THE OHIO STATE UNIVERSITY

SENATE FISCAL COMMITTEE ANNUAL REPORT

2017/2018

THE OHIO STATE UNIVERSITY

Committee Members

Jim Cogdell, Chair – ASC, Mathematics, Faculty Council

Michele Basso – COM, Health and Rehab Sciences, Faculty Council

Anne Carey – ASC, Earth Sciences, Faculty Council

Richard Dietrich – FCOB, Accounting & MIS, Faculty Council

Tim Haab – FAES, Agricultural, Environmental & Development Economics, Presidential Faculty Appointment

Eric MacGilvray – ASC, Political Science, Faculty Council

Eric Seiber – CPH, Health Services Management & Policy, Faculty Council

Brian Turner -- EHE, Sport Management, Faculty Council

Harald Vaessin – ASC, Molecular Genetics, Faculty Council

MIchael Branum – FCOB, Business, Undergraduate Student Government

Shamina Merchant – FCOB, Business, Undergraduate Student Government

Shawn Semmler – FCOB, Business, Undergraduate Student Government

Sarah Souders – ASC, Political Science, Undergraduate Student Government

Davie Bowers – EHE, Human Sciences, Council of Graduate Students

Eric Bode – FAES, SFO, Executive Dean Staff Appointee

Gerhard Raimann – ASC, Chemistry and Biochemistry, USAC

David Wiseley – Office of Student Life, SFO, Presidential Staff Appointee

David Manderscheid- Executive Dean for Arts and Sciences

William MacDonald – Executive Dean for Regional Campuses; Dean of Newark Campus

David Williams – Executive Dean for Professional Schools; Dean of the College of Engineering

Karla Zaknik – Executive Dean for Health Sciences; Dean of College of Optometry

Geoff Chatas – Sr. Vice-President & CFO, Office of Business and Finance (Autumn)

Mike Papadakis – Acting Sr. Vice-President & CFO, Office of Business and Finance (Spring)

Kris Devine – Office of Business and Finance, Central Administration Presidential Appointment

Brad Harris – Office of Academic Affairs, Provost's Designee

Damon Jaggars – Dean of University Libraries, Central Administration Presidential Appointment

Senate Fiscal Committee
Activities Report
September 12, 2017 – May 22, 2018

Senate Fiscal Committee is one of the largest committee in the shared governance model of the University Senate. The committee has the largest set of duties and responsibilities that entail reviewing budget and financial matters through subcommittee work and make recommendations to University administration.

Support Office Finance Subcommittee (SOFS) Annual Report

The subcommittee was focused in three areas this year (see below):

- Review of Internal Charges (Student Life – Ohio Union; A&P – FDC Project Fees; OCIO – EDM Software Cost-sharing)
- FY19 Support Office Budget Requests
- Review of support office structural deficits (University Libraries, Office of Research)

College Finance Subcommittee (CFS) Annual Report

The subcommittee was focused on several areas of review (see below):

- TCO patent expenses
- Earnings overhead rate methodology
- Combining classified and unclassified benefit rates
- FY19 Composite Benefit Rates – Part of Budget
- FY19 Overhead Rates– Part of Budget
- FY19 RCSC Rates – Part of Budget
- FY19 POM Rates– Part of Budget
- POM Rate methodology in view of CEMP

Student Fee Review Subcommittee (SFRS) Annual Report

In connection with the tuition guarantee, the subcommittee focused on two areas of review (see below):

- Review of course fees with an eye towards elimination of ``most'' course fees.
- FY19 Differential Fee Requests

Special Projects Subcommittee (SPS) Annual Report

The Special Projects Subcommittee conducted a follow-up regarding an issue raised by student government on whether to waive the incremental tuition surcharges for students enrolling between 18 to 21 credit hours under select circumstances (research credit, internships credit, time to graduation for rank 4 students).

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Senate Fiscal Committee Recommendations

All recommendations are sent to the Provost and the CFO.

Funding of Patent Expenses (October 29, 2017)

- In 2014, the President and Provost approved a proposal by Business and Finance to share the cost of patent expenses between the colleges and central administration. This plan, targeted to start in FY15, would have split the patent filing and maintenance costs between the colleges (50%) and the central administration (50%). The plan was not implemented. In February 2015, a presentation was given to the Council of Deans alerting them that the cost sharing would begin in FY16, but again the plan was not implemented. In March 2017, the Technology Commercialization Office (TCO) sent a memo to the Deans and fiscal officers informing them that the split funding methodology would be implemented beginning FY18. There was pushback from the colleges regarding the implications this might have for the colleges and concerns that there was not adequate engagement of the Deans in the decision to implement this plan. All accumulated deficits resulting from unreimbursed patent expenses continue to he covered out of central administration funds without a sustainable source of funding needed to cover these costs.
- The Senate Fiscal Committee was asked to review the TCO's proposal from March 2017 and make recommendations for a sustainable funding mechanism for patents. The task was assigned to the College Finance Subcommittee (CFS) which reviewed the above documents at its regular meetings on September 19, October 3, and October 17, 2017. The subcommittee agreed in general that shared funding of patent expenses is appropriate and made the following recommendations. These recommendations were discussed by the full Senate Fiscal Committee at their meeting of October 24, 2017 and were approved.
- **Recommendations**:
    1. Central funds should be used to cover accumulated deficit and maintenance costs for patents filed prior to July 2018.
    2. Patent filing and maintenance costs should be split evenly between central administration and the patent-originating colleges. The Technology Commercialization Office (TCO) will invoice the colleges for their share of the costs at the end of each fiscal year.
    3. To provide financial transparency, shared cost allocations to colleges should be directly linked to respective patent filings and maintenance costs of patents originating from the colleges.
    4. In case of a disagreement between the Technology Commercialization Office and the originating college whether a patent filing should go forward, patent filing can proceed if either the college or the TCO agrees to cover the full costs of the patent filing/maintenance. The current patent policy has a split ratio for the first $75,000 of patent generated revenue – 50% to the inventor and 50% to the expenses –, which pays back proportionally to those who covered the costs. Should the policy change and those who cover the patent expenses not share in revenues proportionally, these recommendations should be amended.
    5. Implementation of the new funding policy should start in July 2018.
    6. Communication strategies should be implemented to prepare colleges for the new costs, and to familiarize both college administration and faculty of the new rules and financial implications.

Internal Charges (January 29, 2018)

- The responsibilities assigned by the University Senate to the Senate Fiscal Committee (SFC) include the task of reviewing, providing input, offering interpretations and recommendations as they relate to internal fees and rates charged by university departments. This review addressed rate methodology compliance with university Guidelines for Earnings Operations. SFC has assigned this work to the Support Office Finance Subcommittee (SOFS). The limited reviews conducted by SOFS focused on internal charges for consumption-based goods and services. Two key questions were addressed regarding intra-university revenue. First, does the pricing methodology follow the university guidelines as set forth in the Guidelines for Earnings Operations? Second, should university departments actually be charged for usage of the facility? The areas selected for analysis in this initial year of review are the largest units with internal fees:

- Student Life—Ohio Union (room rental prices and office space rents)
- Administration and Planning—Facilities Design and Construction (project fees)
- Office of the Chief Information Officer—EDM (OnBase) software cost-sharing

Ohio Union

- SOFS met on October 3, 2017 with Dan Huffman (Business Manager, Ohio Union and Student Activities), Donna Lewis (Director, Student Life Financial Management), and David Wiseley (Chief Financial Officer, Office of Student Life) who presented information and methodology related to office space rents and room rental pricing structures related to the Ohio Union. On several of its regularly scheduled meeting days, SOFS met as a committee to discuss findings and to develop recommendations for SFC. SOFS brought their recommendations to the full Senate Fiscal Committee on January 16, 2018 and they were approved.
- The importance of the college union cannot be overstated. It is critical for students to have space to meet, interact and to grow outside of the classroom. The Ohio Union has positioned itself to be that space and the current funding model would ensure this support could continue in the years to come. SOFS recognizes that the current business model, pricing structure and scheduling timeline has allowed the Ohio Union to honor its inherent mission of serving students, has successfully embraced and executed a significant number of university events and has reasonably limited the number of non- university events. Based on review and discussion, the current pricing model complies with the university Guidelines for Earnings Operations. This model has been successful over time. A change to this structure could have significant impacts to the financial health of the Ohio Union and to its event mix. A decrease (or 100% discounting) in university pricing would require an evaluation of how to address the resulting cash shortfall for the Ohio Union. The Ohio Union would need to adjust its scheduling timelines, policies and pricing to ensure an equitable mix of events among student, university and non-university events. A decision to adjust pricing for university users would affect every client category that uses the building.
- Over time, a better understanding of campus space rentals, pricing structures and client mix would yield a stronger basis for making any decisions about "free" or highly discounted rental space for university users. A goal would be to ensure that the impact of any discounted/subsidized pricing strategies across all facilities is fully evaluated prior to implementation.
- **Recommendations**:
  1. The status quo be maintained with the Ohio Union office space and room rental pricing structures.
  2. Other facilities across campus should be reviewed for pricing structures and client mix.

FCD Project Fees

- SOFS met on October 31, 2017 with FOD's Kevin King, Ellen LePera (Finance Director), Paul Sherwood (Assistant VP for Design and Construction), Lynn Readey (Associate VP for Administration), and Dan Brearley (Finance Director). On several of its regularly scheduled meeting days, SOFS met as a committee to discuss findings and to develop recommendations for SFC. SOFS brought their recommendations to the full Senate Fiscal Committee on January 16, 2018 and they were approved.
- The office of Facilities, Design and Construction (FDC) oversees campus design, construction, and renovation projects, as well as provides technical support services and building design standards. FDC provides knowledgeable and important services to the university. Their long-time project managers are familiar with the campus and the issues surrounding construction and renovation particular to academia. Prior to FY07, fees were based on cost of construction (4.2% for <$100k to 1.2% for >$1M). Fees remained a percentage, sliding scale based on cost of

project up through FY16. Since FY17, fees have been set at 2% except for state-funded projects at 1.5% (as set by state law). University general funds are not considered state funds for the 1.5% fee. FDC will allow for a negotiated fee on “mega” projects or discount in years of large construction. The new cost model was implemented to be simple, sustainable and flexible. The change in fee structure in FY 17 has resulted in cost savings for nearly all units utilizing FDC services. By state rule, many of FDC’s services, if not performed by FDC, would be overseen by the Ohio Facilities Construction Commission (OFCC) whose fees are higher and whose services are limited in scope.

- **Recommendation**: The status quo be maintained with the FCD project fee structure.

OCIO EDM software cost-sharing

- On November 28, 2017 SOFS met with OCIO’s Bob Mains (Director of application Services) and Clay Michalowski (ODEE Chief Administrative Officer) on OCIO’s Enterprise Document Management system and their recommendations for funding. On December 5, 2017, the SOFS chair attended a regular meeting of the EDM committee. On several of its regularly scheduled meeting days, SOFS met as a committee to discuss findings and to develop recommendations for SFC. SOFS brought their recommendations to the full Senate Fiscal Committee on January 16, 2018 and they were approved.
- In FY 15, several units partnered with the OCIO to consolidate three document management systems into one EDM system, OnBase. The investing partners were ESUE, B&F, ASC, A&P, Contract portal, OCIO, Athletics, and OHR (Personnel file). EDM has now incorporated more than 21 million documents but those documents are limited to the units who were the initial partners. OCIO has requested university cost-sharing by all units at the university beginning in FY 19. OCIO requested that cost share for basic services be shared at one-third of the expense university wide while the initial partners will receive advanced services and those partners will split the remaining two-thirds expense. Basic services at one-third of the total cost ($300,000) will cost $11.90 per FTE as the University cost share for FY19 and FY20. The remaining cost will be split among the investing partners using the current methodology based on cost drivers.
- The enterprise model purchase will stabilize ongoing annual maintenance costs and the addition of any new advanced users should reduce the cost per FTE to the majority of users who remain as basic users. OCIO’s proposed cost sharing model will not include increases in costs as more local systems join as basic users. Addition of more advanced users would reduce the cost per FTE for basic users. Cost for software maintenance is built into the agreement with vendor so software upgrades should not increase cost per FTE. The system should improve security risks over the long term.
- **Recommendations**
    1. OCIO’s current request to assess all units based on FTE for $300,000 as their proposed EDM cost-share in FY 19 should be approved.
    2. OCIO’s request for $300,000 for the FY20 cost share should be reviewed next year.
    3. Cost share for other projects by OCIO and the future costs for the EDM system should be reviewed as they are submitted.
    4. Future discussions by Senate Fiscal about costs by the OCIO should center on whether OCIO’s services be part of the general tax and not charged to the units.

FY19 Composite Benefit Rates (March 8, 2018)

- The College Finance Subcommittee (CFS) of Senate Fiscal reviewed the methodology for setting the Composite Benefit Rates at their October 27, 2017 meeting. They reviewed the proposed Composite Benefit Rate for FY 2019 during its meetings on January 23 and February 2, 2018, and considered the impact, scale, and timing of surplus return on the proposed FY 2019 benefit rates as well as the projected FY 2020 benefit rates. Additionally, CFS reviewed the recommendation to combine Unclassified and CCS benefit rates and the impact of these recommendations on future composite benefit rates. The CFS brought their recommendations to the full Senate Fiscal Committee at their February 27, 2018, meeting where they were discussed. The Senate Fiscal Committee approved the recommendation to combine the Unclassified and CCS benefit rates and then approved the recommendation for the FY 2019 Composite Benefit

Rates at that meeting
- **Recommendations**:
    1. The Unclassified and CCS benefit rates should be combined into a single rate.
    2. The proposed Composite Benefit Rates for FY 2019, which incorporate recommendation 1, should be approved.

FY19 Earnings Overhead Rates (March 8, 2018)

- The College Finance Subcommittee (CFS) of the Senate Fiscal Committee (SFC) reviewed the methodology for setting the Earnings Overhead Rates at its meetings of October 17 and November 14, 2017. They then reviewed the proposed Earnings Overhead Rates during their February 20, 2018, meeting and voted unanimously in support of the proposed Earnings Overhead Rates. The CFS brought their recommendation to the full SFC at its February 27, 2018, meeting, where it was discussed and approved.
- **Recommendation**: Approve the proposed Earnings Overhead Rates for FY19.

FY19 RCSC Rate (March 8, 2018)

- The College Finance Subcommittee (CFS) of the Senate Fiscal Committee (SFC) reviewed the proposed Regional Campus Service Charge (RCSC) Rate for FY 2019 at its February 20, 2018, meeting. CFS voted unanimously in support of the proposed RCSC rates. The CFS brought their recommendation to the full SFC at its February 27, 2018, meeting, where it was discussed and approved.
- **Recommendation**: Approve the proposed Regional Campus Service Charge Rate for FY 2019.

FY19 Differential Fee Requests (March 27, 2018)

- The Student Fee Review Subcommittee (SFRS) of the Senate Fiscal Committee (SFC) considered the requests for changes in differential fees at its meetings of March 6 and March 20, 2018. The subcommittee came forth with the recommendation that all requests for changes in differential fees be approved as requested. The SFRS brought their recommendation to the full SFC at its March 27, 2018, meeting, where they were discussed and approved.
- **Recommendation**: Approval of all requests for changes in differential fees for FY 2019.

FY19 Support Office Budget Requests (March 27, 2018)

- The Support Office Finance Subcommittee (SOFS) of the Senate Fiscal Committee (SFC) reviewed the budget requests for the university support offices. This was the topic of the subcommittee meetings throughout February and March of 2018. Although the amount of funds in either PBA and cash that would be available at the university level in FY19 to distribute to support units had not been determined at the time of their report submittal, the course of action by SOFS was to move forward with the solicitation, review, discussion and prioritization of the requests pending finalization of the budget. The report and final recommendations were prepared and reviewed at several meetings by SOFS, with the final review on March 23, 2018. The SOFS brought their recommendations to the full SFC at its March 27, 2018, meeting, where they were discussed and approved.
- **Recommendations**:
    1. SFC recommends that the university continue to enhance its integrated strategic planning framework to define institutional priorities.
    2. SFC recommends that the university continues to develop university-wide and unit plans to eliminate the structural deficits and to align funding with institutional priorities. In particular, SFC is recommending $800K in PBA and $18.3M in cash to go towards structural deficits as outlined in the SOFS report.
    3. SFC recommends the funding of specific requests, as found in the SOFS report, as central funds are available, provided that the structural deficits in recommendation #2 have been adequately addressed. These requests total $465,538 in PBA and $7.838,827 in cash.

FY19 Plant Operations and Maintenance Rates (March 27, 2018)

- The College Finance Subcommittee (CFS) of the Senate Fiscal Committee (SFC) reviewed the methodology for determination of Plant Operations and Maintenance (POM) Rates at their regular meetings on January 9, February 20, March 6, and March 20, 2018. Points of discussion included the cost development and/or inclusion of different cost pools. CFS voted unanimously in support of the proposed FY19 POM rates. While CFS forwards the recommendations for FY19, they expect a continued discussion in CFS on POM methodology and cost pool elements in the coming months The CFS brought their recommendations to the full SFC at their March 27, 2018, meeting where they were discussed. The SFC approved the recommendation on POM rates on March 27, 2019.
- **Recommendations**:
    1. The proposed Maintenance and Custodial Recommendations should be approved.
    2. The proposed Utilities Recommendations should be approved.
    3. The overall POM Rates and surcharges be approved.

18 Credit Hour Cap (April 27, 2018)

During the 2016-17 academic year, the Senate Fiscal Committee (SFC) considered a resolution by Undergraduate Student Government that supports the adoption of policies and procedures that allow high-achieving undergraduate students to take up to 21 credit hours each semester without having to incur any additional fees. Current policy provides that undergraduate students pay incremental amounts when enrolled in more than 18 credit hours per semester. SFC took up this topic at its meetings of April 18, 2017 and again on April 24, 2018 after consultation with CESP and CAA.

- **Recommendation**:
    1. Senate Fiscal recommends permitting students who plan to enroll in courses totaling between 18 and 21 credit hours to petition to waive incremental tuition amounts under the following circumstances:

        - courses that provide credit for internships (x191 numbered);
        - courses that engage students in research (x998 and x999 numbered);
        - courses that were previously required according to the final degree plan in order to permit students to graduate within two semesters, limited to rank 4 students.

        Only students who have the permission of an academic advisor associated with their college/major may enroll for more than 18 credit hours, with the exception that students on academic probation or special action probation should generally not be granted such permission. Permission must be distinctly received each semester the student enrolls for more than 18 credit hours. Students will be required to submit a reason why they are submitting a petition to take over 18 credit hours. Academic advisors may grant permission for students to enroll for more than 18 credit hours after a face-to-face meeting with the student. The Registrar's office should produce a standard form to be used by academic advisors in granting permission for overloads. A student can appeal an academic advisor's decision by petition to the department chair, college's curricular dean, or their designee.

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Elimination of Course Fees (May 8, 2018)

- In the presentation to the Board of Trustees at their July 11, 2017 meeting, as part of the tuition guarantee it was stated that the ``University will end most course and technology fees for students in the guarantee''. The Senate Fiscal Committee (SFC) tasked its Student Fee Review Subcommittee (SFRS) with understanding this commitment and how to implement it. The SFRS spent most of the 2017-18 academic year on this. The SFRS brought several proposals, not recommendations, to the full SFC at the February 13, 2018 meeting. After much discussion, the SFC coalesced around one of the proposals, and sent the SFRS back to clarify the proposal and to return to SFC with precise recommendations, including implementation. The SFRS brought their recommendation to the full SFC at its May 8, 2018, meeting, where they were discussed, amended, and approved.
- **Recommendations**

    1. Retain Top 3 Course Fees by Discipline for the University and Retain All Pass-through Course Fees. Departments with eliminated fees would be made whole with a PBA allocation portioned out of the increased tuition revenue from Tuition Guarantee. SFRS will examine courses with eliminated fees on a yearly basis for the next five years to monitor fluctuations in enrollment to make adjustments to PBA allocations.
    2. Senate Fiscal should have a principle based discussion on student course fees. They should look at alternative mechanisms for funding new high cost courses. In the spirit of access and equity, Senate Fiscal should consider a means testing for all fees: course, technology and program.

- This recommendation would retain the top 3 course fees by discipline (i.e., Chemistry, Physics, and Biology) for the entire university (including regional campuses) as ordered by FY 2017 course fee revenue. It would also retain all pass-through fees as defined by SFRS.
- This recommendation would eliminate all other Columbus campus and regional course fees not included in the above criteria with the expectation that all departments with eliminated fees be made whole by a PBA allocation.
- Implementing this proposal would eliminate 278 course fees (69.5% of all course fees currently assessed). PBA funding required to implement this proposal would be provided by incremental tuition available through the Tuition Guarantee established in Autumn 2017.
- This recommendation would leave in place 122 (or 30.5%) of course fees at the Columbus and regional campuses, collecting about $5.6M in annual fees.
- Financial Impact: Relative to current funding, this proposal would require a PBA allocation of $585,565 on Columbus campus to implement. No Columbus campus unit would lose funding. Regional campuses would lose $133,850 in funding from the elimination of course fees; the effect on courses would be mitigated if regional campuses are able to reallocate funds, including funds from tuition increases.
- Because PBA allocation is based solely on revenue from course fees in FY 2017, the recommendation also includes an annual review of enrollment fluctuation in courses with eliminated fees by SFRS. If one of these courses sees a significant increase or decrease in enrollment, the PBA allocation will be adjusted accordingly. Monitoring by Senate Fiscal will end after five years.

Plant Operations and Maintenance Rates going forward (May 8, 2018)

- The Senate Fiscal Committee (SFC) and its College Finance Subcommittee (CFS) recently heard concerning information as part of our annual duty to recommend changes to the Plant Operations and Maintenance (POM) rate. We understand that the structure of the Comprehensive Energy Management Plan, along with infrastructure investments that will continue to be the financial responsibility of the university, will result in the need for significant increases to the POM rates charged to colleges and support units over the next 10+ years.

- When the committee had previously considered the CEMP, we understood that the agreement was calculated to maintain the current level of payment for utilities by the colleges and support units. We now understand that, by contrast, the colleges and support units will be asked to pay higher amounts to account for infrastructure and other costs that had not been included in previous calculations.
- Moreover, SFC notes that these projected increases are anticipated even after significant investment of university resources to complete CEMP and suppress POM for FY19. This includes the $33 million utility reserve (no longer available to rate buffer or for capital project funding), $3.2 million to provide energy rate stabilization, and an additional $6.65 million for utility funding.
- Over half of the planned capital expenses projected to be paid from POM rate increases (55.6% or $422 million) represent campus expansion projects.
- The full Senate Fiscal Committee met on this issue on April 3, 2018. After discussion, SFC sent the issue to the College Finance Subcommittee. CFS discussed this issue at their meetings of April 17 and May 1, 2018. The CFS brought their recommendations back to the full SFC at their May 8, 2018, meeting where they were discussed. The SFC approved the recommendation on POM on May 8, 2018.
- **Recommendations**:
    1. The University adjust financial arrangements, including the use of one-time payment if necessary, so that utility rates charged to colleges and support units will not increase as a result of the CEMP.
    2. Capital projects related to expansion should not be financed through the POM model.
    3. POM rates should be monitored and controlled such that annual increases remain limited and stable (i.e. normal inflationary increases would be anticipated unless there would be significant changes in utility rates).
    4. POM rates should be transparent and related to energy consumption and usage.
    5. SFC commences an analysis of the POM methodology and develops alternatives for consideration. Elements of a new methodology may include:
        - Differential POM rates based on the type of space (e.g. office, lab, classrooms etc.).
        - Alternative metrics for utility cost allocations.
        - An assessment “taken off the top” for investments in capital projects and infrastructure that are a “public good”.

Budget-Driven Topics Presented/Discussed

Summer Activity Debrief (September 12, 2017 – Kris Devine, Scott Klute)

- Summer Tuition Discount –Two stage plan to enhance the value of summer term on Columbus campus
    - New summer structure introduced for summer of 2016 (FY17)
    - Discounted pricing proposed to encourage summer study
    - Aligns with recommendations of the Governor’s task force that Geoff Chatas chaired to optimize summer
        - It was noted they are working to enhance summer course offerings and to push for more on-line courses
- Tuition Guarantee–Plan provides predictability to help families
    - Freezes rates for four years for each incoming class of new first year undergraduates
    - Plan would apply to all campuses
    - University will review course and tech fees for students in guarantee starting spring 2018

- FY2018 Budget –Priorities reflected in FY2018 budget
  - University: Access, affordability and excellence
  - Wexner Medical Center: continued growth; investment in clinical programs
  - Both university and health system: focus on operational efficiencies
- FY18 Support Office Budget Requests
  - Approved requests focused on structural deficits and university safety
  - Office of Human Resources – Funded with PBA
  - OCIO –Funded with part PBA and cash

Efficiency Savings Update (September 26, 2017 – Brad Harris)

- The Efficiency Initiative Summary of Colleges scorecard was reviewed based on the commitment from President Drake to achieve $200 million in efficiencies
- $102M from colleges and support units have been identified
- Deans and VPs were asked to submit a plan on how they would achieve this goal by FY2020
- Target was set for each unit
- The scorecard indicates where each unit stands with their goal
- This report has not been shared with the colleges or support units
- Chatas and Devine take the scorecard to the Board of Trustees meetings
- Colleges were allowed to develop plans on how the savings will be spent,
- Support unit's savings will be put into the center and reallocated i.e., President's Affordability Grants
- The report will be sent out to the SFO's and update them on the spending plans for colleges
- It was noted we are in the 3rd year
- More definition around expectation for evolution of their plans and timing will be forthcoming to get the units falling behind moving to achieve their goals
- OHR and Advancement are not included in the model at this time due to their budget shortfall challenges

Strategic Plan (October 24, 2017 – Geoff Chatas)

- 2017 Strategic Plan is a refresh of the 2011 Strategic Plan per President Drake created with input from the entire university community
- Engaged with, alumni, rating agencies, downtown state agency to come up with five pillars to determine what defines a great flagship research institution; i.e., Medical Center, Arts, Athletics, Research
- Five pillars:
  - Teaching & Learning – Improve student outcomes
  - Access, affordability and excellence – Excellent and affordable education and promote economic diversity
  - Research and creative expression - Driving significant advances for critical societal challenges
  - Academic health care – Key driver of capital spending. Breakthrough healthcare solutions to improve people's lives (Opioid epidemic and transplants)
  - Operational excellence and resource stewardship – Resource stewardship recognizing leadership in operational effectiveness, efficiency and innovation.

- Discussion on NIH funding and the need for resources and space ensued
- Retaining tenured staff along with rising stars discussion ensued
- OSUWMC to be leading academic medical center that pioneers breakthrough health care solutions i.e., opioid epidemic, transplants
- OSU to be a leading public university for resource stewardship with recognized leadership in operational effectiveness, efficiency and innovation
- Inter-disciplinary education and care discussion ensued (ethics, communication etc.) Qualities valued in health providers
- Fundraising goal is $70M to $80M per year
- Operational Scorecards will be shared with Senate Fiscal Committee

Discovery Themes Update (October 24, 2017 – Brad Harris)

- Currently there are 122 Discovery Theme hires with approximately 40 more positions authorized
- When fully invested, we should have approximately 200 new tenured or tenure-track faculty in Discovery Themes positons
- Salary and benefits are split 50/50 between hiring units and Academic Affairs
- Start-up funds are split 50/50 between Discovery Themes/OAA and the hiring units
- $500,000 is given each year per Discovery Theme area with a commitment of five years for administration/operational support and programming

Long-Range Capital Budget Plan (November 21, 2017 – Mike Papadakis)

Alignment with the Strategic Plan -The long-range capital plan provides a financial framework for university priorities.

- Goal is to manage limited funding sources to ensure that financial resources exist to support:
    - Teaching & Learning
    - Access Affordability and Excellence
    - Research and Creative Expression
    - Academic Health Care
- Operational Excellence and Resource Stewardship will need to provide a significant portion of the funds needed to drive the university's strategic plan, both on the operations and capital side
- Financial Considerations, as of September 30, 2017
    - Total Operating Funds (non LTIP): $3.35B
    - LTIP Balance: $5.04B (increased to $5.15B as of October 2nd)
    - Debt Outstanding: $3.2B
- Historical snapshot of spending and debt levels were discussed
- Current assumptions are:
    - University wishes to retain its existing Aa1/AA/AA credit ratings
    - Additional debt capacity is $1 billion
    - All operational efficiency dollars generated to be used to fund operating needs
    - WMC cash flow levels remain robust and money is set aside annually to fund major capital initiatives moving forward
    - State capital funding remains at current levels with no reductions
    - Capital fundraising achieves new heights compared with historic levels
    - CEMP capital funds ($250 million) are fully utilized in the capital plan
    - Arts Endowment Fund (Parking) is utilized for a portion of the Arts District

  - Partners (City, OSEP, CampusParc and third party developers) fund a portion of the plan
- Opportunities to "Bridge the Funding Gap"
  - Capital Project Efficiency – 10% or greater
  - Prioritization and Elimination – Possibility to eliminate or reconfigure existing capital projects
  - Creation of additional debt capacity – WMC separate credit rating vs. overall university rating downgrade
  - Additional funding sources
  - Timing – 5 to 7-year capital plan vs. 10+ years
- Flexibility needed in the plan for unforeseen capital needs; i.e., Sports Medicine Facility and Wooster tornado

Planning Assumptions (February 13, 2018 – Kris Devine)

vine gave a preliminary report on the planning assumptions for FY19, but stressed no decisions have been made

- A long-range plan will be presented at a later date
- Once decisions are made, the report will be posted to the Box

Composite Benefit Rate (February 27, 2018 – Tom Ewing)

- Composite benefit rates are a mechanism for charging the university's share of employee benefit costs to university departments
- Annual calculation of rates charged to university departments for faculty and staff benefits
- Cost projections are based on actual costs of the last full fiscal year
- Two primary cost drivers – salary dollars and benefit-eligible headcounts in terms of full-time equivalents.
- Employee contribution rates for health coverage will not be set until Autumn semester and will be effective January 1, 2019
- University/Health System rates vs. OSP sponsored program rates were discussed
- Benefit rates increased in 2011 through 2016 primarily to medical costs
- Decreases in 2017 and 2018 rates reflect reduction in projected medical costs
  - Prescription benefit contract
  - Utilization management – appropriate care at the appropriate time
  - Wellness activities – 80% participation

Combining Unclassified and CCS Benefit Rate (February 27, 2018 – Joanne McGoldrick)

- The CFS report was distributed and reviewed
- CFS reviewed the recommendation to combine Unclassified and CCS Benefit Rates and the impact of these recommendations on future composite benefit rates.
- Certain benefit costs, such as retirement are based on a percentage of salary. Other benefits costs, such as medical are driven by the number of individual eligible for the benefit
- Discussion on the breakdown of classification benefit package costs ensued
- Cost accounting – misallocation discussion on hiring CCS costs more to hiring unit ensued
- Combining CCS and Unclassified staff is the right thing to do for the university – has been worked on for approximately 10 years.

- Concern was raised on the effects on research dollars – fringe rate rolls up to F&A. The effects on grants was discussed
    - Overtime the over and under recovery rates will even out
- The timing of the conversation would be least likely to have a negative impact on units this year
- AMCP conversation ensued
- CCS special rights discussion ensued
    - Most State of Ohio employees are CCS up to director level

Overhead & Regional Campus Service Charge Rates (February 27, 2018 – Tom Ewing)

- The annual calculation of overhead rates charged by the University to non-General Fund (earnings) units for services such as payroll processing, auditing, insurance, campus safety, etc. was presented
- The F&A model is used based on cost pools
- Calculated and proposed rates were presented
- Health System is charged a fixed dollar amount that is based on actual allocated costs, adjusted for inflation in order to be compliant with federal Medicare reimbursement policies
- Total overhead costs to be recovered increased $9 million, to $82.9 million, compared to the prior year
- OCIO costs presents a challenge – Security, Central Support and the Workday project
- Regional Auxiliary rate dropped – recovery less than $100,000
- Regionals do not pay central tax
- Proposed rates were discussed – going against the general funds
    - Works like an earnings overhead rate
    - Overall rate going up to 5.28% proposal rate

Long Range Financial Plan (May 22, 2018 – Kris Devine & Mike Papadakis)

- Kris Devine presented the Long-Range Plan
- Questions and discussion ensued
- Once public, it will be posted to the Box

Special Topics / Reports

Comprehensive Energy Management Project (September 12, 2017 – Mike Papadakis, Scott Potter)

- Four elements of comprehensive approach
    - Sustainability – 25% campus-wide improvements within 10 years
    - Operations/Manage Systems: Electricity, Natural Gas, Chilled Water/Cooling, Geothermal, and Steam/Heating
    - Supply – Assist in buying energy we want on the best term
    - Academic Collaboration – Support teaching, learning and research, particularly in energy and sustainability
- Upfront funds, including $1.015 billion received in July
- Proceeds to be invested in LTIP in three steps through October
- Endowments to be created in FY2018 to ensure long-term benefits

- POM discussion ensued
- Energy Advisory Committee –Report 5-Year Plan and Annual Operating Budget annually

Workday/Enterprise Project Update (September 17, 2017 – Holly Ross)

- Holly Ross is managing efforts on Finance and Human Resources
- Five releases are planned, each going through five phases:
    - Plan & Foundational Design
    - Architect
    - Configure & Prototype
    - Testing
    - Deployment Standardizing processes
- Working on gaps with Workday and prioritizing the gaps
- July, 2019 – first release for Finance Core, HCM (Human Capital Management) Core & Payroll, HCM Employee and Recruiting (OSUMC)
- All areas will be integrated in one system
- All student systems are planned to go live in July, 2020
- OHR and Payroll strategic direction is to enable long-term success in operations by improving foundational data and creating standard HR and payroll practices across the university
- Health System will continue to have their own timekeeping system due to 24 hour scheduling, i.e.,nurses, etc.
- Finance Strategic direction is to improve financial data and reporting through streamlined and consistent processes
- Questions arose on tracking animal transfers etc. on Workday. Ross will follow-up
- Ross will report back regularly with updates throughout the project to discuss financial implications

Dining Update (December 5, 2017 – Zia Ahmed)

- Zia Ahmed gave an overview of the FY2018 Dining plans
    - Unlimited – Full dining plan offering best value and most food
    - Declining Balance – Full dining plan offering flexibility for managing spending
    - Scarlet 14 – Full dining plan appeals to students who eat two or three meals during the week
    - Gray 10 – Partial dining plan for students who eat one or two meals a day
    - Carmen 1 & 2 – Plans appear to off-campus students who choose to eat meals on campus
- 30+ food locations with various types of operations
    - Traditional (unlimited)
    - Fast food
    - Coffee shops
    - Production kitchens (make soups, sauces, baked goods)
    - To Go options have been extremely successful
- Dining plans have a 90% utilization rate
- Three key factors for high utilization are variety, flexibility, and quality
- Student satisfaction is higher than industry average and highest ever since 2010

2016 Health Plan Results/Utilization & Health Plan Changes (December 5, 2017 – Kelly Hamilton, Rob Cooper, Pam Doseck)

- Health benefit spend per member per year was discussed
    - Percent change in 2015-2016 was flat
    - Changes to plan obligation and plan member obligation are less than national trend of 5%
- Top eight conditions: Cancer, Neonatal, Musculoskeletal, Neurological, Gastrointestinal, Respiratory, Cardiovascular, and Hemopoietic.
- Cost-saving actions:
    - Continue to assess transitional care opportunities, hospice, home health, skilled nursing facilities, rehabilitation
    - Frequent Medical Director review of catastrophic cases
    - Discussions are underway with Nationwide Children's on cost reduction
    - Hospice beds to be opened at OSUWMC early Summer 2018
- Pharmacy Initiatives:
    - Discounts and increased formulary rebates implemented in 2015 provided an estimated savings of $3.6M
    - Renewed contracts to realize estimated savings of $3.3M in 2017
    - Generic fill rate maximization to 87% for 2017 (estimated savings of $2.6M)
- Utilized Management – Rob Cooper reviewed how the program strives to promote appropriate use of available health care resources for maintaining, improving or restoring the optimal health status of plan members
- 2018 Benefit Design – Pam Doseck
    - OSU health plan has outperformed national trend
    - 2018 medical costs are expected to decrease by 4.4% over 2017 budget rates
    - Nearly all employee contributions for Prime Care Advantage will decrease from 2017 to 2018
    - Overall university cost share has remained at approximately 70% for the past several years and will continue in 2018
    - Still looking at best ways to bring down costs – more select network of suppliers

Parking Concession Update (January 30, 2018 – Jay Kasey, Bill Misfud)

- The fifth annual report was presented
- Today's value is $509 million
- Expenditures from Parking Endowment Distributions
    - $200M Faculty and Research
    - $83M Student Scholarships
    - $50M Arts District Development
    - $150M Transportation and Sustainability
- Customer Service Metrics were discussed and how to implement in the future
    - An error on the Customer Satisfaction Metrics slide on PY2017 was identified and will be corrected by Kasey's team
- Displaced parking concerns were addressed, mainly due to the Cannon Drive relocation
- A request for better lighting and sidewalks around Carmack lots 3 and 4 was made
- Kasey's team will send a link to the Parking Committee website to Senate Fiscal Committee

- Discussion to add a SFC member to the Parking Advisory Committee
- Kasey would like to discuss with University Senate and/or SFC on zoned parking vs. current structure parking
- Funding for additional parking spaces is CampusParc's responsibility. Replacement parking is the university's responsibility,
- The Parking Lease – Transparency and Accountability Report was accepted with the amendment noted above
- A motion that CampusParc and the University consider better lighting and sidewalks around Carmack lots 3 and 4 was made and passed
- Kasey would like guidance from SFC on the form of the Parking Concession Update. Are there other things that SFC would like to see? SFC will try to take this up later in the semester.

Enterprise Project Update (January 30, 2017 – Holly Ross)

- Scope of work is organized into interconnected work streams
    - Student
    - Human Resources and Payroll
    - Finance
- Project is in the Architect phase
- Business Process Design Sessions
    - November – January, 2018 - Small groups of process owners and subject matter experts reviewing designs
    - January – March, 2018 – Process owners from central offices approve designs, which are reviewed with college/unit stakeholders
    - Design for student business processes will last through December 2018
- Goal: Incoming students for 2020-2021 academic year will conduct all university business in Workday
- Enterprise Project will create a Student Advisory Group to provide student feedback and participate in system testing
- A question was raised as to whether we would be losing HR flexibility with the move to Workday, particularly with respect to hybrid positions. This is under discussion with HR and ASC.

Budget Model Discussion (April 10, 2018 – Kansas State University)

- Kansas State visited Ohio State to learn about our budget model and how it works
- They have been visiting with other universities to gain perspective on how they can change and improve their budget model
- They started last year and hope to have something in place in July
- Faculty is not a part of their financial committee
- Questions and discussion ensued on the strengths and negatives of our budget model
    - Very complex – very mathematical
    - Strategic freedom – better than historical model – fundamentally sound and agreeable
- It was suggested that no matter what budget model they choose, they should have an analogue of the Senate Fiscal Committee

Financial Aid and Enrollment Plan Update (April 24, 2018 – Vern Granger)

- Three strategic drivers for the 2016-2020 Enrollment Plan (Access, Inclusive Affordability and Excellence)
  - Access – Pathway portals (Dual enrollment, Regionals, Distance Ed
  - Inclusive Affordability - $15 million in need-based scholarship pool – Pell grants (not repaid)
  - Excellence - Students must qualify academically
- Funding sources: Investments from Center, Energy Partnership and Reallocation of merit scholarships
- Academic requirement of 3.0 to 3.2 GPA
- 94% retention rate
- Currently there are no students on focus groups

General Education Implementation (May 22, 2018 – Larry Krissek)

- Larry Krissek discussed four fiscal issues that have been identified with implementation of the new General Education proposal.
  - **Course development and redesign**. This will be covered by one time cash funds from OAA. There are currently no amounts or boundary conditions.
  - **General Education credit hours/income by units.** Currently 85% of the credit hours taught and 85% of the income received is by ASC. The numbers have been stable for the last three years. The question is what happens if the ASC share drops, i.e., there is a reorganization in the distribution of credit hours. This is an OAA issue and is being discussed.
  - **Redistribution of credit hours within ASC.** This will be a College issue to be addressed within ASC.
  - **Faculty resources.** This includes the need for faculty to teach both the Gen Ed freshman seminars as well as theme based courses.
- The following issues were raised by members of the SFC
  - Double counting of courses in the GE and the major.
  - Transfer of GE, particularly regarding professional programs.
  - Concern from the regional campuses regarding whether the redistribution of the GE will affect the number of Associate degrees.
- Krissek will return mid-October for another update.