Date: March 20, 2009

To: President E. Gordon Gee
   Executive Vice President and Provost Joseph Alutto

From: Ralph E. J. Boerner, Chair
   Senate Fiscal Committee

Re: Summary of Activities: Winter Quarter 2009

The central theme which defined most of the work of Senate Fiscal Committee during the Winter Quarter 2009 was the same one that dominated our work during Autumn Quarter 2008: the worsening national economy and its impact on the state of Ohio and Ohio State University. Completing the suite of tasks that come to us at this time every year (e.g. composite benefit rates, POM charges) and discussing potential new initiatives (e.g. expanded student legal services, increasing the Student Activity Fee) were combined with continued discussions of the federal stimulus efforts, the developing State budget for the next biennium, the possible conversion to semesters, and the upcoming university budget planning process. The action items on which the Committee made recommendations this quarter included:

➢ the proposed expansion of student legal services, with an opt-in provision for funding,
➢ composite benefits rates for Fiscal Year 2010,
➢ P.O.M. rates for Fiscal Year 2010,
➢ overhead rates for Fiscal Year 2010,
➢ allocation of marginal income from Masters’ Degree programs,
➢ recommendations for which central services units would be invited to request additional funding for Fiscal Year 2010, and
➢ the proposed increase in the Student Activity Fee.

In the paragraphs that follow, I detail the specific topics discussed and substantive actions taken at the meetings that were held during this quarter.

At the meeting of January 6, the committee
• received details of the third round of State budget cuts for FY 2009 and discussed the impact on the OSU units and programs whose line item funding was reduced;
• reviewed and discussed the “Students First Initiative” issued by President Gee;
• reviewed and supplied input to Senior Vice President Shkurti on the proposed flexible expenditure constraint guidelines issued to deans and support unit heads;
• discussed the proposal from USG for an expanded student legal services program and assembled a list of questions to be forwarded to USG and the existing student legal services clinic in preparation for the meeting of January 20.

At the meeting of January 20, the committee
• reviewed with Senior Vice President Shkurti the document on FY 2010 budget guidance for academic support units. The importance of keeping the core values of the university in mind as units prepare the information requested by CSS and the administration was emphasized. Units are directed to develop submissions that will contain current funding information, performance indicators, follow-up materials related to recent program reviews (where appropriate), budget reduction plans that consider possible 5% and 10% retrenchments, and additional budget requests from units invited to do so. Budget materials are due April 15, with CSS hearings to take place in May;
• welcomed Mr. Ben Anthony (USG and SFC) and Ms. Nicole Wilkinson (Student Legal Services Clinic) and discussed at length with them the proposed expansion of the student legal services. The questions and concerns raised in the materials sent to them after the meeting of January 6 were discussed, as were additional areas of interest and concern. The committee indicated a broad range of areas in which the proposal lacked sufficient detail and/or justification, and expressed the view that the proposal would need considerable revision before it could be considered by the central administration for implementation. The committee approved unanimously a motion to approve, in concept, an expanded legal service program for students, and notified USG and the Office of Student Life of that action.

At the meeting of February 3, the committee
• received an update from Senior Vice President Shkurti on the Governor’s State of the State message and the proposed State budget for the 2010-2011 biennium. Although the detailed proposals underlying the Governor’s speech are generally positive for higher education, it was emphasized that these proposals are not yet law and depend to a great extent on yet-unappropriated federal stimulus funds;
• discussed the financial benchmark report to be given by Senior Vice President Shkurti to the Board of Trustees on February 6, and discussed in some detail the confusion that can develop when OSU and the Board of Regents each rely on a different set of peer institutions for financial comparisons;
• reviewed and discussed the three part mid-year financial report to be presented to the Board of Trustees on February 6. The Committee was heartened by the continued solid FY 2009 financial footing of the University despite three State budget reductions, and spent considerable time discussing the prospects and uncertainties for FY 2010 and beyond. Senior Vice President Shkurti and Committee Chair Boerner will report to the full University Senate on the mid-year financial status and future prospects at the meeting scheduled for February 12.

At the meeting of February 17, the committee
• reviewed the recommendations for the composite benefit rates for FY 2010 recommended by the Central Distributions Committee, and discussed the development of that proposal with Tom Ewing. The Committee was pleased with the recommendations and expects that deans and other budget managers will
put the savings realized by the reduced rates for FY 2010 to good use. The Committee unanimously endorsed the recommendations as distributed;

- reviewed the proposed overhead rates for FY 2010 for the hospitals, clinics, regional campuses and other earning units, as recommended by the Central Distributions Subcommittee, and discussed the proposal with Tom Ewing. The Committee unanimously endorsed the recommendations as distributed;

- received from the Central Distributions Subcommittee an extensive analysis of the allocation of tuition, fees, and SSI income from Masters' programs, and discussed the ramifications of the changes in the proportion of income from tuition and fees versus SSI over the last five fiscal years. The Committee endorsed the CDS conclusion that changes in the method by which Masters' income is distributed are not currently warranted, and forwarded the CDS report and recommendation to Senior Vice President Shkurti and Provost Alutto;

- Reviewed a first draft of a memorandum from the Central Services Subcommittee to Senior Vice President Shkurti indicating the Subcommittee's recommendations for units to be invited to request additional funding for FY 2010. Committee members were asked to forward input on the recommendations, with final action to be taken at the meeting of March 3;

- discussed the draft proposal to increase the student activity fee that has been circulated by the Council on Student Affairs (CSA), with particular attention to the list of questions and concerns developed by CDS. The final listing of issues to be discussed at the meeting of March 3 was forwarded to Ms. Kerry Hodak of CSA.

- discussed the proposed changes to the program review process coordinated by the Central Services Subcommittee in collaboration with the vice presidents, and endorsed the proposal as circulated;

- received an update from Senior Vice President Shkurti on the recently enacted Federal Stimulus Bill, with special reference to how the specifics of that bill will affect the on-going development of the State budget for the next biennium.

At the meeting of March 3, the Committee

- reviewed and confirmed the recommendations of the Central Distributions Subcommittee for FY 2010 POM rates. The university-wide rate of $14.18 per ASF recommended by F.O.D. and endorsed by the Committee represents an increase of only 4.3% over the FY 2009 POM rate. We also recommend that 50% of the inflationary increase in POM be subsidized by funds from the State Subsidy for Instruction, as was the case in FY 2009. As the new taxonomy to be adopted by the Board of Regents for FY 2010 will not include funding for POM, Senate Fiscal will need to revisit the issue of support for inflationary increases in POM from SSI funds during the 2009-2010 academic year;

- reviewed the revised memorandum and approved the recommendations from CSS of the list of central support units that might be invited to submit to CSS requests for additional funding during the up-coming budget process. The final Committee recommendations was forwarded to Senior Vice President Shkurti and Provost Alutto;

- began a discussion of the possible fiscal implications and complications associated with the conversion to a calendar based on semesters, which was continued during the meeting of 17 March;

- met with Ms. Kerry Hodak of the Council on Student Affairs, Ms. Tracy Stuck, Assistant Vice President for Student Life, and Mr. David Wiseley, Associate
Director of the Ohio Union to discuss the draft proposal to increase the student activity fee from $15 to $25 per quarter, effective with the 2009-2010 academic year. We discussed the written materials that Ms. Hodak had sent to the committee in response to the questions developed by the Committee during the meeting of 17 February and explored issues of timing, programming, staffing, and feasibility with our guests. The Committee members were then asked to forward additional input to Ralph Boerner for inclusion in a recommendation letter to be sent to Senior Vice President Shkurti.

At the meeting of March 17, the Committee

- completed its consideration of the proposed increase in the Student Activity Fee, and made a formal recommendation that (1) the Student Activity Fee not be increased for FY 2010, and (2) that a revised, strengthened proposal be considered during 2009-2010 for implementation for FY 2011. A memorandum detailing the Committee’s rationale for these two recommendations was forwarded to Senior Vice President Shkurti, Executive Vice President and Provost Alutto, Vice President Adams-Gaston, and Ms. Hodak of CSA;
- discussed with Senior Vice President Shkurti the draft SSI funding proposals for all of the OSU campuses for Fiscal Years 2010 and 2011;
- reviewed the merit pool and compensation memo sent by Vice President Alutto to deans and unit heads; and,
- continued the discussion of the possible fiscal impacts of a conversion to semesters. It is clear to the Committee that two types of fiscal impact must be considered: impact of the conversion process and impacts of operating on a semester calendar. The Committee will review existing information over the Spring Break period and at the meeting of April 14 will establish ad hoc committees to study each of those potential impacts.

The proverb “may you be doomed to live in interesting times” has been attributed to many different cultures. For the Senate Fiscal Committee it quite adequately sums up the range of issues dealt with during the Winter Quarter of 2009. The prospects for Spring Quarter 2009 are no different.