



EXECUTIVE VICE PRESIDENT AND PROVOST

March 12, 2013

TO: David Goss, Chair
Senate Fiscal Committee

FROM: Joseph Alutto, Executive Vice President and Provost
Geoffrey Chatas, Senior Vice President for Business and Finance and CFO

SUBJECT: FY 2014 Overhead Rates Recommendation

After reviewing the proposed FY 2014 Overhead Rates and the Senate Fiscal Committee's recommendation for approval, we have approved the attached rates for next year.

Attachment

c: Kris Devine
Tom Ewing
Susan Ballinger

Senate Fiscal Committee
February 26, 2013

TOPIC:

Overhead Rates for FY 2014

CONTEXT:

- This is the annual calculation of overhead rates charged by the University to non-General Fund units for services such as payroll processing, auditing, insurance, campus safety, etc. Please see Attachment A for details.

RECOMMENDATION:

Recommended rates for FY 2014 are indicated in the following chart:

Category	Approved FY 2013	Proposed FY 2014	Difference
Hospitals	2.6%	2.7%	+0.1%
Clinics	5.1%	5.0%	-0.1%
Regional Campuses	4.9%	5.0%	+0.1%
All Other Earnings Units	5.7%	5.7%	-

ISSUES:

- The Hospitals are charged a dollar amount that is based on actual prior year expenses in order to be compliant with federal Medicare reimbursement policies. While the overall dollar amount assessed is growing significantly this year, the overhead rate itself is remaining relatively stable at 2.7%.
- Clinics, Regional Campus and Other Earnings rates are stable compared with the prior year, reflecting moderate growth in allocated overhead costs and revenues.

Forwarded for review: To Senate Fiscal Committee with the recommendation of Central Distribution Subcommittee.

Proposed Allocation of Indirect Overhead by Category, by Type of Unit

Expense Category	Base Rate	Hospital	Instructional Clinics	Regional Campuses, ATI, OARDC
Facilities Support				
Plant Administration	X	X	X	
Insurance	X	X	X	X
Roads & Grounds	X	X	X	
Public Safety	X	X	X	
Administrative Support				
Academic Administration	X		X	X
Central Support	X	X	X	X
Specialized Support				
Health Services Admin.	X	X	X	
Student Services	X			

Facilities Support Definitions:

- Plant Administration includes all expenditures associated with administering OSU operation and maintenance activities, including the University Architect's Office and Physical Facilities Administration.
- Insurance includes property insurance paid centrally by the University and auto insurance expenses for the University.
- Road & Grounds includes costs for solid waste disposal, the Landscape Shop, refuse disposal and vehicle and equipment maintenance.
- Public Safety includes costs for radiation safety, University Police, and hazardous waste disposal.

Administrative Support Definition:

- Academic Administration includes all costs associated with the Office of the Provost and is allocated to all academic-oriented earnings units.
- Central Support includes costs for central support functions such as Payroll, Financial Planning & Analysis, Mail Room, Purchasing, Accounting, Travel, Human Resources, etc.

Specialized Support Definitions:

- Health Services Administration includes administrative and support service costs for Health Services Administration, including the operations of the Office of the Vice President for Health Affairs.
- Student Services includes the operations of the Office of the Vice President for Student Affairs.
- In order to remain consistent with federal regulations, various unallowable and non-allocable costs have been excluded from the Offices of the President and Board of Trustees.