
<td></td>
</tr>
<tr>
<td><strong>Tax on Indirect Cost Recovery</strong></td>
<td>Revenue generated by Indirect Cost Recovery was taxed. Revenue generated through Indirect Cost Recovery will not be taxed.</td>
<td>The functions performed by the vice president for research and his administrative staff benefit all research and scholarly activity on campus, not just sponsored research.</td>
</tr>
<tr>
<td><strong>Research Administration</strong></td>
<td>The administrative component of the Office of Research budget was part of the research assessment. Annual changes in the administrative component of the Office of Research budget will be included as part of the central tax.</td>
<td></td>
</tr>
<tr>
<td><strong>Maintenance and Renewal</strong></td>
<td>NA Added to Physical Plant cost pool in FY 05</td>
<td></td>
</tr>
<tr>
<td><strong>College Assessment</strong></td>
<td>NA Established FY 2005</td>
<td></td>
</tr>
</tbody>
</table>

### Uses Calculations

<table>
<thead>
<tr>
<th>Category</th>
<th>Differences</th>
<th>Explanation/Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>School of Public Health</strong></td>
<td>Included in College of Medicine Treated as separate unit.</td>
<td></td>
</tr>
<tr>
<td><strong>Academic units within OAA and Graduate School</strong></td>
<td>NA Allocated resources and expenses similar to colleges.</td>
<td></td>
</tr>
<tr>
<td><strong>Research Rents</strong></td>
<td>Held Centrally Decentralized</td>
<td></td>
</tr>
<tr>
<td><strong>CDR/DDS</strong></td>
<td>Held Centrally Decentralized</td>
<td></td>
</tr>
<tr>
<td><strong>Undergraduate International Studies Program</strong></td>
<td>Included in Social and Behavioral Sciences Included with the Executive Dean</td>
<td></td>
</tr>
<tr>
<td><strong>Summer Enrollment Investment Program</strong></td>
<td>Included in base scenario Fully decentralized</td>
<td></td>
</tr>
<tr>
<td><strong>Designated Fees</strong></td>
<td>Including technology fees. NA Included as both a Source and Use to show total sources and total uses.</td>
<td></td>
</tr>
<tr>
<td><strong>Undergraduate Program Fees</strong></td>
<td>NA Included as both a Source and Use to show total sources and total uses.</td>
<td></td>
</tr>
<tr>
<td><strong>Colleges of Education and Human Ecology</strong></td>
<td>Separate Merged in FY 2007</td>
<td></td>
</tr>
</tbody>
</table>