2023 -2024 ANNUAL REPORT
Senate Fiscal Committee

Submitted by Michele Basso
June 204

COMMITTEE MEMBERS

Michele Basso, Chair, COM, Faculty Council

Mark Foster, Chemistry & Biochemistry, Faculty Council,

Derek Hansford, Faculty Council,

Vidya Raman, COM Faculty Council

John Buford, COM, Faculty Council

Justin Kieffer, CFAES, Faculty Council

Melvin Pascall, CFAES, Faculty Council

Birsel Pirim, Fisher College of Business, Presidential Appointee

Lingying Zhao, CFAES, Faculty Council

Omar Alkowatli, USG

Tyler Littlejohn, USG

Luke Evans, USG

Aryav Yapadapithya, USG

Michele Beverly, Council of Graduate Students

Clayton Richardson, Interprofessional Council (Fall Semester)

Durya Nadeem-Khan, Interprofessional Council (Spring Semester)

Terry Snoddy, CFAES, SFO, Executive Deans/Staff Appointment

Gretchen Gombos, Presidential Appointment/SFO

Steven Mentz, USAC representative

David Horn, Dean, Arts & Sciences/Kim Kinsel Dean's Representative

Gregory Rose, Dean for Regional Campuses, Marion Campus

Anil Makhija, Dean for Professional Schools, Fisher College of Business

Karla Zadnik, Dean for Health Sciences, College of Optometry/ Jim Woods Dean's representative

Mike Papadakis, Sr. Vice-President & CFO

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

Damon Jaggers, Dean of University Libraries, Central Administration Presidential

Brad Harris, Vice-President for Budget and Resource Management, Provost's Designee

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Support Office Finance Subcommittee Funding Recommendations

April 23, 2024

MEMBERSHIP for Support Office Finance Subcommittee: Justin Kieffer (Chair) Gretchen Gombos, Damon Jaggars, Kim Kinsel, Linying Zhao, Greg Rose, James Woods, Derek Hansford

The Support Office Finance Subcommittee presented their findings to the full Senate Fiscal Committee. After review, motion and second for vote, the majority of the full SFC committee present voted unanimously to approve the recommendations described below.

Review of Requests

The Support Office Finance Subcommittee is tasked with reviewing annual budget requests from university support offices each calendar year and providing recommendations to the full Senate Fiscal Committee for potential funding priority for each request. For this budgetary cycle, SOFS members met with Administration and Planning, Office of Technology and Digital Innovation, Office of Business and Finance, and ERIK to review requests and for subcommittee members to ask questions of each support office group. These meetings took place on 1/9/2024, 2/6/24, and 2/20/24. SOFs discussed and prioritized the requests during the February 27th meeting of the subcommittee.

The amount of funding available for distribution to the support offices has not been determined as of 4/23/2024. SOFS has organized the FY25 budget requests into three categories: **High Priority**, **Medium Priority**, and **Low Priority**. No requests fit into the **High Priority** or **Structural Deficit** category for FY25.

Summary of budget requests and recommendations

The Support Office Finance Subcommittee reviewed 10 separate budget requests from the four previously mentioned support units that constitute approximately $17.8 million in continuing funds and approximately $16.6 million in one time cash requests.

Table 1: Summary of FY25 Support Office Budget Requests

Unit	# Requests	Continuing Funds	Cash
Administration and Planning	4	$5,914,853	$3,250,000
ERIK	2	$3,284,112	$190,000
OTDI	2	$1,316,450	$1,312,662
B&F Risk Management	2	$10,000,000	$11,872,000
Total	**10**	**$20,515,415**	**$16,624,662**

SOFS sorted the budget requests according to four categories listed below in Table 2. Further explanations of SOFS recommendations are included below and in Appendix A.

Table 2: Summary of FY25 Budget Request Recommendations

Priority Rating	# Requests	Continuing Funds	Cash
High Priority	0	$0	$0
Medium Priority	3	$1,656,529	$4,566,450
Low Priority	6	$17,542,436	$13,374,662
Total	**10**	**$19,198,965**	**$17,941,112**

Detailed Recommendations

Budget requests within each category rating are listed alphabetically and do not reflect a ranking by SOFS within that particular category.

Medium Priority Funding requests

1. Administration and Planning requests $298,529 in continuing funds to pay for 2 new FTE's which will include a new Laboratory Compliance Officer and a new Hazardous Waste Specialist, in addition to replacement of the legacy EHS software system used to coordinate pickup and disposal of hazardous waste. The number of principle investigators and laboratory spaces have increased and the current EHS tasked with inspecting and managing waste from these facilities are spread thin. Increasing the staffing level within EHS will help the university meet regulatory requirements for safety within our laboratories and dealing with the increasing volume of hazardous wastes produced by laboratories and clinical

spaces. The outdated software currently used by EHS to manage these processes is no longer able to be supported and a new system is required. SOFs recommends the funding of these FTE and software needs with a medium priority. It should also be noted that the recommended increase in the RAA for ERIK may be able to be used within EHS to support these increased costs as well.

2. Administration and Planning also requests $1,358,000 in continuing funds and $3,250,000 in cash for ongoing needs to maintain services for environmental compliance. These services include hazardous waste disposal, landfill maintenance, testing and reporting to regulatory agencies, underground storage tank permitting, air permitting and waste supplies. The research enterprise accounts for 59% of the total FY23 hazardous waste expenses, with the medical center accounting for 27%. The request for the ongoing funds and cash are to defray deficits incurred from FY21-FY24 and increasing costs with larger research expenditures and supply chain pressures. EHS has not come to SOFs with a request for some time and the needs are important from a regulatory and safety perspective, and thus have been assigned a medium priority by the subcommittee. The subcommittee would also highly recommend that expenses incurred by the Wexner Medical Center for hazardous waste management and disposal be funded directly by the WMC and not from central funds.

3. OTDI requests $1,316,450 in continuing funds for email security, disaster recovery and Security Analytics (Splunk). Historically these functions have been funded by internal efficiencies but that is not a sustainable business model for OTDI. Splunk assists with log on management across the University and automates several processes that used to be manual. Proof Point is the email security function that provides protection for the millions of emails coming into university addresses on a monthly basis. The subcommittee recognizes the importance of the security functions provided by OTDI in this space, however a permanent funding model needs to be developed to pay for these necessary software programs and licenses. OTDI should continue its process towards zero-based budgeting and outline a plan for funding of these needs on a permanent basis during the process for FY26. In the meantime, SOFs placed a medium ranking on the importance of this funding and moved it from a continual funding ask to a one-time cash request.

Low Priority Funding Requests

1. Administration and Planning Transportation and Traffic Management requested $3,000,000 in continuing funds to support the Lyft Rideshare program. The request for funds for this program has been an ask for multiple years presented to SOFs, with subcommittee recommending one-time cash support in FY24 while asking A&P TTM to look for ways to reduce costs. While the program remains popular, the increasing cost of the program and constraints on University funding

provide challenges for sustainability. SOFs assigned this request a low priority and suggested looking into funding sources directly from students that are utilizing this program.

2. Administration and Planning TTM and FOD asked for $1,258,324 in continuing funds for pay increases above AMCP for units with staff that have labor contracts with mandated pay increases. This is the first time A&P has come to SOFs to request funds to pay for pay above AMCP for staff with established labor contracts. These staff are relatively small in number and spread across Public Safety, TTM and FOD. These costs issues have historically been addressed by the University on an ad hoc basis. This request covers increases required by labor contracts for FY23, 24 and 25. There will be an additional request in FY26 as a new contract will be negotiated with these staff next year. While the subcommittee recognizes the high priority of this funding from a university standpoint it was deemed to be a low priority for funding by SOFs. A&P should reprioritize their current budget to account for these increased costs which are negotiated ahead of time without input from Senate Fiscal.

3. ERIK submitted a request for $564,575 in continuing funds and $190,000 in one-time cash to fund 2 FTEs in the IRB support area and to fund new IRB software to increase the processing of protocols. The IRB uses outdated software for the entry, processing and approval of research protocols used for human subject research. These protocols are important from a regulatory standpoint and protect participants and the University during the process. Despite the importance of these FTEs and the new software to ERIK, the subcommittee recommended that the funding for these projects be sourced from the previously referenced ask from ERIK to increase the RAA. Therefore, this individual request is ranked low.

4. A request for $1,312,622 in one-time cash was made by OTDI to support existing training, communication and support operations related to Workday processes in OHR, B&F, ERIK and the Health system. OTDI will not receive these proposed funds directly, but will instead send them to the previously mentioned units to assist with continual efforts in Workday implementation. It was noted by the subcommittee during review of this ask that it is very unclear who is receiving this training and is a small part of the larger issue of lack of training during the implementation of the enterprise project. It is not apparent to the subcommittee who actually received any training during the project, who continues to receive training, and if said training actually benefited the university. Workday funding requests continue to be spread across several University units with nor transparency on the true ongoing costs of the program. The subcommittee recommended that this request receive a very low priority.

5. The Office of Business and Finance requested $10,000,000 continuing funds and $11,872,000 in one-time cash to fund a current deficit created by increasing

insurance premiums for University property, events and general liabilities over the last several years. This is the first time that Risk Management has come to SOFs for a request. Insurance premiums has increased dramatically over the last several years to cover buildings owned by OSU, athletic and other events on campus properties, 4-H program liabilities and many other aspects of university functions. The funding for premiums has traditionally come from University central tax assessed onto units and not from SOFs requests, therefore Risk Management could not provide SOFs with a unit scorecard. The subcommittee determined that SOFs was not the proper funding source mechanism for Risk Management and that B&F should instead look to increasing central tax, especially to heavy users such as athletics, to fund increasing insurance premiums. These two requests received low priority from the subcommittee.

6. ERIK proposed a $2,719,537 increase in continuing funds to be raised by increasing the Research Administrative Assessment. The RAA is a part of Indirect Costs that are allocated to college units. From FY15 to FY24 the RAA comprehensive annual growth rate was only 3.7% while the CAGR in IDC across the University was 6.8% For FY24 it is estimated that ERIK RAA will be roughly 21% of IDCs. A query of the Association of Public and Land Grand Universities (APLU) revealed an average of 33% of IDCs are given to the Vice President for Research Operations (equivalent to OSU ERIK). SOFs held a second meeting with ERIK financial leadership to clarify ERIK's current financial position after leadership changes and an adjusted scorecard were provided to the subcommittee after our initial recommendations were provided to the full Senate Fiscal Committee. After reviewing the updated scorecard, organizational chart, and discussions with ERIK financial personnel the subcommittee determined that the additional Strategic Investments, increase in net margin and other various increases in revenue to the unit have improved their financial outlook from previous estimates in Autumn 2023. SOFs suggests that ERIK utilize existing equity from these various sources to cover increased costs before further requests to SFC increase the RAA that could affect other unit revenues, therefore this request is ranked low.

Senate Fiscal Committee: FY2025 Human Research Service Delivery Recommendation

March 5, 2024

Senate Fiscal Committee Members, in attendance: Michele Basso (Chair), David Horn, John Buford, Lingying Zhao, Durya Nadeem-Khan, Jim Woods (representing and voting on behalf of Dean Zadnik), Justin Kieffer, Melvin Pascall, Derek Hansford, Mark Foster, Gregroy Rose, Michelle Scott, Gretchen Gombos, Brad Harris (non-voting), Kris Devine (non-voting), Damon Jaggers (non-voting)

Of 26 SFC members, there are 22 voting members with a vacant student appointment that was not filled after the departure of an undergraduate student government representative. Of the 21 remaining voting members, there were 13 voting members present.

The SFC committee reviewed the HRSD recommendation as a motion from the SOFS subcommittee (membership below). After an amendment was made and approved unanimously by the SFC members present, the amended HRSD recommendation was unanimously approved by SFC.

MEMBERSHIP for Support Office Finance Subcommittee: Justin Kieffer (Chair) Gretchen Gombos, Damon Jaggars, Kim Kinsel, Linying Zhao, Greg Rose, James Woods, Derek Hansford

FINAL RECOMMENDATION:

The Support Office Subcommittee dedicated a great deal of meeting time reviewing material presented by HR leadership on the continued funding gap for Human Resources services and the multitude of issues surrounding the delivery of HR services to the University community.

1. After much deliberation, it is the subcommittee's recommendation that the current HRSD funding model for the rest of FY24 be maintained in order to prevent major escalation of charges to University units after the exit of WMC from HRSD. 2.
2. Moving forward into FY25, the subcommittee recommends that the level of funding for HRSD remain at FY24 levels, with the sole addition of AMCP as the only recommended funding increase. HR must find efficiencies with its system to maintain current services.
3.
    A) It is also the recommendation of the subcommittee that the model of HRSD should be eliminated and replaced with a financially sustainable system that

provides transparent accountability by HR for services provided to the University.

B) The Senate Fiscal Committee recommends a Human Resources Service Delivery (HRSD) taskforce be initiated in Summer 2024, comprised of Faculty, Senior Fiscal Officers, Human Resources Business Partners, Senior Vice President Katie Hall, and staff from Human Resources. The shared governance taskforce will review the services provided through HRSD to better define the division of work and identify redundancies in services to address the HRSD funding gap.

The funding recommendations for FY25 by the subcommittee are based on data presented to the subcommittee this past fall and winter by HR leadership that project a major increase in charges to University units if the HRSD model were to transition to a Pooled and Direct charge model. The Pooled charges represent general services rendered to the University such as Compensation, Talent Acquisition, Marketing and other services that are paid for by all University units. Direct charges represent fees charges to University units based upon HR Business Parter FTEs that are present within each unit to provide localized HR support. With the exit of WMC from HRSD, and the removal of 80 FTEs from HR into direct payment by WMC, the proposed Pooled/Direct charge model would drive a major increase in HR charges to many University units, most especially regional campuses. In addition to the projected major increase in fees to University units, it is unclear in the potential shift from HRSD to the Pooled/Direct model where there may be duplication of Central vs Direct services provided by HR and thus having units pay twice for the same service. HR leadership was unable to provide clear data to the subcommittee on the potential duplication of services and charges in the Central/Pooled model and did not provide requested information on the legal/regulatory necessity of specific Central (Pooled) HR services so that the subcommittee could provide recommendations on potential efficiencies with that space of HR spending. It is the opinion of the subcommittee that there are large overlaps in services that if corrected, could provide significant cost savings to the University.

It is clear that the HR Centers of Excellence are not engaging to individual unit HR business professional staff and operate within their own silos. Communication between Central HR and HRBPs within units appears to be poor and there is no framework for operation and decision-making by the local HR partners to empower them to assist units and help them make important decisions. Many HRBPs do not feel included or engaged with central HR. An example of this lack of empowerment and communication is Compensation. During subcommittee conversations a common theme emerged that many units have attempted to increase staff pay to match current market demands, increases that were fully within unit budgeting to accomplish and agreed upon by local HRBPs, only to be thwarted by Central Compensation for nebulous reasons and flawed algorithms. Contrarily, central HR promulgated market compensation reviews and increases for staff in multiple University units without consultation of unit business leadership and outside of the normal university fiscal year budgeting process. These two examples within Compensation highlight the enormous disconnect of central HR administration/services with HR personnel on the ground working within the individual colleges and offices. This lack of communication has a direct effect on the research, teaching and extension mission of the University.

In summary, the HRSD model is clearly moribund (as has been noted in previous SOFs recommendations) and needs dramatic change to provide effective, efficient service to the University and its various units across the state. The elimination of duplicative services and charges is a major requirement as part of this process of change. Wholesale reevaluation of HR services at the Central and local levels is absolutely required.

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Support Office Finance Subcommittee OTDI Software Cost Share Recommendation

April 23, 2024

MEMBERSHIP for Support Office Finance Subcommittee: Justin Kieffer (Chair) Gretchen Gombos, Damon Jaggars, Kim Kinsel, Linying Zhao, Greg Rose, James Woods, Derek Hansford

The OTDI Software Cost-Share Recommendations unanimously supported by Support Office Finance Subcommittee (SOFS), was unanimously confirmed by the Senate Fiscal Committee members present on 4/23/24.

The Support Office Finance Subcommittee met on 4/16/24 to discuss and make a recommendation on the continued cost-share program for various software programs used by OTDI across the University. These software programs include the Microsoft Office Suite, Adobe, SAS and Qualtrics and several other commonly used platforms. The information and request by OTDI for FY25 was originally presented on 2/19/2024 by Bob Mains, John Votino and Nathan Andridge.

The OTDI Site License Software cost-share information includes a total of $3,580,386 for the following programs:

1. Qualtrics licenses
2. SAS
3. SPSS
4. SQL Server
5. Adobe Creative Cloud
6. Microsoft Office Suite

These cost-share estimates are approximately $1 million dollars less than the consumer price index increases that would normally be realized. OTDI estimates that the cost per user (i.e. per FTE charged out to the colleges/units) of all of the above programs combined is $2830. OTDI was well positioned during and immediately after the pandemic with cost-saving measures via contracts in place. Those contracts will end in FY2026 so future costs may accelerate vs previous years.

OTDI-supported OSU Software programs are estimated to cost approximately $1.9 million dollars:

1. Buckeyelearn

2. Enterprise Document Management
3. Electronic signature
4. Qualtrics service
5. Microsoft One Drive Support

These are programs that are used heavily across the university to support employee training, reduce paper waste, manage document flows and support archival work and perform surveys. These costs have either remained flat or at 3% annual increases so cost increases have remained manageable with these programs.

The subcommittee voted to unanimously support the requests for continued cost-share of these critical programs for the University. The subcommittee also understands the looming price increases for some platforms with expiring price contracts for FY26. The breakdown of these programs by FTE by OTDI during the presentation is much appreciated.

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Composite Benefit Rate

March 5, 2024

Senate Fiscal Committee Members, in attendance: Michele Basso (Chair), David Horn, John Buford, Lingying Zhao, Durya Nadeem-Khan, Jim Woods (representing and voting on behalf of Dean Zadnik), Justin Kieffer, Melvin Pascall, Derek Hansford, Mark Foster, Gregroy Rose, Michelle Scott, Gretchen Gombos, Brad Harris (non-voting), Kris Devine (non-voting), Damon Jaggers (non-voting)

Of 26 SFC members, there are 22 voting members with a vacant student appointment that was not filled after the departure of an undergraduate student government representative. Of the 21 remaining voting members, there were 11 voting members present after the departure of Justin Kieffer and Melvin Pascall.

Kim Kinsel motioned to accept the recommendation as presented and called the question. The College Finance Subcommittee's FY2025 Composite Benefit Rate Recommendation was adopted as presented to Senate Fiscal, by unanimous vote.

College Finance Subcommittee University Senate

Membership:
Melvin Pascall, Chair 2023-24, Vidya Raman, John Buford, Birsel Pirim, Anil Makhija, Michele Basso, Durya Nadeem-Khan

Support Staff:
Katie Hensel, Steve Meechan, and Joe Wanderi

Guests:
Tom Ewing, Ken Gast, and Pam Doseck

Background:
The Composite Benefit Rates are used to recover the employer paid portion of benefits (retirement, healthcare, tuition benefits etc.) from Units. Medical claims make up the largest share of the cost pool, with a projected expense of $431 million in FY25. Rates across most employee groups are projected to decrease to increased compensation. The wage increases outside of AMCP include faculty equity increases, implementation of Career Roadmap and higher than expected Health System increases.

Process:

The College Finance Subcommittee (CFS) initially reviewed the proposed Composite Benefit Rates for September 1, 2024 through August 31, 2025 during their January 9, 2024 meeting.

As presented by the Controller's Office, the proposed FY25 Composite Benefit Rates are based upon an assumed 3% AMCP base salary increase with an additional 2% for faculty and 2% for Health System employees. Also included in the rates is an annual 8% increase in medical expenses; see full Controller's presentation for cost drivers by benefit component.

Target reserve balances were also reviewed with the Controller's Office, and deemed appropriate, As of November 30, 2023, the University's benefit plans had cash balances of $169 million, which is approximately $4 million lower than our target cash balances, adjusted for accrued benefits. This does not represent June 30, 2024 Year-End Projected Cash Balances.

FY24 RECOMMENDATION: The College Finance Subcommittee unanimously supports the 2024-2025 Proposed Composite Benefits Rates:

Assumes 8% Medical Trend

	Current Rates (23-24)	*Proposed Rates (24-25)*	% Change	Projected Benefit Costs
		General University		
Faculty	28.0%	***27.7%***	-1.1%	$ 155,197,459
Combined Staff	36.7%	***36.1%***	-1.6%	327,289,781
Specials	15.8%	***15.7%***	-0.6%	20,717,256
Students	0.3%	***0.4%***	33.3%	190,837
Graduate Associates	11.7%	***11.8%***	0.9%	17,595,837
		OSU Health System		
Faculty*	37.0%	***36.3%***	-1.9%	$ 22,894,529
Combined Staff	35.7%	***34.7%***	-2.8%	377,501,917
Specials	16.1%	***15.9%***	-1.2%	35,666,855
Students	0.6%	***0.5%***	-16.7%	16,553
Graduate Associates	11.9%	***12.0%***	0.8%	56,458
		Faculty Group Practice		
Clinical Appointments**	4.8%	***4.7%***	-2.1%	$ 20,841,199

** Faculty rate group for the Health System consists primarily of medical residents.*

*** Excludes retirement contributions*

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 POM Rate Recommendation

March 5, 2024

Senate Fiscal Committee Members, in attendance: Michele Basso (Chair), David Horn, John Buford, Lingying Zhao, Durya Nadeem-Khan, Jim Woods (representing and voting on behalf of Dean Zadnik), Justin Kieffer, Melvin Pascall, Derek Hansford, Mark Foster, Gregroy Rose, Michelle Scott, Gretchen Gombos, Brad Harris (non-voting), Kris Devine (non-voting), Damon Jaggers (non-voting)

Of 26 SFC members, there are 22 voting members with a vacant student appointment that was not filled after the departure of an undergraduate student government representative. Of the 21 remaining voting members, there were 11 voting members present after the departure of Justin Kieffer and Melvin Pascall.

Jim Woods motioned to accept the recommendation as presented and called the question. The College Finance Subcommittee's FY2025 POM Rate Recommendation was adopted as presented to Senate Fiscal, by unanimous vote.

College Finance Subcommittee University Senate

Membership:
Melvin Pascall, Chair 2023-24, Vidya Raman, John Buford, Birsel Pirim, Anil Makhija, Michele Basso, Durya Nadeem-Khan

Support Staff:
Katie Hensel, Steve Meechan, and Joe Wanderi

Guests: Kevin King, Peter Calamari, Lindsey McCann, Dan Brearley, Brett Garrett, Mark Conselyea

Context: The academic campus provides funding for university building operations, including upkeep, and campus infrastructure through a Plant Operation Maintenance (POM) assessment.

The POM rates are set annually and charged to academic units. POM rates paid by contributing units cover maintenance of buildings including utilities, custodial staff; deferred maintenance that addresses small emergency repairs (such as new chillers, roof repair, etc.); preventive maintenance that helps with existing upkeep and capital projects.

Subcommittee Discussion: The College Finance Subcommittee met on several occasions to review and consider the FY25 POM Rates, charged on a marginal assignable square footage (ASF) bases, and discuss the request for incremental funding to support the ongoing and critical needs of facility maintenance on campus.

The following provides details of the incremental FY24 POM funding request, by component, as presented by Facilities Operations and Development (FOD) Leadership to CFS:

Maintenance Funding Request FY25: +$1.42M or +$0.18/ASF:
FY 25 Salary and Benefit guidelines = $883k*
CWA Contract Increase = $289K*
Fume hoods/Strobics = $100K
Carbon Fund = $150K
This rate increase is 3.6% over FY24 rate of $5.06/ASF to $5.24/ASF in FY25
* Represents maximum support unit guidelines - FP&A to confirm appropriate increases

<u>Custodial Funding Request FY25: +$907K or +$0.15/ASF:</u>
FY25 Salary and Benefit guidelines = $263K*
CWA Contract Increase = $78K*
Contract Custodial = $450K
Library Unique Requirement = $116K
This rate increase is 4.6% over FY24 rate of $3.23/ASF to $3.38/ASF in FY25
*Represents maximum support unit guidelines - FP&A to confirm appropriate increases

<u>Deferred Maintenance Request: +$1.0M or +$0.15/ASF</u>
Administration and Planning is currently assessing the deferred maintenance needs of Columbus campus buildings. As of the request, 58% of buildings have been assessed for deferred maintenance needs. The 5-year needs of the projects were grouped as follows:

- $412.8M above $200K to be funded by department/local, bond, and State capital
- $95M between $10K and $200K to be funded by department/local, POM and State capital
- $2.2M under $10K to be funded by with current POM funding

Of the projects that are between $10K and $200K, the FY25 need is $26M. With the increase of $1M (from $6.6M to $7.6M) there would be a gap of $18.4M that would need to be funded with local funds or state capital funds.

The proposed POM – Deferred Maintenance is assumed to +$0.15/ASF above the base rate & replaces a portion of the one-time FY24 +$0.20/ASF collection for the third-party building assessment initiative. Since the FY24 increase was one-time, the year-over-year change is -$0.05/ASF.

The subcommittee requested an annual report of the deferred maintenance activities including prioritization of projects and progress in addressing deferred maintenance.

<u>Preventive Maintenance:</u> Consistent with the recommendation last year to simplify the POM components, there is no recommended FY25 Preventative Maintenance increase. As a reminder, the historical POM – Preventative Maintenance funding has been reallocated to Maintenance and Deferred Maintenance, respectively.

<u>Note:</u>
Additional FY25 inflationary increases to the POM – Utility rate was not requested from the Energy Office. Since no funds were requested the POM-Utility charge will increase by an assumed 3.5% based on the OSEP Engie partnership agreement (established in 2017).

FY25 RECOMMENDATION:

The College Finance Subcommittee reviewed the FY25 funding request and supporting documentation from FOD. After careful review, not all components of the funding request are recommended by CFS for inclusion in the FY25 POM Rates. The following funding requests are not recommended by College Finance Subcommittee:

- Fume hoods/Strobics = $100K
- Carbon Fund = $150K
- Library Unique Requirement = $116K
- Contract Custodial = $450K

Subcommittee members noted that the Fume Hoods/Strobics and the Carbon Fund programs will not support all units equitably and should not be charged to the entire campus community using a base POM rate increase. The Fume Hoods program only supports certain labs on campus while the proposed Carbon Fund grant program is intended to subsidize ultra-low temperature freezers that are only used by select departments. In the full Senate Fiscal Committee, it was noted that the Library Unique Requirement was not a new program and has been funded through POM revenue sources in the past. Lastly, the subcommittee does not recommend an FY25 rate increase for contracted custodial. The contract is still under negotiation and should be funded with cash for FY25 and can be requested as permanent funding in FY26. The latter is consistent with current practice for Support Office Finance Subcommittee (SOFS) and has been adopted by the College Finance Subcommittee as standard practice.

As done historically, the College Finance Subcommittee recommends that FP&A review and confirm the approved AMCP and benefit rate increases based on current year (FY24) personnel expenses and incorporating an appropriate historical vacancy rate. Finally, the actual POM rate increases should account for ASF changes and will be finalized by FP&A using the calculated support unit guidelines and recommended funding levels.

The College Finance Subcommittee recommends the following FY25 POM marginal increases:

FY25 POM Rate Recommendation:	**$0.16 increase/ASF**
Maintenance Funding	$1.17M or $0.16/ASF
Custodial Funding	$341K or $0.05/ASF
Deferred Maintenance	$(0.33M) or$(0.05)/ASF

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Overhead Rates

March 5, 2024

Senate Fiscal Committee Members, in attendance: Michele Basso (Chair), David Horn, John Buford, Lingying Zhao, Durya Nadeem-Khan, Jim Woods (representing and voting on behalf of Dean Zadnik), Justin Kieffer, Melvin Pascall, Derek Hansford, Mark Foster, Gregroy Rose, Michelle Scott, Gretchen Gombos, Brad Harris (non-voting), Kris Devine (non-voting), Damon Jaggers (non-voting)

Of 26 SFC members, there are 22 voting members with a vacant student appointment that was not filled after the departure of an undergraduate student government representative. Of the 21 remaining voting members, there were 11 voting members present after the departure of Justin Kieffer and Melvin Pascall.

Jim Woods motioned to accept the recommendation as presented and called the question. The College Finance Subcommittee's FY2025 Overhead Rates Recommendation was adopted as presented to Senate Fiscal, by unanimous vote.

COLLEGE FINANCE SUBCOMMITTEE UNIVERSITY SENATE

Membership:
Melvin Pascall, Chair 2023-24, Vidya Raman, John Buford, Birsel Pirim, Anil Makhija, Michele Basso, Durya Nadeem-Khan

Support Staff:
Katie Hensel, Steve Meechan and Joe Wanderi

Guest:
Tom Ewing, Office of the Controller

Background:

The overhead rate is the mechanism The Ohio State University uses for charging earnings operations a proportionate share of the university's central facilities and administrative costs.

Process:

The College Finance Subcommittee of the Senate Fiscal Committee reviewed the proposed FY25 University Overhead Rates at its meeting held on February 20, 2024, as presented by Tom Ewing. In a previous meeting on November 14th, the Overhead Rate methodology was discussed. Total overhead costs to be recovered increased $4.7 million, to $90.9 million, compared to the prior year. Increases in the allocations are primarily driven by expense in the Office of Technology and Digital Infrastructure and Public Safety. FP&A staff recommended a careful review the methodology, prior to finalization, to ensure all the central administrative costs are fully recovered in the FY25 Overhead Rate, including inflationary increases for personnel resulting from AMCP and the composite benefit rate.

RECOMMENDATION: The committee supports the initial methodology used in the 2024-2025 Proposed University Overhead Rates, as attached. It is recommended, however, that a final review of the central administrative costs be completed prior to finalizing 2024-2025 University Overhead Rates. Any changes in the final, approved 2024-2025 rate should be reported to the Senate Fiscal Committee, no later than September 2024.

The Ohio State University
Faculty Senate Fiscal
Updated February 19, 2024

TOPIC:

Overhead Rates for FY 2025

CONTEXT:

This is the annual calculation of overhead rates charged by the University to non-General Fund (earnings) units for services such as purchasing, auditing, insurance, campus safety, etc.

CALCULATION SUMMARY:

Calculated and proposed rates for FY2025 are summarized below:

The Ohio State University
Earnings Overhead Rates
based on FY 2023 Actual Costs

($ in millions)	FY2023 Actual Overhead Costs to be Recovered	Adjusted Revenues	Calculated FY2025 Rates	Proposed FY2025 Rates	FY2024 Rates	FY2023 Rates	Notes
Health System	$ 62.6	$ 3,018.9	2.07%	**$ 62.6**	**$ 59.7**	**$ 56.6**	**(A)**
Instructional Clinics	1.5	42.6	3.60%	**3.60%**	3.41%	3.54%	
Regional Auxiliaries	0.3	10.1	2.85%	**2.85%**	2.93%	2.94%	
All Other Earnings Units	26.5	524.9	5.04%	**5.04%**	4.95%	5.14%	
Total	$ 90.9						

(A) - The 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 Medicare reimbursement policies.

NOTES:

- Total overhead costs to be recovered increased $4.7 million, to $90.9 million, compared to the prior year. Increases in the allocations Office of Technology and Digital Infrastructure and Public Safety costs account for the bulk of the increase (see Attachment C).

ADDITIONAL DETAIL:

- **Attachment A** – Notes on Methodology and Overhead Cost Pools
- **Attachment B** – Summary of Allocated Overhead Costs and Adjusted Revenues by Rate Group – FY2022 and FY2023
- **Attachment C** – Allocations of Central Support Costs – FY2021-FY2023
- **Attachment D** – Total Earnings Overhead Recoveries – FY2019-FY2023
- **Attachment E** – Summary of Overhead Cost Pools – FY2023

Attachment A – Notes on Methodology and Overhead Cost Pools

General Notes on Overhead Rate Calculation Methodology:

- An overhead rate is a mechanism for charging earnings operations a proportionate share of the university's central facilities and administrative costs. Allocated overhead costs are divided by adjusted revenues to determine the rates.
- Adjusted revenues are three-year averages for revenues in each rate category. These average revenue figures are used to smooth out the rate impact of year-to-year fluctuations in gross earnings revenues.
- In general, facilities costs are allocated based on assignable square footage (ASF). Administrative costs are allocated based on modified total direct costs (MTDC).
- To maintain consistency with federal cost accounting rules, various unallowable and non-allocable costs have been excluded from the cost pools allocated to earnings operations.

Allocation of Indirect Overhead by Cost Pool and Participating Rate Group

		Participating Rate Groups			
Cost Pools	**Basis of Allocation**	**Earnings**	**Health System**	**Instructional Clinics**	**Regional Campuses, ATI, OARDC**
Facilities Support					
Plant Administration	ASF	x	x	x	
Insurance	ASF	x	x	x	x
O&M – Other Services	ASF	x	x	x	
Administrative Support					
Academic Administration	MTDC	x		x	x
Central Support	MTDC	x	x	x	x
Specialized Support					
Health Services Admin.	MTDC	x	x	x	
Student Services	MTDC	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.
- **O&M – Other Services** includes Roads and Grounds maintenance, solid waste/refuse disposal, University Police and security services, radiation safety 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 including the Office of Business & Finance (purchasing, receiving, mail, accounts payable, accounting, budget and internal audit), the Office of the Chief Information Officer, the Office of the President and the Board of Trustees.

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.

Attachment B -- Summary of Allocated Overhead Costs and Adjusted Revenues by Rate Group

The Ohio State University

Summary of Allocated Overhead Costs and Adjusted Revenues - updated 2/19/2024

	HEALTH SYSTEMS (9400 & 9450)		INSTRUCTIONAL CLINICS (9560)		REGIONAL AUX (9550)		EARNINGS (9500, 9510,9520 & 9600)		Total Costs to be Recovered through Earnings Overhead Rates	Total Costs to be Recovered through RCSC and Central Tax	Total Costs in Overhead Cost Pools
	2022	2023	2022	2023	2022	2023	2022	2023	2023	2023	2023
ADJUSTED REVENUE	2,902,747,472	3,018,857,371	40,920,421	42,557,238	9,734,685	10,124,072	504,707,665	524,895,972			
OVERHEAD TO BE RECOVERED											
Operations & Maintenance (O&M)											
Plant Administration (1030&1035)	2,115,121	1,782,742	84,376	71,117			4,966,965	4,186,434	6,040,293	7,392,904	13,433,197
Insurance (1000)	1,296,860	1,191,536	51,734	47,533	87,948	80,805	3,045,431	2,798,098	4,117,971	4,860,409	8,978,380
O&M - Other Services (1045&1050)	3,111,160	3,821,261	163,780	199,076			8,053,456	9,896,384	13,916,721	21,063,855	34,980,576
Total O&M	6,523,141	6,795,538	299,890	317,726	87,948	80,805	16,065,852	16,880,916	24,074,985	33,317,167	57,392,153
Administration & General (A&G)											
Academic Administration (2200)	-	-	329,696	409,742	7,445	9,252	657,617	817,277	1,236,271	21,302,319	22,538,591
Central Support (2100)	50,882,032	53,251,980	732,111	766,211	190,128	198,983	7,751,335	8,112,371	62,329,545	39,716,892	102,046,437
Total AGN	50,882,032	53,251,980	1,061,807	1,175,952	197,573	208,236	8,408,952	8,929,649	63,565,816	61,019,211	124,585,027
College Administration (CA)											
Health Services (2450)	2,294,662	2,575,530	33,641	37,759	-	-	38,186	42,861	2,656,150	726,065	3,382,215
Total CAD	2,294,662	2,575,530	33,641	37,759			38,186	42,861	2,656,150	726,065	3,382,215
Student Services (7500)	-	-	-	-	-	-	471,194	597,608	597,608	384,317	981,925
TOTAL OVERHEAD TO BE RECOVERED	59,699,835	**62,623,048**	1,395,338	**1,531,436**	285,521	**289,041**	24,984,185	**26,451,034**	**90,894,559**	**95,446,761**	**186,341,320**
OVERHEAD RATES (as calculated)	2.1%	2.1%	3.4%	3.6%	2.9%	2.9%	5.0%	5.0%			

Attachment C – Allocations of Central Support Costs

Central Support Costs (CPLs 2050 and 2100):	2021	2022	2023	Variance over (under) prior year
Government Affairs	2,518,492	2,587,968	2,598,528	10,560
Marketing and Communications	10,021,081	10,324,891	10,990,733	665,842
Board of Trustees	647,190	899,142	779,553	(119,589)
Office of the President	3,725,248	3,658,158	3,123,525	(534,633)
Legal Affairs Administration	8,961,530	9,672,943	10,166,332	493,389
Business & Finance	19,955,547	19,449,689	18,229,146	(1,220,543)
Office of the Chief Information Officer (OCIO)	41,870,055	39,548,294	43,810,660	4,262,366
Diversity and Inclusion	485,513	613,191	666,516	53,325
Institutional Equity	975,996	4,850,645	5,781,444	930,798
General University and Cross Allocations*	1,898,793	-	-	-
Subtotal - Actual Central Support Costs	91,059,445	91,604,920	96,146,437	4,541,516
Projected Central Support Costs				
Strategy Office				
Office of Institutional Equity	4,178,979			
Legal Affairs	375,000			
OUCI	25,000			
OCIO - Software as a Service for Workday	-			
Incremental AMCP and Benefits for Central Administration		5,900,000	5,900,000	
Total Central Support Costs	**95,638,424**	**97,504,920**	**102,046,437**	

Projected O&M - Other Services Costs (added to CPL 1150)	
Public Safety Task Force	875,500
Public Safety Operations	960,450
Public Safety Additional Staff	250,000
	-
Total Projected O&M - Other Services Costs	2,085,950

	2021		2022		2023	
Allocation of Central Support Costs	Amount	%	Amount	%	Amount	%
Health System	53,966,837	56.4%	50,882,032	52.2%	53,251,980	52.1%
Other Earnings Operations	9,199,423	9.6%	8,673,574	8.9%	9,077,565	8.9%
Other University Functions	32,472,164	34.0%	37,949,315	38.9%	39,716,892	38.9%
Total	**95,638,424**		**97,504,920**		**102,046,437**	

* FY21 includes allocations from other indirect cost pools

Attachment D – Total Earnings Overhead Recoveries

The Ohio State University
Earnings Overhead Recoveries - FY2019 - FY2023

($ in millions)	**2019**	**2020**	**2021**	**2022**	**2023**
Health System	$ 60.7	$ 61.9	$ 51.7	$ 54.0	$ 62.3
Other Earnings Operations	29.7	26.5	9.0	23.3	30.2
Total	**$ 90.4**	**$ 88.4**	**$ 60.7**	**$ 77.3**	**$ 92.5**

Attachment E – Summary of Overhead Cost Pools
Based on FY2023 Actual Costs

Cost Pool	Units with Expense in Cost Pool	Basis of Allocation	Total $ to be Allocated	University Share		Health System Share	
Central Administration & Services	B&F, OCIO, Legal Affairs, Communications, President, Government Affairs, Trustees, General University – Dues/Memberships	MTDC – except affiliates, depreciation, interest, and operations & maintenance cost pools	$ 102,046,437	$ 48,794,457	48%	$ 53,251,980	52%
Property & Liability Insurance	General University – Treasury (insurance expense and claims)	ASF – all campus buildings	$ 8,978,380	$ 7,786,844	87%	$ 1,191,536	13%
Plant Administration	Administration & Planning – FOD Admin, A&P Admin	ASF – all campus buildings	$ 5,312,354	$ 4,607,343	87%	$ 705,011	13%
Facilities Design & Construction	Administration & Planning – Facilities Design & Construction, Physical Planning & Real Estate	ASF – all campus buildings	$ 8,120,843	$ 7,043,113	87%	$ 1,077,730	13%
Environmental Health & Safety	Administration & Planning – Environmental Health & Safety	ASF – space marked as Research Lab	$ 7,533,289	$ 7,494,829	99%	$ 38,461	1%
Facilities Services – Other	Administration & Planning – Public Safety, non-POM portion of FOD Operations	ASF – all campus buildings excl affiliates	$ 27,447,287	$ 23,664,487	86%	$ 3,782,800	14%
Health Sciences Administration	Health Sciences	MTDC – costs within health sciences colleges, health sciences, and WMC	$ 3,382,215	$ 806,685	24%	$ 2,575,530	76%
Academic Administration	Office of Academic Affairs, Office of Institutional Equity	MTDC	$ 22,538,591	$ 22,538,591	100%	$ -	0%
Student Services Administration	Student Life	MTDC	$ 981,925	$ 981,925	100%	$ -	0%
		Total Allocable Costs	**$ 186,341,320**	**$ 123,718,272**	**66%**	**$ 62,623,048**	**34%**

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Regional Campus Service Charge Rate

March 5, 2024

Senate Fiscal Committee Members, in attendance: Michele Basso (Chair), David Horn, John Buford, Lingying Zhao, Durya Nadeem-Khan, Jim Woods (representing and voting on behalf of Dean Zadnik), Justin Kieffer, Melvin Pascall, Derek Hansford, Mark Foster, Gregroy Rose, Michelle Scott, Gretchen Gombos, Brad Harris (non-voting), Kris Devine (non-voting), Damon Jaggers (non-voting)

Of 26 SFC members, there are 22 voting members with a vacant student appointment that was not filled after the departure of an undergraduate student government representative. Of the 21 remaining voting members, there were 11 voting members present after the departure of Justin Kieffer and Melvin Pascall.

David Horn motioned to accept the recommendation as presented and called the question. The College Finance Subcommittee's FY2025 Regional Campus Service Charge Rate Recommendation was adopted as presented to Senate Fiscal, by unanimous vote.

College Finance Subcommittee University Senate

Membership:
Melvin Pascall, Chair 2023-24, Vidya Raman, John Buford, Birsel Pirim, Anil Makhija, Michele Basso, Durya Nadeem-Khan

Support Staff:
Katie Hensel, Steve Meechan, and Joe Wanderi

Guest:
Tom Ewing, Office of the Controller

Background:

The Regional Campus Service Charge is a mechanism for charging regional campuses a proportionate share of the university's central facilities and administrative costs.

Process:

The College Finance Subcommittee (CFS) of the Senate Fiscal Committee reviewed the proposed FY25 Regional Campus Service Charge (RCSC) at its meeting held on February 20, 2024, as presented by Tom Ewing. There were no significant questions or concerns noted by CFS as part of the annual review of the RCSC calculation and proposed rate.

RECOMMENDATION: The committee supports the 2023-2024 Regional Campus service charge of 4.45%:

The Ohio State University
Regional Campus Service Charge Rate
Updated February 19, 2024

TOPIC:

Proposed Regional Campus Service Charge (RCSC) Rate for FY2025

CONTEXT:

This is the annual calculation of the Regional Campus Service Charge (RCSC) rates charged by the University as a percentage of general fund revenues to the Regional Campuses and ATI, for facilities and administration, student services, and library use.

RECOMMENDATION:

The proposed RCSC rate for FY2025 is **4.45%** (see comparison with current and prior-year rates below):

Proposed FY2025 Rate (based on FY23 costs)	**Current FY2024 Rate** (based on FY22 costs)	**Prior-Year FY2023 Rate** (based on FY21 costs)
4.45%	3.56%	4.14%

RATE SUMMARY:

Cost Pool	Cost Pool Description	Total Cost Pool Amount	Exclusions	Total Cost Pool, Net of Exclusions	Allocated ASF/MTDC %	Gross Allocated Amount	% Use	Net Allocated Amount
1000	Property & Liability Insurance	8,978,380	-	8,978,380	4.23%	379,818	100%	379,818
1035	Facilities Plan & Development	8,120,843	-	8,120,843	4.23%	343,541	100%	343,541
1045	Environmental Health & Safety	7,533,289	-	7,533,289	4.23%	318,686	100%	318,686
2100	Central Administration	102,046,437	(1,503,876)	100,542,561	1.01%	1,016,517	100%	1,016,517
2200	Academic Administration	22,538,591	(2,559,531)	19,979,059	2.12%	423,227	100%	423,227
7550	Student Services	45,436,679	-	45,436,679	2.06%	935,318	50%	467,659
8000	University Libraries	35,660,093	-	35,660,093	2.06%	734,066	33%	242,242
	Total Net Allocated Costs							**3,191,690**
	Total Regional Campus Revenue							**71,799,458**
	Calculated RCSC Rate							**4.45%**
	Proposed RCSC Rate							**4.45%**

Notes:

- The calculation allocated approximately 30% of its costs from the facilities cost pools and 70% of its costs from the general administration cost pools.
- The current year's calculated rate employed a methodology similar to the one used for the internal overhead rate calculation.
- Increases in proposed rates relate primarily to a decrease in total regional revenues and increases in allocated Central Administration, Academic Administration and Student Services costs.
- A summary of the FY2021 - FY2023 rates and total regional campus service charge collections for each campus is provided in Appendix A.
- A summary of the FY2021 – FY2023 surcharge costs to be recovered and calculated rates is provided in Appendix B.

Appendix A – Total Regional Campus Service Charge Collections FY2021 - FY2023

Fiscal Year (Rate)	FY2021 (4.15%)	FY2022 (4.02%)	FY2023 (4.14%)
ATI	$ 210,710	$ -	$ 125,640
Lima	603,078	396,312	405,404
Mansfield	627,676	485,622	419,569
Marion	658,635	546,868	455,848
Newark	1,533,360	1,221,937	1,089,098
Total	**$ 3,633,458**	**$ 2,650,739**	**$ 2,495,560**

Appendix B -- Summary of Regional Campus Surcharges to be Recovered, Base Years FY 2021 - FY 2023

	FY2021	FY2022	FY2023
Property & Liability Insurance	$ 354,110	$ 413,392	$ 379,818
Facilities Plan & Development	276,917	256,403	343,541
Environmental Health & Safety	282,150	292,453	318,686
Central Administration	955,255	912,324	1,016,517
Academic Administration	361,035	329,953	423,227
Academic Computing	82,679	-	-
Student Services	422,548	364,723	467,659
University Libraries	301,932	185,535	242,242
Total Surcharge Costs to be Recovered	**$ 3,036,626**	**$ 2,754,782**	**$ 3,191,690**
Regional Campus Revenue	73,381,366	77,487,876	71,799,458
Calculated RCSC Rate	**4.14%**	**3.56%**	**4.45%**

THE OHIO STATE UNIVERSITY

Senate Fiscal Committee: FY2025 Student Fees Recommendations

April 9, 2024

The Student Fee Subcommittee updated guidance and templates which were used to collect student fee requests from colleges and guided the subcommittee's review of the requests. Because of a lack of quorum in the subcommittee, the full Senate Fiscal Committee reviewed and voted on each college request during meetings on March 26, 2024 and April 9, 2024 and also through email. The Chair of Student Fees Subcommittee, Steven Mentz, presented the requests and rationales by college.

College of Business – Variable Rate Changes

- with the proposed rate change for the **Executive MBA** which includes a **-9.8% reduction in the per semester rate** but an additional semester is being added to the program. The overall charges to students will increase by the cost of 1 additional semester.
- **Master of Human Resources Managed (MHRM) Program**: Michele Basso noted that the proposed increase of **28.3% for Instructional fees** was significantly more than the average annual rate increase. **The Non-Resident Surcharge is proposed to decrease 45.5%**. The Dean noted that he was happy to defer the recommendation as submitted but would be able to answer supplemental questions regarding the program, as appropriate.
  - KJ, from FP&A, provided an overview of the 28.3% rate increase, which includes a significant change in OSU's rate structure to ensure our tuition aligns with peer institutions. As noted, the benchmark comparisons suggested the need to increase the base rate (resident students), with a subsequent reduction in the non-resident surcharge by 45.5% (see below). The comparison is below:

University	Program Name	In-State Total Tuition	
University of Minnesota	Master of Human Resources and Industrial Relations, MHRIR	$37,728	Peer
Cornell	Master of Industrial and Labor Relations, MILR	$85,376	Aspiration
University of Illinois	Human Resources and Industrial Relations, MHRIR	$33,705	Peer
Purdue University	Master of Science in Human Resource Management, MSHRM	$32,760	Peer
Ohio State University	Master of Human Resource Management, MHRM	$25,515	**Current**
Ohio State University	Master of Human Resource Management, MHRM	$32,745	**Proposed**

- Specialized Master of Business – Analytics: Noting that the request includes a rate reduction, the change reflects the desire to ensure the cost of the master's degree is identical for both full-time and part-time students. Currently, based on OSU's rate structure, a part-time student would pay more to complete the program, in the absence of the proposed rate change. Currently, the College of Business is using departmental scholarships to manually ensure rate parity.
- Mini-MBA Graduate Certificate: A new program with Initial Instructional Fee $11,868 and non-Resident Surcharge of $200.

College of Dentistry – 5.0%

- Dentistry Professional Program: 5% rate increases were requested on behalf of all professional ranks within the College of Dentistry. Dentistry Professional Program: 5% rate increases for Instructional Fees and for Nonresident Surcharges were requested on behalf of all professional ranks within the College of Dentistry.

- **College of Engineering – New Program**
- Engineering's request for a new Masters in Cybersecurity and Digital Trust that is part of a stackable certificate program that students can complete in phases, culminating in the completion of the master's degree. Since the program is new, the committee is being asked to review and approve the differential rate as presented. There were no objections to the rate, upon initial review. After discussion, a preliminary vote by the subcommittee approved the rate proposal as submitted with sufficient votes need to ensure quorum.

College of Law – 2.0%

- The professional Law JD/LLM rate increase of 2%, as proposed, will be used to help offset the Annual Merit Compensation Program (AMCP) for faculty and staff. While there were no objections to the rate increase, a preliminary vote by the subcommittee approved the request as submitted. Note that the student representative from the College of Law (Durya) abstained from the vote.

College of Medicine

- Medicine Fee Requests, were each reviewed separately based on rank, as detailed below:

- Rank 1 & 2 (3.0%)
- Rank 3 (2.0%)
- Rank 4 (1.6%)

- The College of Medicine's Doctor of Physical Therapy (DPT) program requested **a 3.1% increase in Instructional Fees**. As part of the review and discussion, it was noted that the differential fee request for the DPT program had not been increased for several years. Moreover, a comparison of rates to peer institutions and the market supported the increase. Notably, the differential fee had not been increased for several years.

- **College of Optometry – 2.0%**
- The professional Rank 1, Rank 2, and Rank 3-4 increases on behalf of the College of Optometry were approved, as submitted, after preliminary review and vote of the subcommittee.

College of Pharmacy – 3.5%

- The professional Rank 1, and Rank 2-4 increases on behalf of the College of Pharmacy were approved, as submitted, after preliminary review and vote of the subcommittee.

College of Veterinary Medicine – 5.0%

- College of Veterinary Medicine submitted **rate increases of 5.0% for instructional fees for Rank 1 and Ranks 2-4**. They also requested **a 5% increase for non-resident surcharge for Rank 1**.
  - Justin Kieffer, who chaired the SFRS last academic year, noted that for many years the College of Veterinary Medicine restrained increases to no more than 2%. The proposed 5% increase will offset foregone rate increases from prior years and fund AMCP and inflationary increases associated with the veterinary program.

The requested changes in instructional fees and non-resident fees and other fees listed below were approved by Senate Fiscal Committee for FY2025.

		Instructional (per semester)				Non-Resident Surcharge (per semester)				SFC
College	Fee Name	Current Fee	Proposed Fee	Proposed Increase	Proposed Increase%	Current Fee	Recommended Fee	Fee Increase Requested:	Fee Increase %	Recommendation
Business	Master of Business Administration - Executive	$28,072	$25,320	-$2,752	-9.8%	$5	$5	$0	0.0%	Approved
	Master of Human Resource Management (MHRM)	$8,505	$10,915	$2,410	28.3%	$12,227	$6,667	-$5,561	-45.5%	Approved
	Specialized Master of Business - Analytics	$13,666	$10,021	-$3,645	-26.7%	$200	$200	$0	0.0%	Approved
	Mini-MBA Graduate Certificate	New Program	$11,868	N/A	N/A	New Program	$200	N/A	N/A	Approved
Dentistry	Dentistry - Rank 1	$21,880	$22,976	$1,096	5.0%	$24,571	$25,800	$1,229	5.0%	Approved
	Dentistry - Ranks 2 - 4	$18,408	$19,328	$920	5.0%	$21,789	$22,878	$1,089	5.0%	Approved
Engineering	Masters in Cybersecurity and Digital Trust	New Program	$9,360	N/A	N/A	New Program	$200	N/A	N/A	Approved
Law	Law - JD/LLM	$16,552	$16,883	$331	2.0%	$7,626	$7,626	$0	0.0%	Approved
Medicine	Medicine - Ranks 1 - 2	$15,062	$15,514	$452	3.0%	$12,460	$12,460	$0	0.0%	Approved
	Medicine - Rank 3	$15,062	$15,362	$300	2.0%	$3,333	$3,333	$0	0.0%	Approved
	Medicine - Rank 4	$15,118	$15,362	$244	1.6%	$3,333	$3,333	$0	0.0%	Approved
	Doctor of Physical Therapy	$6,520	$6,720	$200	3.1%	$11,254	$11,254	$0	0.0%	Approved
Optometry	Optometry - Rank 1	$14,149	$14,432	$283	2.0%	$10,528	$10,528	$0	0.0%	Approved
	Optometry - Rank 2	$14,149	$14,432	$283	2.0%	$5	$5	$0	0.0%	Approved
	Optometry - Ranks 3 - 4	$12,561	$12,812	$251	2.0%	$5	$5	$0	0.0%	Approved
Pharmacy	Pharmacy - Rank 1	$13,033	$13,489	$456	3.5%	$14,006	$14,006	$0	0.0%	Approved
	Pharmacy - Ranks 2 - 4	$13,033	$13,489	$456	3.5%	$5	$5	$0	0.0%	Approved
Veterinary Medicine	Vet Med - Rank 1	$17,068	$17,921	$853	5.0%	$20,865	$21,908	$1,043	5.0%	Approved
	Vet Med - Ranks 2 - 4	$17,068	$17,921	$853	5.0%	$5	$5	$0	0.0%	Approved

*Graduate general fee increase applies to all programs. On-premise fees applies to all in-person programs (Online programs excluded)

College	Fee Type	Fee Name	Current Fee	Proposed Fee	Proposed Increase	Proposed Increase%	SFC Recommendation
Dentistry	Education Support Fee	Rank 1	$2,668	$2,721	$53	2.0%	Approved
		Ranks 2 - 4	$1,968	$2,007	$39	2.0%	Approved
	Program Fee	International Dentist Program	New Program	$14,724	N/A	N/A	Approved
Medicine	Acceptance Fee	Doctor of Occupational Therapy - Acceptance Fee	$375	$550	$175	46.7%	Approved
Nursing	Distance Learning Fee	Distance Learning Fee - Graduate	$190	$228	$38	20.0%	Approved
	Technology Fee	Technology Fee - Graduate	$200	$239	$39	19.6%	Approved
Optometry	Pass through - Student Dues	OSU American Optometric Student Association - Student Dues	$20	$30	$10	50.0%	Approved
Veterinary Medicine	Education Support Fee	Rank 1	$278	$291	$14	5.0%	Approved
		Rank 2	$203	$213	$10	5.0%	Approved
		Rank 3	$278	$291	$14	5.0%	Approved
		Rank 4	$361	$379	$18	5.0%	Approved

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

September 12, 2023

2150 Student Union (Sphinx Centennial Room) /Teams

Agenda item: FY24 Financial Plan & FY23 Overview & OSU Budget Model **Presenter:** Kris Devine/Katie Hensel

Prior Year Recommendations (Katie)

FY24 Rate Summary

- FY24 POM Rate
  - Utilities, Maintenance, Custodial, Deferred Maintenance, and Preventative Maintenance rates (per Assignable Square Footage) were accepted as presented.
- FY24 Earnings Overhead Rates: Affirmed as Recommended
  - Health System, Instructional Clinics, and Regional/Auxiliary rates were accepted as recommended. It was noted, however, the Controller's Office amended the Health System rate to include the impact of the inflationary personnel increases, including the AMCP and composite benefit rate changes through FY24.
- FY24 Regional Campus Service Charge: Affirmed as Recommended
- FY24 Composite Benefit Rate (CBR): Affirmed as Recommended
  Primary drivers of CBR increase noted as:
  - 8.0% Healthcare expense increase (as compared to FY23 6.0% increase)
  - Expansion of the Graduate Associate Benefit Rate Expansion: See FY24 CBR Recommendation

FY24 Planned Strategic Investment

Note: Presentational format includes ALL institutional investments, as shared with the Board of Trustees. Funding sources include approved recommendations from Senate Fiscal, local/unit plans, as well as central strategic reserves

- Academic Excellence: Investments in Faculty
  - FY24 Plan includes +140 net new faculty positions, and their respective start-up
  - As noted on slide 5, faculty hires will be netted against faculty departures
  - A follow-up presentation from ERIK on research funding was suggested
- Research Excellence: Includes central strategic investments of $12.3M to help support research efforts institutionally; with additional growth planned within respective Colleges and Office of Health Sciences ($24.9M in total)
- Service and Clinical Excellence: $6.95M in FY24 approved investments including those approved by Support Office Finance Subcommittee (SOFS). There are additional FY24 program investments in student mental health (see tuition and fees summary) and the introduction of the second cohort into the Scarlet & Gray Advantage Pilot Program
  - SOFS Recommendation: Effective FY2024 and in future years, no funding should be distributed until the support offices have used existing funds to support the prioritized proposals/program.
  - Highest Priority Requests: Considered for potential central support (See: FY24 Support Office Finance Subcommittee (SOFS) Recommendation)
  - Final decisions on funding occurred in August 2023, after the FY23 year-end financials were reviewed and analyzed
  - Follow-up presentations from Student Life on student mental health services programs funded by the general fee increase and Administration and Planning on Lyft SafeRide/other public safety programs were suggested
- FY24 Workday/EBS Funding
  - College Finance Subcommittee reviewed and recommended the funding request, with funding in FY24 of $9.8M ($8.7M in continuing funding + $1.1M in one-time cash for project work)
  - See: FY24 Workday/EBS Funding Recommendation
  - A follow-up presentation from OTDI on the use of $1.1M in one-time cash for project work was suggested

FY24 Tuition and Fee Changes

- Noting that FY24 represents the 7th year of the undergraduate tuition guarantee cohort, any approved increases for undergraduate students were applicable to the incoming cohort of New First-Year Students (NFYS), only
- Allowable increases for the incoming cohort are capped by the state operating budget. In FY24 and FY25, the maximum allowable undergraduate tuition increase for the incoming cohort of students is 3.0%.
- Undergraduate Students:

    - New in-state tuition raised 3.0%; 2.6% increase in instructional + 0.4% increase in general fee, which is designated for student mental health services
    - Non-resident surcharge raised 5.2%
    - Housing/dining up 3.0%
    - OSU's tuition is in the middle of our Big 10 peers
  - Graduate and Professional Students:
    - Graduate base tuition raised 3.8%
    - Graduate non-resident surcharge raised 4.2%
    - All graduate differential/program fee recommendations were affirmed as recommended

FY24 Financial Plan (Katie)

- **General Funds (Academic Teaching)**
  - Tuition and Fees
  - IDC and State Subsidies
- **Earning Funds (Med Center, Teaching Clinics, Athletics, Student Life, Conferences, Core Labs)**
  - Should be able support itself or break even
  - No teaching supported by Earning Funds, with margin designated for capital reinvestment
- **Restricted Funds (Endowment (Investment Earnings & Principal)**
  - Revenues are budgeted to be spent in compliance with the underlying restriction of the donor/grantor and do not impact general institutional margin

University Budget Process

- University and Health System's budgets are combined
  - Health System – Bottom's up budget planning by hospital, OSUP Clinical
    - Charged overhead to the university for shared services, as detailed in the FY24 rates section
  - University – FP&A consolidates all Unit/College plans and incorporates central revenue/expenses to create an overall university operating budget
  - FY24 Financial Planning based upon submission in Adaptive, a budget system that allows for position-based budgeting and enhanced transparency of total compensation changes between forecast and plan
  - Adaptive Planning is in its second year of implementation with ongoing enhancements planned in support of position control and commitment tracking

Current Enrollment Outlook – (Katie)

- Total Enrollment Snapshot from 9/3/2023 Shared
  - <u>Autumn 2022 15th Day</u> vs <u>FY24 Plan: Autumn 2023</u> vs. <u>9/3/2023 Autumn 2023</u> enrollment variances by campus, and student type (undergraduate, graduate, and professional)
  - Areas of concern were noted as follows:
    - Columbus undergraduate NFYS and Returning Undergraduates (Degree Seeking) are more than 270 below FY24 Plan
    - Graduate enrollments are behind plan and include traditional graduate enrollment projections (central assumption) as well as program enrollments provided by each respective college
    - Lima undergraduate enrollment declines are a significant concern and require strategic planning
  - When the Autumn 15th day data is available, it will be analyzed with enrollment and revenue trends presented and shared with SFC
  - Additional discussion highlighted challenges impacting enrollment, with future year assumptions that will be informed by:
    - Strategic enrollment and size of incoming cohort
    - Resident versus non-resident undergraduate mix
    - Transfer student opportunities
  - Competitive student recruitment, influenced by Ohio demographics as well as institutional competition (public and private), University of Cincinnati highlighted as an Ohio public university experiencing significant growth
  - Recommendation to have Dr. James Orr present a Strategic Enrollment Management update
- Columbus Undergraduate Dashboard
  - FY24 Columbus Undergraduate Revenue Drivers, and comparison to FY24 Plan – **Prior to official 15th day**
    - Autumn 2023 NFYS Cohort 139 students behind FY24 Financial Plan of 8,125
    - NFYS Enrollment Mix; Forecasting a larger share of non-resident students, positively impacting revenue
    - Returning Undergraduate students (excluding NFYS) is below plan, by 134 students
    - Total Undergraduate Enrollment Mix: Bolstered by the NFYS enrollment mix, total undergraduate mix is trending ahead of plan
- Columbus Undergraduate Revenue Forecast for FY24 is in line with FY24 Financial Plan

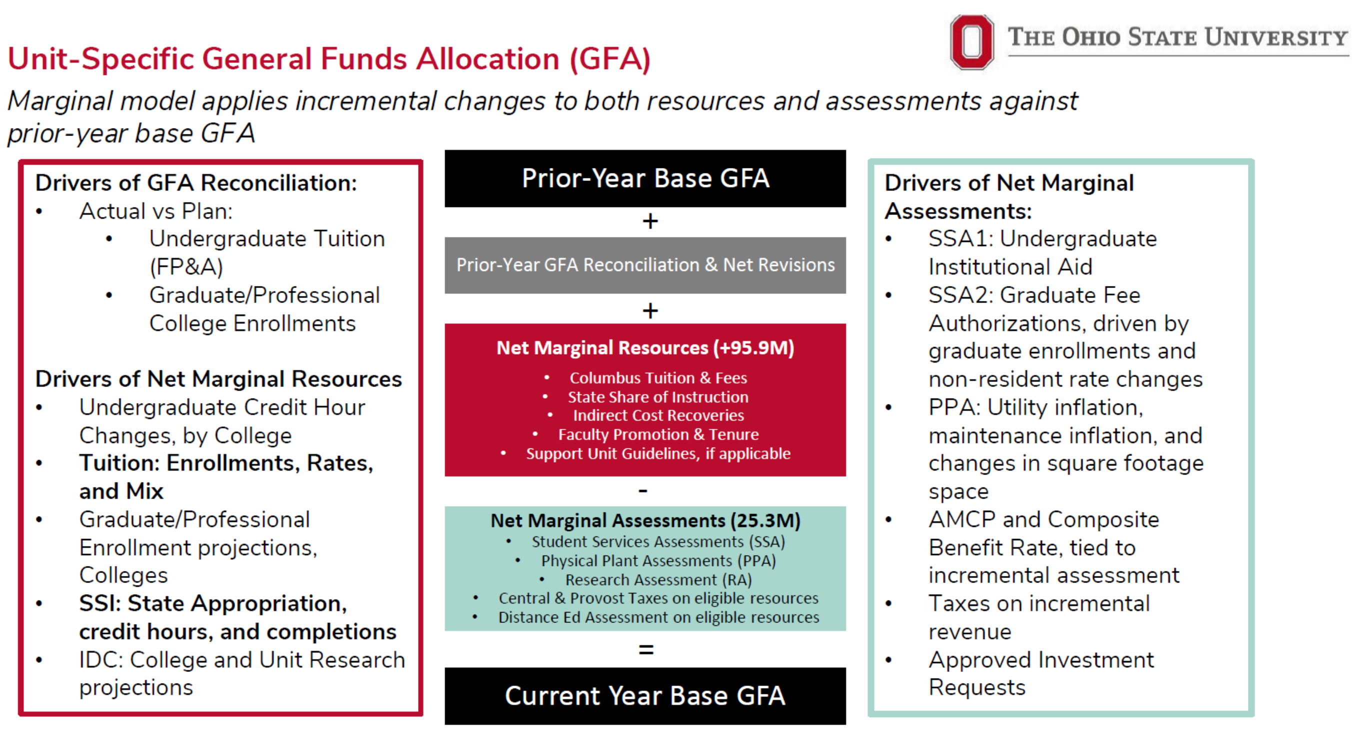
        - While total enrollment for Columbus undergraduate students is below plan, revenues trending in line with plan, noting that residency reclass and other tuition adjustments have not yet been accounted for in the revenue projection
        - Tuition and revenue loss from lower headcounts, offset by non-resident mix/surcharge
    - Columbus Graduate Revenue Forecast for FY24
        - While total enrollment is behind plan, from lower headcounts, offset from non-resident mix/surcharge
        - Non-Resident surcharge revenues are more difficult to forecast, based on residency reclass and the Ohio Graduate Tuition Waiver Program – additional updates pending

FY23 University Financial Overview – (Kris)

- As evidenced by the Financial Metrics (Slide 44), the consolidated financial performance of the institution is strong as evidenced by:
    - Continued growth in the revenues, with commensurate growth in expenses since FY19
    - Strong cash and investment positions, with $10.8 Billion at FY23 year-end
    - Consistent growth in Net Position, at year-end, both including and excluding the GASB financial statement adjustments)
- In April of 2023, Fitch upgraded the university's credit rating to 'AA+/Stable Outlook', the first rating upgrade of the university since Moody's upgrade to 'Aa1' in 2010

OSU Budget Model: Money Matters Presentation – (Katie)

- A Money Matter presentation was shared with Senate Fiscal Committee, noting that it provides additional FY24 Financial Plan details, by college and support unit
- Katie provided a summary of the data included in the presentation and indicated that the presentation would be available on Teams. See link: [3b. Money Matters Slides - OSU Budget Model.pdf]
- The details of OSU's General Funds Allocation (GFA) marginal model, were reviewed, as excerpted below:



THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

October 10, 2023

Teams

Agenda item: **Faculty Compensation Initiative: Update & Status of Mercer Report** **Presenter:** **Brad Harris**

Brad Harris prepared a presentation on the status of the Tenure Track Faculty Compensation Initiative he chaired on behalf of Provost Gilliam. See TEAMS link to PPT: 2. Senate Fiscal Update - Faculty Compensation.pdf

Progress to Date: Slides 2 & 3

- September 2022: Tenure Track Faculty Compensation Committee established
- November 2022: Faculty compensation best practices drafted
- February 2023: Faculty compensation philosophy developed by FCBC and endorsed by Tenure Track Faculty Compensation Committee
- April 2023: Mercer engaged to conduct assessment
- June 2023: First iteration of Mercer data provided to Ohio State
- July 2023: Analysis, validation, and refinement of Mercer data; Institutional Research and Planning developed reports for deans and chairs; Deans provided first look at data; Faculty workload subcommittee recommendations provided to Provost
- August 2023: Mercer data presented to Board of Trustees; Tenure Track Faculty Compensation Committee recommendations to Provost
- September 2023: Begin working with deans and chairs and use 2023 survey data to begin addressing equity gaps

Mercer Survey Methodology: Slide 4

- Assessment included all Ohio State tenure-track faculty, including regional campuses, as of September 30, 2022
- Ohio State salaries were compared to 27 benchmark universities selected by FCBC
- Faculty from 11 colleges were compared to a specific AAU Data Exchange benchmark for their department and rank using a 4-digit CIP code; Medicine was compared to AAMC; Business to AASCB; Optometry to ASCO; Vet Med to AAVMC
- No adjustment for cost of living, no adjustment for time in rank, no faculty performance or productivity factors
  - It was noted that instead of cost of living, cost of labor is factored in. Ohio's labor costs are in line with the national average so no adjustments were made.
- Results compared Ohio State salaries to benchmark averages and to 85% of benchmark averages (per the FCBC recommended Ohio State Faculty Compensation Philosophy)

Mercer Survey Results: Slide 5

- **Each college compared to 85% of market (= comp philosophy)**
  - All colleges, on average, compare favorably
  - Individual faculty outliers
- **Each college compared to market**
  - Half of the colleges, on average, are above market and half below
- **Each college cost to close gap to 85% of market**
  - Estimated, before applying time in rank and performance factors, to be <$10M. Final cost will be less once other factors are considered.
- **Each college cost to close gap to market**
  - TDB based on ultimate market position desired

Institutional Research and Planning Report: Slide 6

- Sample Faculty Compensation Assessment Tool for a college department (with data masking) was shared for illustrative purposes. Tableau reports have been created and shared with colleges as they evaluate the need for faculty salary adjustments based on the Mercer results.

Next Steps: Slide 7

- Addressing "unjustified" outliers
  - Deans and chairs will validate time in rank and performance for faculty under 85% of market average. Unjustified gaps relative to 85% of market average to be adjusted during FY24.
- Ultimate market position target
  - Continue discussions with Board of Trustees, Provost, President and deans regarding the ultimate goal relative to market
- Regional campuses
  - Initially aim to create parity across regional campuses over three-year period (FY24-FY26).

- Establish salary targets consistent with workload expectations (relative to Columbus campus)
- **Questions posed and areas of concern were noted as follows:**
  - What faculty serves on Faculty Compensation and Benefits Committee (FCBC)?
    - Listing of FCBC Committee Members
  - It was asked who would be responsible for covering the faculty salary adjustments?
    - Brad indicated that salary market adjustments for faculty should occur outside of the AMCP increases, since the base adjustments should be separate from the merit pool funding.
    - It was also noted that financial responsibility for the AMCP and faculty market adjustments lies with each respective college.
    - Concern was expressed regarding the struggle certain colleges would have in absorbing these incremental salary costs in conjunction with historical and pending Career Roadmap staff adjustments
  - When are the compensation adjustments looking to be made for the designated faculty outliers?
    - Leadership and HR are still coordinating with Deans to assess who should receive salary adjustments, but it is of high importance for the incoming President; there is a desire to have increases implemented by January 2024.
      - Concern was expressed regarding how colleges are to plan accordingly with FY24 Autumn Forecast being due in 2 weeks.
  - Why would we want to compare to 85% of benchmark averages, wouldn't this further hinder progress?
    - The committee was reminded that it was 85% of an average, meaning that you might still have a faculty salary under this 85% average based on performance and/or workload standards. Similarly, there may be salaries greater than the 85% average. Ultimately, we need to be making compensation decisions together with the College Deans while considering individual performance, seniority, and workload.
  - It was noted by Brad that he recognized SFO's concerns with addressing the faculty outliers while also needing to cover the cost gap. Due to time constraints within this meeting, he advised they arrange separate meetings to further discuss individual college concerns. Additional discussion regarding specific departmental salary concerns can be addressed throughout the Autumn review period. Similar to the decision to use AAU salary benchmarking for medical faculty, there are additional opportunities to recommend alternative salary analysis based on more targeted salary tools published through professional societies.

Agenda item: Update HRSD Model **Presenter: Katie Hall/Julie Grubb**

Katie Hall and Julie Grubb prepared an update on the Human Resource Service Delivery (HRSD) model including a financial update that includes the FY21 through FY23 actuals and a projection of the FY24 and FY25 college/unit allocations if the Original HRSD funding model had been implemented.

- Original HRSD Agreement: FY21: Slide 2
  - The original HRSD agreement allocated the cost of salaries and benefits to units based on shares of FTE and other expenses according to shares of FY19 actuals; less a credit for benefits administration funding, calculated as a share of FY19 total benefits expense.
  - The FY21 agreement assumed that the HRSD assessment to units of $42.7M would remain unchanged through FY23 with each unit's annual share recalculated based on updated FTE shares.
  - By not increasing the HRSD assessment between FY21 to FY23, it was assumed that internal efficiencies realized from centralization of services would provide funding for inflationary cost increases associated with AMCP, benefit increases, and supplies and services expenses.
  - Beginning in FY24 the HRSD assessment will increase salary expense by 3% and use the current 36.7% benefit rate to begin to share costs with the university community.
- FY24 Update to Senate Fiscal: Slide 3
  - FY23 includes the removal of the Wexner Medical Center personnel expenses from the HRSD assessment.
  - FY24 and FY25 include the 3% salary increase and benefit rate updates being recovered as part of the assessment.

HRSD Sources	**FY2021**	**FY2022**	**FY2023**	**FY24 Plan**	**FY25 Plan**
Benefits Funding	7,106,254	5,080,419	6,412,382	7,288,530	7,507,185
HRSD Internal Revenue	42,644,452	42,644,452	30,788,075	34,717,672	36,989,574
HRSD Total Sources	49,750,706	47,724,871	37,200,457	42,006,202	44,496,759
HRSD Uses	**FY2021**	**FY2022**	**FY2023**	**FY24 Plan**	**FY25 Plan**
Salaries & Benefits	47,431,202	47,295,194	39,633,152	43,530,058	44,835,959
Supplies & Services	2,319,686	3,224,108	3,939,928	2,279,973	2,325,572
HRSD Total Uses	49,750,888	50,519,302	43,573,080	45,810,031	47,161,531
Net Margin: HRSD	(182)	(2,794,431)	(6,372,623)	(3,803,829)	(2,664,772)
Transfer In: To resolve the Gap					
Human Resources Cash			1,334,114	542,517	
Central Funding Cash		2,753,084	5,581,026		
Year End Equity	(182)	(41,347)	542,516	(3,261,312)	(2,664,772)

- FY24 and FY25 HRSD Assessment Update with financials chart was displayed. Chart can be referenced on slide 4 and 5 of presentation.
  - It is being proposed that like the Wexner Medical Center, HR is wanting to meet with each College to determine their true needs and come up with a mix of direct billed staff that only service a certain college and then pay the shared services in a pooled cost.
- In April 2023, HR met with Senate Fiscal and discussed multiple issues impacting the success of HRSD: Slide 7
  - Immediately following the April meeting, we started connecting with leaders and business partners across the institution to discuss the challenges associated with the model
  - Included in our discussions were the Board of Trustees, President's Cabinet, Deans, HR business Partners, select members of Senate Fiscal, leaders from the Office of Human Resources and other select colleagues who wanted to offer input
  - Thematically, concerns shared fell into 4 general categories:
    - Challenges with the Recruit to Hire Process
    - Challenges with the implementation of Career Roadmap and subsequent compensation requests
    - Volume of Workday transactions
    - Inability of leaders to tap their local HR teams in support of their strategies because of the high volume of work directed from the center
- In response to the feedback, HR committed to evaluating the model, including the funding structure: Slide 8
  - Ideally, the Board of Trustees expects recommendations around an appropriate path forward by the end of February 2024
  - As part of the evaluation, we are reviewing the 4 "pain point" areas outlined previously
  - Specifically, we are critically examining the size and structure of our teams and the business processes that impact our ability to adequately support the needs of our colleges and units
  - We will pilot proposed changes and share details regarding our thought process and potential enhancements to the model
  - It is not our goal to unravel the model, but instead, make adjustments that serve to better support the unique needs of various colleges and units
  - As we make recommendations, efficiency of operations, cost and management of risk will continue to be a focus
- Discussion and Feedback – How we are thinking about change: Slide 9
  - Recruit to hire – Ways in which we are thinking about pain points and working to correct them.
  - Compensation – Are there areas where we can provide more discretion to colleges and units. How do we manage risk?
  - Workday Transactions – Do we manage colleges and business units the same as it relates to expectations around Manager Self Service. What is the impact of this approach?
  - Team Size – Factors we are taking into consideration as we think about the appropriate size for HR.
  - Funding Model – What makes sense given everything we have learned?
- **Questions posed and areas of concern were noted as follows:**

- It was asked why HRSD Internal Revenue dropped $11.8M from FY22 to FY23.
  - Julie Confirmed that the decline in HRSD revenue recovery was due to the Wexner Medical Center pulling out of the HRSD Model
- If the Wexner Medical Center left HRSD, reducing the revenue, why didn't the Uses decline by the same $11.8M. Why does it appear that with all other things being equal, when the Medical Center left HRSD, they took the revenue with them but left behind more expense? Specifically it was noted that HRSD Uses only declined $7M after $10M in HRSD revenue was removed.
  - When the Wexner Medical Center left HRSD, staff moved from the HRSD to the medical center. OSUWMC is paying the staff directly and continuing to support a portion of the remaining pooled expense for the shared services. Additional details will be needed to understand the impact of OSUWMC leaving HRSD and rightsizing the assessment of shared/pool services.
- There were numerous questions and concerns raised regarding the college and support unit HRSD allocations presented on slides 5 and 6 proposed for FY24 and FY25. Specifically, the continuing committee members questioned:
  - The reasonableness of increasing the annual costs when college/units had questions about the components of the HRSD charges dating back to FY21
  - Given that SOFS recommended no changes to the HRSD costs for FY24 here was a request for a breakdown of the model costs, including direct HR Business Partner expenses and other pooled costs to help units understand and plan their future budgets.
  - Given the discussion last spring in the broader Senate Fiscal Committee, why hasn't additional information on total cost been provided?
- Michele specifically asked for more information on the status of the 2022-2023SOFS subcommittee recommendation impacting the FY24 HRSD assessment?
  - It was highlighted that the responses to the subcommittee recommendations could be found in Teams. Link to FY2024 Support Office Finance Subcommittee Approval Memo - Signed
  - It was confirmed that the HRSD recommendation to date has had no formal written decision. After reviewing the recommendations submitted by the Senate Fiscal Chair in Spring of 2023, the formal HRSD recommendation was not forwarded to Executive Leadership for their review and consideration. Regardless, there was not formal recommendation approving the incremental college/unit HRSD assessment for FY24 as reflected in the presentation. FP&A confirmed that colleges and support units were not asked to increase their HRSD budget for FY2024, beyond the annual change anticipated by their respective share of FTEs.
- Concerns were expressed regarding the timing of the FY2024 HRSD allocation decisions considering the FY24 Autumn Forecast and the ability for colleges and units to be able to cover the extra expense.
- SFC Chair requested the Support Office Finance Subcommittee (SOFS) continue to meet and work with HR regarding the HRSD Model and other HR Service delivery concerns. Recommended we meet with them first before hearing SOFS Requests.
  - It should be noted that a comment was left in the chat requested an additional meeting with HR Compensation on how they are determining staff salaries increase proposed for December 2023.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

October 24, 2023

Teams

Agenda item:	**2023 Health Plan Results/Utilization & Health Plan Changes**	**Presenters:**	**Kelly Hamilton, Rob Cooper**

Kelly Hamilton, Executive Director of Corporate Executive Services, prepared a presentation on the Ohio State University Health Plan 2022 Results and 2023 Update. See TEAMS link to PPT: 2. Health Plan Results - Senate Fiscal 2023 10.24.2023.pdf

- Kelly Hamilton began the presentation with a calendar year 2022 Trend Summary; net pay for Medical and RX increased by 4.2% to $436 million which amounted to an average of $6,505 per member (an increase of 4.9% from 2021); average total out of pocket member responsibility increased to $834 (up 4.6% from 2021); average membership was 68,107 (a slight decrease from 2021).
- 2022 reflected a decrease in spending on COVID related items, e.g., testing and vaccinations and an increase in spending on RX charges in the treatment of diabetes and inflammatory conditions.
- OSU's 4.9% increase in average per member per year spend was slightly below the national trend increase of 5.2%; OSU's 3 and 5 year trends came in slightly higher than national trend increases.
- High-cost members numbered 613 (a 7.7% increase from 2021); defined as a cost to the plan of $100,000 or more annually; among this group of members, cancer remains the most common affliction followed by cardio and musculoskeletal ailments.
- Outpatient costs are trending higher (both at OSU and nationally) while inpatient care remained relatively flat from 2021; Physician treatment has remained flat, but the largest increase in average cost is with prescription drug spend.
- Non-specialty drug spend increased by 11.4% with diabetes treatment drugs increasing by 25% alone—many times used for weight loss; a prior authorization has since been put in place for 2023 to ensure the diabetic medication is reserved/utilized for the treatment of that specific disease.
- Specialty drug spend increased by 13.3%; most expensive drugs are those to treat inflammatory conditions, cancer, skin conditions and multiple sclerosis.
- Specialty drug spend as part of outpatient support increased by 11.2%; most common example is chemotherapy for cancer treatment.

Rob Cooper, Associate Professor of Clinical Emergency Medicine, continued the presentation discussing Utilization Management.

- Team of Nurses, Pharmacists and Director of Health review medical necessity of requests; number of reviews reached a high in 2021 but represented a 5% decrease in 2022; 9.2% of all requests made were reviewed in 2022; the team is reviewing ER dashboard daily looking for trends; third party audits are also performed on high-dollar claims.
- Outpatient surgical has the highest percentage of denials (many are cosmetic in nature).
- The team monitors the number of admits and the length of time each admit is hospitalized (maternity and non-maternity); overall utilization is down in 2022 compared to pre-pandemic years of 2018-2019; team also assesses re-admit activity which declined in 2022.
- Outpatient services—lab work relatively flat compared to 2021 whereas radiology represented a slight increase in 2022 from the year prior; outpatient visits decreased in two categories and increased in one other.
- ER visits (OSU and non-OSU) are down significantly from pre-pandemic levels (and a slight decrease from 2021).
- **QUESTION**: Michele Basso asked what is being counted as an ER/ED visit noting an example of visiting an after care center which recommends higher level service elsewhere; Rob Cooper cited three levels of treatment: fast care/walking care, advanced urgent care and ER/ED visits; the two former are not included in these numbers—just true ER/ED visits.

- **QUESTION:** John Buford provided a personal example—his son broke his nose in an athletic event and went to ER at Pitt—doctors opted not to set it immediately so he had to return to Columbus the next day to have it set in order to be in network since it was no longer considered an emergency after the initial incident; Rob Cooper indicated the scenario really depends on whether the patient was seen by a specialist during the initial ER visit; Kelly Hamilton added there is out of area coverage that can be requested for college students living out of network or for employees traveling for extended periods of time—which is advertised in open enrollment timeframe.

- **Kelly Hamilton gave 2023 calendar year Trend summary** through May of this year; 8% increase in average per member per year spend for both medical/RX; led by increase in high-cost cases; also increase in utilization of Wegovy (weight loss drug) that could cost as much as $10.9M by calendar year's end (representing approx. 1,400 users); prior authorization is required; pharmacy benefit rebates are also trending higher which helps offset plan costs.

- Outpatient spend is up along with RX. Inpatient spend and Physician visits remain relatively flat compared to 2022.

- National Outlook—higher rate increases tied to labor conditions in healthcare; workforce shortages, provider burnout and increased patient demand weigh on the system; also declining population health due to delayed care, lack of exercise and lack of proper nutrition.

- Other considerations are double digit increases in drug spend for weight loss, inflammatory conditions, cell and gene therapies; evolution of weight loss management; plans now need to cover COVID vaccine costs in 2023 that had been covered by federal subsidies (less administration costs) during pandemic; continuation of manufacturer co-pay assistance program for some prescription drug coverage helps defray costs—re-evaluated every 6 months or so.

- Initiatives include decreasing low-acuity ER/ED utilization diverting to urgent care centers, hiring community health worker to engage and assist employees with health plan programming, reviewing medical management programs for optimization and streamlining; manufacturer co-pay of prescription drugs has saved over $6 million through the third quarter of 2023.

Agenda item: **Benefits Update** **Presenter:** **Pam Doseck**

Pam Doseck, Associate Vice President, prepared a presentation on OSU employee health care benefits. See TEAMS link to PPT: [3. Benefits Update Senate Fiscal Mtg 10.24.23.pdf]

- There are no significant health plan changes for 2024.

- Ohio State subsidizes 75.7% of total health care costs compared to 68.7%-72.8% among comparators/aspirant peers; percentage of employer subsidy for dependent coverage is also higher at Ohio State vs. comparators/aspirant peers.

- Plan costs are increasing as a self-insured plan driven by provider rate increases and high prescription drug cost trends; employee payroll contributions will increase by an average of 11.2% over 2023 (differing by plan, coverage level and compensation tier); the increase could be anywhere between $5-$54 per month; efficiencies are continually being sought and reviewed.

- **QUESTION (FROM THE VIRTUAL CHAT):** Mark Foster asked, "Obviously, these year-to-year cost increases are much higher than the salary raise pool. What do we expect in terms of costs passed on to employees?"; Pam Doseck noted that the benefit changes and increase in costs must be considered in the context of total employee compensation (not just salary).

- Low healthcare affordability impacts both health and ability to be productive at work; researching the idea of medical plan eligibility with differentiated member cost-sharing requirements based on compensation reflecting a lower cost for those staff at the lower end of the compensation ladder; also continue to evaluate subsidy currently provided to dependents—can a portion be used to support more lower income staff members instead?; no changes will be implemented for 2024.

- Working with a new benefit consultant to reduce costs, mitigate risks and deliver a compelling value proposition in support of talent acquisition and retention; incorporates benchmarking, leadership input and employee preferences.

- **QUESTION**: Michele Basso asked for clarification on staff having a different comparator group vs. faculty since the source of the money is the same; Pam Doseck indicated benefits are the same and we will have results from both studies/benchmarks (staff and faculty); need to compare results from both higher education and private sector and focus on the sectors/industries with whom the university is competing to acquire and retain talent.

- **QUESTION**: Michele Basso followed up regarding the quality of current benefits plan using Pharmacy coverage/mental health providers/nutritionists as examples; High Value Health Care assessment—may be missing an opportunity by not engaging members about quality of experience; limits to accessibility/availability will weaken quality of member experience; Kelly Hamilton mentioned employee focus groups held every other year—focused on access and provider search—5,000 digital responses were received in the latest iteration; Michele Basso requested the survey results be included in the annual report.

- Benefit Valuation Analysis (BVA) compares Ohio State to varying plan designs and features—measure values of retirement/savings, health/group, life and disability and paid leave.

- Leadership survey is focused on assessing what is mission and priorities, workforce needs, workforce strategy and benefit value.

- Employee listening/feedback helps ensure the plan determines the right mix of reward features based on employee preferences and costs to deliver rewards.

- **QUESTION:** Michele Basso called for questions from the group; In the meantime, she asked about targets university leaders were expecting in cost savings that were not met; Pam Doseck indicated no specific target was communicated as a mandate of sorts—a goal of saving $2-$3 million was discussed at a bare minimum with hopes of achieving more over a period of time; she added that more time was needed to really assess options and make more informed decisions, thus the conclusion to not enact changes for the 2024 plan year.

- **QUESTION:** Michele Basso stressed the increase in RX prices will be impactful for any long-range planning; how will the university respond?; Kelly Hamilton confirmed RX prices present a high risk across the entire nation and we need to redouble our efforts through manufacturer co-pays and our relationship with Express Scripts to reap as many savings as possible; Pam Doseck added anecdotally that some nationwide plans have opted not to cover RX expenses for weight loss to cut costs; Michele Basso noted that approach as a double-edged sword since obesity often times exacerbates some of the higher costs treatments for cancer, inflammatory and musculoskeletal ailments.

Agenda item: **New Business/Questions** **Michele Basso**

- Michele Basso called for subcommittee reports:
- Justin Kieffer, Support Office Finance Subcommittee
    - In Justin's absence, Gretchen Gombos indicated the subcommittee had reviewed the updates HRSD had presented to Senate Fiscal at the 10/10/23 meeting; the subcommittee is also currently looking at OCIO/B&F assessments.
    - **Michele noted the report that was compiled on HRSD last year was (inadvertently) not forwarded to the Provost; as result, the HRSD assessment is recommended to be held stable for FY 24**.

- Melvin Pascall, Senate Finance Subcommittee
    - Group met Tuesday, 10/17/23, to review the budget model and current budget. **The subcommittee also discussed consequences to colleges of issues not built into initial budget, e.g., mid-year salary adjustments and Workday maintenance costs; also discussed student fees and limits set by the state, e.g., resident vs. non-resident fees**; also discussed annual AMCP process; these represented preliminary discussion with more details to follow.

- Steven Mentz, Student Fee Review Subcommittee
    - In Steven's absence, KJ Jariwala from FP&A provided an update; chair Steven Mentz met with FP&A support staff, 10/19/23, to finalize FY 25 submission process and corresponding request documents; Michele Basso noted she has been delayed in being able to meet with the subcommittee to provide feedback from meetings over the summer; Michele Basso requested submission documents should not be shared until she has an opportunity to provide feedback/insight.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

November 7, 2023

Teams

Agenda item: **Lyft Ride Smart Update** **Presenters:** **Tom Holman & Kevin King**

By way of introduction, the committee was reminded that the recommendation for a presentation on the Lyft Ride program was based on student input and questions that arose during SFC's inaugural meeting. Kevin King, the Senior Fiscal Officer (SFO) of Administration and Planning (A&P) introduced the Director of Transportation and Traffic Management (TTM), Tom Holman, who prepared the presentation for Senate Fiscal. See TEAMS link for PPT: 2. Senate Fiscal Lyft Presentation.pdf

- Tom began the presentation with an overview of the program that originated in August of 2019 when the Student Safety Service program was converted into the Lyft Ride Smart program. When the program began, the student subsidy was $5 (per ride) based on a first-come, first-serve basis (10,000 cap on rides, never enforced). Initially, 5th Avenue served as the southern border with hours of operation extending from 9 PM to 7 AM, daily.

- Program utilization and growth:

    - The program did not immediately catch on with students, with relatively low utilization through January 2020.
    - By February 2020, the subsidy was increased to $6.50 per ride, a change that aligned with a change in tax law.
    - By FY21, the Lyft Ride Smart program subsidized more than 58,000 rides between July 1, 2020 and June 30, 2021.
    - By Autumn term 2021, the Short North was added to the service area and the caps were removed.
    - The utilization of the Lyft Ride program has continued to grow. By February of 2023, nearly 90,000 rides were subsidized in a single month. For comparison purposes, Tom mentioned that the historical peak of the Student Safety Service program was 3,200 rides in a single month.
    - By June 30, 2023, the program subsidized 581,188 student rides at an annual cost of $3.8M.

- In Summer 2023, at the request of TTM and A&P Leadership, operational excellence reviewed the Lyft Ride Smart program to identify potential efficiencies. See slides 8-10 with the details of the program's usage by zone and time of day.

- Tom shared the following outcomes of the program analysis:
    - Lyft Ride Smart continues to grow annually, with its peak utilization occurring in the colder months.
    - Pick-up and Drop-off Zone Analysis: The two areas that attract the greatest activity are both located East of High Street.
    - Popular Request Times: Evening hours, between Thursday and Sunday, remain the most popular based on student utilization.
    - It was noted that there are a significant number of rides between 7 and 8 PM, daily. Based on the quantity of ridership before 9 PM, it was recommended that the program hours remain unchanged.
    - Noting that the increased subsidies were introduced and maintained during COVID, by Spring 2023 there was a reduction in the average cost to students, to a program low of $2.40.
    - Final program recommendation was to provide unlimited rides with a cap on subsidy reintroduced at $4 per ride but without changes to service area or service hours.
    - In FY24, the number of active riders continues to increase when compared to the prior years. The most recent data shows an October high of just under 14,000 active riders (Slide 13).

    - Year Over Year Trends
        - **Ridership** (Slide 12): In FY21, the average monthly ridership did not exceed 10,000 with subsequent growth in both FY22 and FY23. The FY24 ridership is trending in-line with FY23, with slight variances attributable to the football schedule.
        - **Active Riders** (Slide 13): The Lyft Ride program continues to increase in total number of active riders through October 2023, despite the change in program subsidization.

- **University Spend** (Slide 14): While monthly program costs increased through July 2023, the August 2023 program costs are now trending below the prior year (2022) based on the change in student subsidy to $4 per ride.
- **Ride Cost to Students** (Slide 15): Top line includes the tip, but that is at the discretion of the student. The demand has subsided with the most recent shift in student costs a result of the change in subsidy.

- Alternate Transportation Options:
  - CABS On-Demand and COTA routes provide additional transportation options for students.
  - COTA: It was noted that additional COTA routes were added in Summer 2023, which coincided with the changes in the Lyft Ride program. In addition, COTA provides ridership out West that other ride programs do not support.

Questions:

1. Is there more data on the cost to students (Mean, median, and quartile data)? Also, what is the monthly cost of the program.

   Answer: Yes, there is more data available and will be provided to Senate Fiscal, once compiled. Tom noted that the student data shared in the slides was only available through October 2023. Based on the first twelve (12) weeks at the new subsidy rate, student data suggests that there was initially a lower cost to students with an increase occurring in October. While historical data for prior years can be shared, new program data after October 2023 will not be available until AFTER the end of Autumn semester. The Operational Excellence Black Belt analysis will be updated using utilization data through December 2023.

2. How is the Lyft Ride service area monitored and/or enforced?

   Answer: The service is monitored by the program such that if you extend your ride beyond the boundaries, there is no subsidy provided. Historically, there have been questions about the southern (5th Avenue) boundary, to ensure that it covers both sides of the street. Tom confirmed that service coverage does include the southern side of 5th Avenue.

3. Is there any evidence that the goal of student safety is being achieved?

   Answer: While TTM does not have the incidence of crime for comparison purposes (i.e., there is no data on crime rates in the absence of the Lyft Ride program), the operational excellence project did include a geographic overlay of the ridership with crime statistics. Since the crime data does not discern location, crimes prevention based on the program is more difficult to determine. Moreover, it was noted that the university has invested in campus-wide cameras and the Block-by-Block program to enhance student safety. While the crime statistics would indicate a decrease in various crimes, the data itself does not directly attribute the impact to each specific safety program/initiative.

4. Noting that graduate students are concerned about rides to their car, what are the best options for them?

   Answer: The CABS On-Demand program is a free service, TTM needs to make sure the program is well advertised. We have other services but need to communicate the options to all students.

5. What is the goal of the operational excellence program review?

   Answer: The goal of the program review is to help answer how the university can balance the operational cost against the benefit of the program. There was a $3.0M cash investment approved in FY24, but Lyft Ride does not currently have base funding identified. There is no desire to limit ridership, as part of the program review, but rather understand the cost drivers and manage the program for maximum efficiency and effectiveness.

6. Lyft vs On-Demand – While students might prefer Lyft because of convenience, is there a longer wait time with CABS?

   Answer: There are no statistics immediately available, but CABS On-Demand likely takes longer. Lyft is more scalable than CABS On-Demand based on increased overhead costs to the university. Tom mentioned that he often uses CABS On-Demand. He noted that the CABS, when requested, are responsive and available quickly. CABS On-Demand can be used by students and staff.

7. Lyft vs On-Demand – Follow-up: What are the numbers for CABS On-Demand during the highest utilization for the Lyft Ride program? Specifically, during the Thursday through Sunday evening time periods, what is the CABS on-Demand ridership, and can you reallocate the resources between the programs?

   Answer: It was noted that funding for CABS On-Demand was created during COVID to address the high cost of fixed routes to Buckeye Village. The type of analysis needed to address the question is nuanced. Redirecting services is likely not the first choice TTM would recommend given the monetary impact and upfront investment in vehicles needed to expand CABS On-Demand.

SFC Recommendation: When the SOFS request for Lyft Ride Smart is submitted, consider the analysis of all TTM program and how to optimize their efficiency and effectiveness since there is a need to evaluate all programs internally before asking for external/central investment.

Agenda item:	**Workday EBS Update**	**Presenter:**	**Lynne Sanbe, Jeff Allen, Lyndsay Wyatt, and Lorri Fowler**

Lynne Sanbe, Associate Vice President, introduced the agenda and Jeff Allen who will provide an update on the FY23 Actual Workday EBS spending along with the FY24 Forecast to Plan. Lindsay Wyatt, Lorri Fowler, and Jeff will wrap up with the review of WMC and other partnerships. Lynne requested that all committee questions be held until after all presenters completed their updates. See TEAMS link to PPT: 3. Workday Senate Fiscal Committee PPT 2023.11.07.pdf

- Jeff began with a summary of the Workday EBS financials: FY23 Actuals through FY24 Forecast
    - FY23 Actual Spend: $11.7M
    - FY24 Plan: $12.3M; derived from $3.6M in legacy PeopleSoft GFA and $8.7 in new GFA.
    - FY24 Forecast: $12.2M based on vacancies that are now filled.
        - One of the vacant positions was a senior level BA that has been changed to an associate level position and will result in FY24 personnel expense savings.
        - Currently, Workday EBS forecast is well within the planned budget for FY24.

- FY24 Area Specific Update (Slides 5-6)
    - Budget and Forecast reflects cash funding for the non-OTDI personnel costs, which include the distributed training and communication positions that are maintained by business partners across campus.
    - As a reminder, the Senate Fiscal Committee's funding recommendation in FY24 included $1.1M in one-time funded distributed across ERIK/Research, Human Resources (HR), Wexner Medical Center (WMC), and Business & Finance (B&F).
    - The current FY24 forecasted spend of $1.24M exceeds the available central strategic commitment with any overage to be paid for by each respective unit.
    - There are two vacancies in ERIK and B&F. Based on the vacancies, the team is confident that they will remain below the available central funding commitment in FY24.
- Human Resources Update (Slides 8-11): Lindsay Wyatt
    - FY24 Cash Funding of $522K: Supported the creation of a new Digital Learning Solutions Team, led by Erica Banta
    - HR Digital Learning Solutions' Deliverables: Outcomes that are in process, or part of future development, are detailed in the presentation (Slides 9-11) and summarized below:
        - 250 people have completed trainings to identify where to access the resources available to help with HR processes in Workday.
        - Ongoing operational work is a key to making the Administrative Resource Center (ARC) more user friendly: Goal to bridge the gap between Workday and OSU speak.
        - Manager Foundations: Currently in-person training opportunities will transition to online training focused on helping employees help themselves with work guided by Workday training subcommittee.
        - The HR Digital Learning Solutions Team, continues to consider: How can we help employees as they are working in the Workday System?
        - Solutions for improved training opportunities include leveraging artificial intelligence (AI) functionality.
        - Partnering with OTDI to remove the silos and provide a consistent experience for Workday HR users.
- ERIK Update (Slide 12-13): Lorri Fowler
    - Provided an overview of how the 6 dedicated positions are coordinating with the existing Office of Sponsored Programs (OSP) staff. Currently, ERIK has 46 Sponsored Program Officers (SPOs) and 6 analysts.
    - The cash funded coordinator positions are helping with business process functions in the Workday system that did not exist in PeopleSoft. Specifically, the coordinators are assisting OSP in managing the lower-level award management tasks that allows the senior level SPOs to work on more complex problems. Over 4,000 OSP grants as well as 410 non-OSP grants require on-going processing and monitoring.
    - Lorri provided details about the work of the coordinators in processing award amendments in a timely manner that helps:
        - Avoid unnecessary Payroll Accounting Adjustments (PAAs).
        - Avoid cost overruns.
        - Free the Principal Investigator (PI) to monitor the grants earlier in the process.

- Noting that there were 31,609 award modifications in FY23, and with continued growth in research, the work of the coordinators is essential in assisting ERIK's Office of Sponsored Programs work effectively in Workday.
- System Modifications that are in development will address (All functions are compliance related):
  - Salary over the cap.
  - Fellowship appointments and cost overruns that are problematic and a focus of the current ERIK Research Coordinators.
  - Research effort reporting.

- WMC Supply Chain and Financial Services (Slides 14-16): Jeff Allen noted that focus remains:
  - Completion of a training needs analysis, reviewing and maintaining the security roles that exist within Workday.
  - Preparation of training materials and updating the end-user information to assist in providing campus with effective reference guides to complete finance tasks in Workday.
  - The appendix has outcomes and additional information for SFC.
- With the completion of the Workday EBS Update, Lynne invited questions from the Senate Fiscal Committee members.

SFC Questions:

1. After thanking the presenters for the update, Mark Foster indicated that as a new committee member it would be helpful to understand the goals of the Workday (non-OTDI) project – what significant change will their work have in the way the university operates. What is the big picture goal or problem that their efforts will solve?

   Answer: Human Resources Lead: Stabilization crisis and HRSD played a part in needing additional refinements to streamline the HR process and create meaningful training and communication materials for campus users.

2. As a follow-up, as part of today's presentation there was a focus on training, so users know how to use the system, what efforts are being made to refine the Workday system so the process is not so complex?

   Answer: Lynne, OSU is a leader in using Workday. OSU belongs to product development groups that are making the system better, to put pressure on Workday to make improvements. Workday has AI, that will be good for OSU. As part of the annual Workday Rising conference everyone sang the praises of the product advisory council that makes OSU feel like they are making strides in system improvements. Recently, it was announced that Higher Education will be Workday's future focus. OSU will be a leader in this space.

3. Commentary: Workday is frustrating for a user to navigate.

   Answer/Comment: Lynne suggested there will be wayfinding soon, to help users navigate the system.

4. It is unclear if the training funds are being spent to provide delivered training to colleges or simply being spent by the HR, ERIK, and WMC to assist their respective support office functions.

   Answer: From an HR lens, 60% of funding is providing campus training to faculty and staff, while the remaining 40% is assisting internal HR users.

5. How is the work you are doing reaching faculty and staff in the units, how are you helping the managers?

   Answer: Campaigns on Manager Foundation training have advertised the training as optional. Question from Lindsay Wyatt: Should they tie Workday security to the training? What are the manager on-boarding and ongoing training requirements? Is there a preference for training to be optional or mandatory?

   SFC Response: Workday training thus far has not been helpful. Therefore, it is not sought out by some members of Faculty Senate and campus. Mandatory training if not improved would not be beneficial.

   Additional SFC Response: Steve Mentz, an HR Business Partner, would love to see required training, but mandating is difficult with faculty. It should be acknowledged that mandatory will be difficult, let's consider how to provide incentives.

6. Significant concerns about the Workday update and lack of feedback from last year's request for information on how work is being prioritized based on campus concerns. Specifically, there was a request last year to create a system to track the Workday issues and delivered solutions? Is there any progress towards that end? What resources are being made available to help understand the FAQs and solutions offered.

   Answer: Per Jeff Allen, we do have the ability to track issues, but we need to get the feedback loop to the users. That is missing currently and not optimal. Lots of avenues for logging issues, but feedback is lacking.

   SFC Commentary: Once upon a time, faculty did not have to manage the administrative systems. Seems like the administrative work is being pushed to the faculty members without training or time. Some of the general grumpiness is regarding the increased workload.

7. Request to return to the first slide and discuss the $8.7M of incremental cost for Workday support. The presentation we received today, focused on the cash funded initiatives but what is the ongoing need to ensure compliance and training needs. Is there an assumption that the Workday operations will need $12.3M as continuing funding? Or will there be savings realized over-time?

   Answer: After confirming last year's SFC recommendation (Incremental +$8.7M GFA added to the $3.6M Base GFA; with $1.1M Cash) there was no commitment that base operating costs for Workday would decrease over time.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

December 5, 2023

Teams

Agenda item: **Autumn 2023 Enrollment Update** **Presenters:** **Dr. James Orr & Linda Katunich (absent)**

James encouraged folks to ask questions throughout his presentation. [2. 2023-1205 Strategic Enrollment Management SFC PPT.pdf]

- AU 2023 Enrollment Numbers
  - Total enrollment across all campuses for AU23 was 65,405. The breakdown by student type is as follows:
    - Undergraduate – 51,708
    - Graduate – 11,102
    - Professional – 3,225
    - Most students (60,046) are attending the Columbus campus with 45,728 of those students being undergraduates.
  - The five-year **undergraduate** enrollment trend reflected an increase in Columbus enrollment through AU21 but since the pandemic there have been declines in incoming and total class enrollment. James indicated that it does not make sense to decrease enrollment for the incoming cohort. At the same time, retention declined as well. The decline was not necessarily unexpected given that community colleges also experienced greater declines in enrollments due to COVID. As a result, OSU has been seeing far fewer transfers from community colleges. James specifically called out Columbus State Community College (CSCC) because for AU23, the majority of transfer students came from CSCC. There will be a 2–3-year lag time from increasing enrollments at CSCC before OSU will see CSCC's students transferring to OSU. Enrollments are up at CSCC for AU23 so there will be more strategies and possibilities for how we recruit and enroll transfer students, soon.
  - The **regional campuses** have seen a five-year enrollment decline. AU23 saw three of the five campuses experiencing increased enrollments. Enrollments at regional campuses across the country have been seeing declining enrollments. At the same time, fewer OSU students at the regional campuses seem to be transferring to Columbus, primarily because enrollments at the regional campuses have also been declining. James's team is laser focused on increasing enrollment and retention at the regional campuses. He has created a committee with faculty and staff on these campuses to come up with long-term strategies to impact yield. Strategies are being devised around second choice applicants, meaning the regional campus was not the student's first choice. First choice applicants yield at a much higher rate.
  - **Graduate** student enrollments have been stable. The trend seems to be that when the economy is not doing well, grad enrollments increase. The reverse holds true as well. New international graduate student enrollments have returned to 2019 levels. Grad student diversity has increased significantly in the past five years, going from 16.7% in 2019 to 20.3% in 2023.
  - A record high number of total **minority** students are enrolled at all campuses and education levels (17,818). This increase was not by chance.
    - 20.3% of all graduate students are minorities.
    - New first-year minority students on the Columbus campus increased from 27.4% to 30.3%.
    - 26.7% of NFYS (New First Year Students) at the regional campuses are minorities.
  - Retention rates for first-year students remain steady and AU23 reflects one of the university's highest retention rates. Regional campus one-year retention rates continue to increase.
  - Access and Affordability key points:
    - The percentage of undergrad students who graduated with debt has declined from 52% in 2017-18 to 42% in 2022-2023.
    - ScholarshipUniverse is a scholarship matching tool and has seen a $2.4M increase from AU22 to AU23 in donor scholarships awarded to students. James's team will be implementing strategic "nudges" for students to fill out an application and there will be a tag to identify the neediest students.
    - James's team is also utilizing consultants to assist with financial aid optimization in terms of building and utilizing models that will contribute to university enrollment strategies.
    - At the same time, colleges are creating strategies to increase yield rates. Examples include:

        - Buckeye Agricultural Leaders Pathway which is focusing on increasing Ohio students interested in agricultural focused majors. This program helped increase the NFYS enrollment in the College of Food Agriculture and Environmental Sciences (FAES) by 26%.
        - Buckeye Student Leadership Program was created to improve Ohioans' access to higher education. This program engages students in their junior year of high school and provides the students with six months of in person and virtual programming. 98% of these students were admitted to OSU for AU23 and 89% were in the top 25% of their high school class.
        - Marketing and Communications for enrollment management are creating recruitment view books that include, of course, admissions, but all parts of a student's enrollment are equally important.
        - OSU is part of the STARS network which is a network of 16 universities/colleges that helps students from small/rural towns and areas enroll in, and graduate from college. The program is initially focusing on 32 of Ohio's Appalachian counties and includes increased visits by admissions staff and assisting families with college searches even if they don't plan to attend OSU.
- Key Forces Impacting Higher Education
    - There will be a decline in the number of 18-year-olds graduating from high school between 2025-2030. This demographic will have a more dramatic impact on the regional campuses than Columbus.
    - College going rates for high school graduates is 68%, meaning that 32% of 18–24-year-olds are not enrolling in college. Between 2010-2021, Ohio's college going rate declined from 66% to 60%.
    - 63% of enrollment changes are explained by market share and the number of students who exist is shrinking. Of nearly 6 million warm leads, it was determined that return on investment (ROI) was not a barrier for their decision whether to attend college. Most students are open to attending college at some point.
- Strategic Enrollment Planning
    - Admissions and enrollment management have been transformed over the years to what we now know as Strategic Enrollment Management. The world is changing so universities are rethinking things like the courses being offered, alumni engagement, and how students progress through their careers.
    - James's team has established goals for 2022-2024 including increasing first-year retention and four and six-year graduation rates.
    - Buckeye Link has been reaching out to students who are not planning to return next year to gain an understanding of why they aren't attending.
    - OSU's response to enrollment planning includes:
        - Meeting with colleges/campuses and the Office of Student Life (housing needs).
        - Working with their data team and Financial Planning & Analysis on an enrollment optimizer.
        - Working groups met and will have recommendations to present to President Carter by April so they can be vetted by the Board of Trustees with the hopes of having the plan approved at the summer board meeting.
            - Emerging themes from these meeting include marketing and communications with plans to message student along their admissions path, data information strategies, and the earlier awarding of financial aid.
- Yield
    - Strategic Enrollment Management has developed and introduced college and program specific yield strategies to address the unique needs of campus.
    - Addressing summer melt, can help address undergraduate yield for the New First Year Student (NFYS) cohort.

Questions:

1. Michele Basso asked about the impact of people graduating early and not taking four years to graduate.

   Answer: Students are graduating earlier because they have more college credit when they start. Students are reported out in cohorts, but more students are graduating earlier. James's team is modeling this as part of the optimization too.

2. Michele Basso asked how James's team is projecting the Supreme Court ruling for diversity in terms of the admissions process will affect the number of minorities for next year.

   Answer: When looking across the country, California and Michigan haven't been able to factor in race. They had to double down and secure funding to recruit. We don't know what the impact will be since it will be nationwide. OSU has never admitted students solely based on race. Doubling down in the marketing and communications space to show that OSU is a place for all students. This should help with yield as well. We are great in admitting students, but yielding is not going as well at OSU.

3. Kris Devine asked that since this is the first year we are offering full tuition coverage to NFYS Pell grant recipients (Buckeye Opportunity Program) at the regional campuses for the first autumn semester, how much did that influence the AU23 yield compared to prior years?

   Answer: It had an impact, but yield is impacted by multiple strategies. They measure yield with a set of actions. They think extending more need-based aid to NFYS students was just one, important factor.

4. Melvin Pascall noted that in his department, he has seen a drop in international graduate students from China. Is this a trend across the university?

   Answer: Levels have dropped to 2019 levels, and there are strategies to help diversify countries for attracting international student. At the undergraduate level, the East Palestine trainwreck in Ohio impacted students from China who thought that it was in or near Columbus. In the graduate international space, they must make speedier admission decisions. Students can't wait four months for a decision. OSU needs to use rubrics to assist with admit decisions so they can get to students faster.

5. Michele Basso asked about the financial implications of enrollment management and if the money is going toward infrastructure in addition to students. She asked how the operating budget worked.

   Answer: James explained that Enrollment Management has a budget for recruiting and outreach as well as a different budget for scholarship funding to enhance enrollment.

Agenda item: New Business/Questions Michele Basso

- Michele Basso told the group that she is ex-officio on the Senate Research Committee. At their last meeting, there was a proposal to the committee to add a person from the Research Committee to be ex-officio on the Senate Fiscal Committee. In the past, SFC has had research folks in attendance. The Research committee supported the idea, and it is being developed as a proposal to change a University Rule to allow a representative for ERIK/Research to sit on SFC. Prior to the development of ERIK, research initiatives and interests were represented by an appointee from OAA. Since the organizational change to ERIK, representation has not followed suit. ERIK is having high level conversations that would be impactful across the university, but not at the level of the Senate Research Committee or SFC.
  - Kris Devine asked what the process is for changing the bylaws for the SFC.
  - Michele indicated that it would go to the Rules rules) Committee within Faculty Senate, then to Senate Steering Committee, then presented to Faculty Council and ultimately voted on by University Senate.
  - Michele wants to know if there are concerns ahead of that so she can take it to steering. She is not 100% clear on the process.
  - Kris said before this moves forward, the following questions need answered:
    - Who appoints the position?
    - How long is the term?
    - Would the position be a voting member or just a visiting member?
  - Michele indicated that she would work with Susan Cole to get the details, but Michele wondered if there were concerns now.
  - Kris feels that until it is in writing, it would be hard to offer feedback on the matter.
  - Michele said it has not been clear how ERIK reports to this committee. Decisions are being made at a very high level now, per Michele. She also stated that the issue is that when ERIK was designed, the communication between Faculty Council and ERIK was never adjusted for the new structure.

- Michele Basso called for subcommittee reports:
  - Senate Finance Subcommittee: Melvin Pascall

    Update: Melvin indicated that the last meeting was on November 14th.
    - Tom Ewing attended and presented about the composite benefit rate process and how the rates are set each year and the method they use to forecast them.
    - Tom also spoke about the earnings overhead which is the tax charged to departments. He explained how the process works and the method they use to determine the tax and how it is related to cost recovery for things such as campus security, the President's and Provost's Offices, Board of Trustees etc. Tom also explained how the process works for the regional campus service charge. The regional campuses do not have the same services as main campus, such as the general library services.
    - The subcommittee also discussed the Workday presentation that was made at the last Senate Fiscal Committee meeting, and they feel they want to discuss it further because when the presentation was given, folks were asked to wait until the end of the presentation to ask question. They would like to have more discussion around Workday.
      - Michele Basso asked Melvin if the committee thought that the Workday presenters should come back to speak to their committee. Melvin indicated that they would like to look at the information provided and formulate questions and then ask the Workday folks back. Michele cautioned that it takes time to schedule those types of meeting and

Melvin indicated that it would be helpful if they can look at the materials and schedule a meeting soon. Melvin also suggested that it might be helpful to have representation on the Workday working/steering committee to help them improve the process. It was suggested that that person could be appointed and could meet with them once a month or each semester.

  - Michele also asked how the overall cost of Workday is being funded. She asked if it should be funded centrally from the tax. Melvin said they are discussing these types of things. He turned it over to Katie Hensel who went on to say that FP&A is providing possible funding options based on different budget model allocation methodologies. They do have legacy general funds allocation (GFA), plus the health system pays a portion through overhead. Outstanding question that requires a recommendation: What is the appropriate allocation methodology within the budget model for recovering the university's $4.3M in continuing GFA in support of the Workday operating costs?

- Support Office Finance Subcommittee: Justin Keiffer
  Update: Justin said they have a meeting scheduled next week to discuss Human Resource Service Delivery (HRSD). All requests are in for support offices. The total ask is between $10-$11M and they are scheduling those meetings out in January.

- Student Fee Review Subcommittee: Steven Mentz

  Update: The subcommittee met three weeks ago to get to know one another and learn how the committee functions. Documentation was sent out to the colleges that explains how to request new fees. The deadline is Dec. 31st. Dentistry asked for an extension due to final exams and not being able to get student feedback during that time. Optometry also requested an extension due to a change in leadership. No requests have been received to date. The next meeting is scheduled for Jan. 16th and then the subcommittee will meet with units submitting proposals as they are received.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

January 16, 2024

Teams

Agenda item: **FY2025 Financial Planning Update** **Presenters:** **Katie Hensel**

Katie presented on OSU Budget Model: FY25 Marginal Resources

- Discussed University Operating Plan Fund Types & Restrictions
  - The University's annual revenues are approximately $4 billion spread across four fund groups, listed below:
    - General: Unrestricted & Designated
    - Earnings
    - Restricted Endowment and Development
    - Restricted Grants and Contracts
  - OSU's Budget Model allocates General Unrestricted Tuition and State Share of Instruction (SSI) to colleges based on credit hours, via General Funds Allocations (GFA).
  - Tuition and SSI represent recurring funds that support base GFA and provide marginal GFA resources.
  - Marginal GFA is taxed at a rate of 24% (19% Central Tax and 5% Provost Tax) and provide funding for Support Office AMCP, benefits, and funding for strategic investments.
- Drivers of the FY24 Budget Model General Funds Allocation were presented, highlighting the marginal revenue, and assessments details. See Slide 3
  - Marginal Resources
    - Marginal tuition changes are dependent on enrollment and annual rate changes. Strategic Enrollment Management provides undergraduate enrollment assumptions while graduate enrollments are driven primarily by college projections. It was noted that the Ohio legislatively caps undergraduate tuition increases.
    - Marginal SSI changes are dependent on annual growth in the statewide appropriation and OSU's share of course and degree completions. It was noted that the FY24 and FY25 SSI appropriation increase approved by the State Legislature to slightly less than 1%.
  - Marginal Assessments
    - Student Support Assessments provide funding for institutional aid and graduate fee authorizations.
    - Physical Plant Assessments (PPA) are driven by the annual Plant Operation and Maintenance increase approved by Executive Leadership, supported with a recommendation from the Senate Fiscal Committee.
    - Annual Merit Compensation Pool (AMCP) is determined by Executive Leadership and together with the annual Composite Benefit Rate (CBR) increase are the largest driver of annual personnel cost increases. The Composite Benefit Rate is reviewed annually by SFC, with a recommendation pending from the College Finance Subcommittee.
  - Questions:
    - How is the State Share of Instruction calculated?
      - The annual SSI allocation is the distribution of a fixed appropriation established in the state's biennial operating budget. As noted earlier, the overall SSI appropriation increased +0.9% in FY24. The state SSI distribution is dynamic based on the annual recalculation of each university's share of funding based on completions. Since the SSI is a fixed allocation that does not change based on student enrollments, each institution's share of annual funding is dependent on how their share of course completion changes in comparison to the university statewide average. Historically, the annual SSI appropriation increases at a rate below inflation.
    - Are online courses counted the same as traditional in classroom?
      - Yes. SSI reimbursement for online and traditional, in-person courses are reimbursed that rate. It is important to remember, however, that the SSI funding is distributed to public university based on course and degree completions, rather than enrollments.
- FY25 OSU Budget Model Projection: See Slide 4

Planning Assumptions	Base = FY24	FY25
Incoming Cohort: NFYS	7,983	8,200
Transfer Cohort	1,827	1,850
Instructional Rate Increase:	0.00%	0.00%
Instructional Rate Increase: Tuition Guarantee Cohort	3.00%	3.00%
Non-Resident Surcharge: Rate Increase	5.20%	5.00%

Marginal Increases	Assumption	FY25 Model
Base Enrollment: Fall 2024 = Fall 2023 (Increase driven by TG Rates)	Marginal Increase	$ 12,108,430
FY25: NFYS Incoming Cohort	Base = 8200	$ 6,314,423
Instructional Rate: Multi-Year Planning Assumption (TG 3.0/0.0%)	Base: See Above	$ 2,878,878
Non-Resident Surcharge: Assumed Marginal Increase	Base: See Above	$ 14,570,877
Marginal Undergraduate Columbus: Taxable	**Long-Range Model**	**$ 35,872,608**
Columbus General Fund Allocations: Other	**Base**	**FY25 Model**
SSI Growth: **Taxable**	$ 407,731,565	$ 4,077,316
Research: Incremental IDC	$ 172,669,000	TBD
Graduate/Professional Growth: **Taxable**	FY24 Base Grad GFA	11,196,406
Program & Tech Fees	$ 51,093,320	5,487,215
Columbus Marginal GFA Revenues		**$ 56,633,545**
Central University	**Assumption**	**FY25 Model**
Central Tax - Calculated	*19.0%*	$ 9,717,803
Provost Tax - Calculated	*5.0%*	$ 2,557,316
FY25 Overhead - Marginal Increase Based on College Finance Subcommittee	*CFS*	TBD
Central & Provost: Inflation + Strategy		**$ 12,275,119**
Support Unit: AMCP Salary + Benefits	*Executive Leadership*	$ (14,172,852)
Strategic Assessment - President & Provost	*Annual Allocation*	$ (1,000,000)
Promotion & Tenure ($1.5-2.5M Annually)	*Annual Allocation*	TBD
FY25 SOFS Funding Requests ($20.8M)	*Support Office*	TBD
Public Safety: Executive Funding Request ($2.0M, Reviewing Internal Funding)	*Executive Leadership*	TBD
Efficiency Reinvestment	*Executive Leadership*	TBD
Central & Provost University: Gap Analysis		**$ (2,897,733)**
College Marginal Revenues		**FY25 Forecast**
Columbus Colleges GFA	*Remainder, after tax*	$ 44,358,426
General Fund: Inflation + Strategy	***Assumption***	**FY25 Forecast**
Academic: AMCP Salary + Benefits	*Executive Leadership*	$ (24,650,197)
SSA1: Student Scholarship	*Executive Leadership*	TBD
SSA2: Non-Resident Fee Authorization Increase	*Executive Leadership*	TBD
POM Academic	*College Finance*	TBD
POM Support Unit Guidelines	*College Finance*	TBD
Workday/EBS: University Share	*Allocation Decision*	$ (4,350,000)
HRSD ($5.6M)	*Support Office*	TBD
Columbus Colleges: Gap Analysis		**$ 15,358,228**
Columbus GAP Analysis: Central + Provost + Colleges		**$ 12,460,495**

- The primary drivers of **annual taxable GFA** along with projected marginal revenues in FY25, include:
  - Columbus Undergraduate Tuition ~ $35.9M
  - Columbus SSI (undergraduate and graduate) ~ $4.1M
  - Columbus Graduate Tuition ~ $11.2M
- Based on the current FY25 budget model projections, the marginal tax on tuition and SSI will generate $12.3M in revenues to help offset the cost of Support Office AMCP, benefit increases, strategic investments, promotion & tenure, as well as approved SOFS requests. There will be additional overhead revenue available to support the marginal support office expenses increases, that marginal increase is not yet available (to be presented to CFS on January 23, 2024). Additional funds from efficiency reallocations can help offset the marginal growth in support office expenses.
- Based on the current Central projections, there will not be sufficient marginal central tax available to support new SOFS investments. New assessments from colleges will be needed for those SOFS investments approved by Executive Leadership, supported by the recommendations of SFC.
- Additional, untaxed marginal GFA is earned by colleges through IDC Growth and Program and Tech Fees, as reflected in the chart above.
- The analysis of marginal GFA, currently excludes marginal IDC growth
  - Projections will be provided by colleges and support offices before the end of February.
  - Annual IDC growth is dependent on each college's research activity and not earned equally across all colleges.
  - While there is an IDC tax that provides annual inflationary funding for library materials, IDC funds are distributed directly to colleges.
- After accounting for all marginal revenues, after accounting for marginal AMCP, benefit expenses, Workday Assessment, remaining funds of $12.5M represents remaining GFA in Colleges
- What about the $12.5M that is left over?
  - Colleges have their own strategic investments that will be supported from the remaining marginal GFA.

        - Katie acknowledged that the current marginal revenues from tuition and SSI are constrained by legislative fee caps for undergraduate students (3%) as well as SSI growth that is less than 1% annually. This financial position is probably not typical for OSU, as compared to historical growth rates.
        - Kris Devine commented:
            - We need to get disciplined when a Support Office asks for money. Is the unit zero-base budgeting, reallocating available resources from its base prior to requesting new funding?
            - Is the investment request for something that is nice to have or a true need?
            - Can other funds be reallocated first, prior to approving net new funding (need to ask how the unit can repurpose internal funds)?
            - There are three possible funding solutions, including.
                1. Asking units to repurpose internal fund or require they create efficiencies to fund investment.
                2. Create a new college assessment.
                3. Or explore the use of Provost strategic funds to support annual costs such as promotion and tenure allocations.
            - SFC members should make sure when we are listening to funding requests, the consider the available funding options and ask difficult questions.
            - Kris reminded members that SFC is a recommendation body. While we do not have decision-making authority, asking thoughtful questions will be needed to make informed recommendations.
    - Question:
        - Did the AMCP come out already from these figures?
            - Yes, support unit AMCP and benefit expenses are reflected under the Central University tax while Academic AMCP and benefit expenses come from College GFA.
        - Is the Provost Tax available funding SOFS can recommend using to support investments?
            - Revenue generated from the Provost Tax is intended for their strategic investment pool but often contributes to promotion & tenure.
        - Are funds that come in for football or basketball a part of these figures.
            - No, athletic ticket sales are auxiliary revenues that support student scholarship and operating expenses, which are not revenues incorporated into OSU's budget model.
        - Concern was expressed that the annual undergraduate tuition cap was less than inflation. A tuition cap that limits growth may require the university to adopt a Walmart structure. What advocacy or legislative authority is used by OSU, and other public universities, to address these concerns with the Ohio Legislature.
            - The state operates under a biennial operation budget such that every two years, legislators set the tuition cap in temporary budget language. The tuition cap is a popular tool used by legislators to advocate for how they are limiting tuition increases and addressing the perception that public universities are too big and need budget reductions imposed to operate more efficiently.
            - In addition to the Inter-University Council (IUC), a public university lobbying council, OSU's President, Provost, and CFO advocate with legislators on behalf of increasing funding and support of public universities.

- FY25 Marginal Sources: General Funds Allocation (GFA) Commentary (slide 5)
    - There is no central capacity for marginal revenue to support incremental SOFS investments.
    - Growth in GFA is not uniformly distributed to colleges. Moreover, colleges must balance allocation of marginal GFA across its own strategic initiatives including college AMCP, faculty compensation initiatives, start-up, academic investments, and deferred maintenance.
    - Not all colleges have the capacity to absorb college investments in faculty/staff and new university assessments.
    - Questions:
        - If we can anticipate that our margin won't last us past a decade, how do we survive this? We already know there are other aspects that increase more than 3% - medical care costs, safety, etc. – how do we balance the budget when the growth of costs is exceeding our revenues – what are the levels we can pull back on – what happens next?
            - It's easy not to fill a position but over time this no longer becomes a lever.
            - Internally re-allocate costs.
        - Committee member stated they have concerns that with no money universities often look at programs to cut but then they are see administrative spending increasing.
            - We need to think critically about priorities.

Agenda item: Subcommittee Updates/New Business Michele Basso

- Subcommittee Updates

- College Finance Subcommittee Update, provided by Melvin Pascall (Chair, CFS)
- Preliminary Discussion: [FY2025 Composite Benefit Rate]
  - University: Proposed Composite Benefit Rates for FY25 represent a decrease for Faculty, Combined Staff & Specials rate – subcommittee asked what was responsible for decrease.
    - Katie explained that the annual rates are driven the following:
      - Controller's FY25 Salary Forecast = FY23 actual salary expense (by component) and inflated by projected AMCP increases through FY25
      - Controller's FY25 Benefit Forecast = FY23 actual benefit expense inflated by projected benefit inflation informed by Benefit Administration
      - As a result of aggregate salary increases growing faster than benefit expense inflation, the rates are decreasing. It should be noted, however, that part of the FY25 composite benefit rate calculation is an adjustment that accounts for variances in the assumptions used in the prior year's rate calculation.
  - Student rate is projected to increase from 0.3 to 0.4%, or 33.3%
    - Concern was expressed about the large increase in the student rate (as a percentage). Given that the total rate of recovery is less than 0.5%, a rate that has a relatively small dollar variance in total university recovery, the proposed rate increase appears larger than the financial impact of the rate changes as charged to units.
  - OSU Healthcare System Proposed Benefit Rates for FY25 are also projected to decrease.
    - Increase in wage growth caused decline in rate – as detailed above.
  - Comment:
    - It was noted that the Composite Benefit Rate fluctuation from year to year may appear to be small percentage changes, it would be nice to have a steadier and more consistent rate.
- Review and Discussion: [FY2025 POM Funding Request]
  - Proposed FY25 POM Rate Increase
    - Maintenance - $0.18/ASF increase.
      - Subcommittee is requesting more information regarding Fume hoods and Carbon funds. Not sure the associated costs for these items should be included in POM. They do not service all university entities and asking for continuing GFA does not seem prudent.
    - Custodial - $0.15/ASF increase.
      - Subcommittee is requesting more information regarding increase associated with Library Unique Requirement. Given that the library's custodial services and expenses do not represent net new costs. More information is being requested to determine if the increase is needed and appropriate?
    - Deferred Maintenance - $0.15/ASF increase.
    - Total Request - $0.48/ASF increase – assumed 3% increase to AMCP & Benefits.
  - Question:
    - Can you point out the items in POM that are truly necessary, or optional so committee know and can make appropriate decisions?
    - Components
      - Maintenance
        - Salary/Benefit – AMCP
          - This is the cost of doing business and is associated with personnel inflation all units must support.
        - CWA Contractual increase
          - Is this a true incremental expense, which represents unfunded personnel costs? Is it legitimately needed? Can vacancy savings cover contractual increases? FP&A is awaiting some additional data related to the calculation contractual cost increased.
        - Fume hood
          - This contains a net new FTE & equipment cost.
          - The cost has been internally covered so far, so could they continue to cover with vacancies?
        - Carbon Fund – Investment in $150K provide funding for grants that will subsidize for a portion of the cost for new energy efficient freezers. Discussion included the following comments:
          - All units may not benefit from grant program, as proposed. Is it equitable for this program to be funded with a POM assessment? Does this program and investment request represent a true need?
          - In the long time will this save us money? While the university should realize net institutional savings, it is unclear why maintenance POM funding is being requested.
          - Why aren't we asking energy office to pay for this grant program?

                - This is a one-time cost asking for ongoing funding – this doesn't seem like an appropriate request.
                    - Committee agree and plan to recommend not funding the Carbon fund portion of the POM request.
        - Custodial
            - CWA Contract Increase
                - FP&A are still awaiting additional details of the calculation associated with contractual increases, above AMCP.
            - Contracted Custodial Expense
                - The committee members expressed interest in the drivers of the cost increase since it is growing twice as fast as AMCP impact. More details pending.
            - Library – has operations outside of normal business hours.
                - How has this been paid for in the past?
    - Workday
        - Both the College Finance Subcommittee and the full Senate Fiscal Committee would like more information from Workday on the funding requested to support the optimization work
        - While the members agree that Workday training is needed, there needs to be better advertising and alignment of project work with needs of the campus.
        - Michele asked SFC to consider:
            - Do we want Workday to present to main committee? Or have College Finance Subcommittee continue to work with them on better understanding their funding model and optimization projects.
            - Workday EBS leaders continue to request additional cash funded staff for optimization projects. Concerns remain about the appropriate level of funding and assurances that HR positions are not being double counted. Additional questions and discussion included:
                - Money asked for training – who is being trained?
                - Should the colleges cover the short fall in Workday?
                - Workday assessment for ongoing maintenance and training that weren't shared or included in the original assessment are concerning.
- Michele Basso agreed that Workday should come present to the main SFC meeting.

The Ohio State University

Senate Fiscal Meeting

January 30, 2024

Teams

Agenda item: **Subcommittee Updates/New Business** **Michele Basso**

- Subcommittee Updates
- Student Fee Review Subcommittee Update, provided by Steven Mentz (Chair, SFRS)
  - As of January, the subcommittee received requests for Autumn 2024 rate changes from ten colleges.
  - Each of the colleges with fee proposals is scheduled to present to the subcommittee, in February.
  - SFRS is on track to submit its recommendation to the full Senate Fiscal Committee in March.
  - KJ has a listing of the fee proposals, which can be shared, as needed.

- College Finance Subcommittee Update, provided by Melvin Pascall (Chair, CFS)
  - The January 24, 2024, meeting was cancelled due to low attendance.
  - As part of the February 6th meeting, the subcommittee is planning to finalize recommendations for the following:
    - FY25 Composite Benefit Rate
    - FY25 POM Rates
  - FY25 POM Rates: Dean Damon Jaggars offered to provide additional context regarding the incremental POM funding request tied to the library's custodial operations. The committee discussion highlighted the following:
    - In FY23, A&P asked the University Libraries to increase its calculated POM charges to fund services provided outside regular business hours.
    - As a support unit, University Libraries does not generate its own revenues, rather it relies on GFA provided through the central tax.
    - As a customer without revenue generation, A&P was asked to consider alternative funding options, rather than assess a supplemental surcharge, which would likely result in a SOFS funding request from University Libraries for incremental GFA. A&P included the ask in the FY25 POM Rate Request to College Finance Subcommittee.
    - While not present during the POM funding request discussion in College Finance, Damon offered to answer any questions SFC members may have, from the library's perspective, before finalizing their recommendation.
    - Subcommittee members expressed concern that the POM funding request did not address why historical services provided to the University Libraries suddenly precipitated the need for increased funding, and a funding methodology change.
    - Overall support was received from the full committee for CFS to question the philosophy of the decision to begin charging services under a new funding model when the custodial services had not changed.
  - FY25 Composite Benefit Rate: Reminder that the Composite Benefit Rate represents a reduction in the recovery rate.
    - There was a question from the committee regarding how the lower rates would be incorporated into the budget?
    - Katie advised that Adaptive Planning, OSU's budget tool, has adopted the preliminary FY25 Composite Benefit Rates from the Controller's Office for budget planning purposes. Once finalized, the budget module will be updated with final rates.

  - Request from Michele was provided while awaiting an update from the Support Office Finance Subcommittee.
    - President Carter was interviewed in The Lantern and Michele recommended members of the subcommittee read the published article. See link: University President - Interview
    - The interview helps provide insight into the new president's priorities, which include public safety as well as student affordability.
  - Support Office Finance Subcommittee Update, provided by Gretchen Gombos (Member, SOFS)
    - The meeting scheduled on January 24 was cancelled, due to the withdraw of a SOFS request and presentation from the Office of Institutional Equity.
    - HRSD has met with the subcommittee multiple times, in addition to hosting SFO sessions to better explain the structure and functions within Human Resources included in the funding model. Additional HRSD funding model details have also been provided to better explain how the HRSD assessment is currently calculated.

- The Human Resources sessions, with SFOs, have been instrumental in communicating the services the colleges and support units fund through their HRSD assessment. This is important for SOFS to understand before recommending funding model changes and budget.
- The HRSD recommendation is a work in progress, based on the ongoing presentations from HR. It was noted that there are some data definitions and discrepancies the subcommittee is addressing through participating in the SFO meetings with Katie Hall.
- SOFS is considering the direct versus pooled funding model Julie Grubb presented in Autumn to the full committee. The funding model and the funding level will be addressed in the SOFS recommendation to Senate Fiscal.
- Ultimately, the pooled expenses portion of the HRSD funding model will need to align the services with how they are being utilized across campus with a focus on efficiency and effectiveness.
- SOFS reminded SFC that the primary reason HRSD is spending above the original model assumptions, when introduced, is tied to annual AMCP expense increases that were not funded through the internal efficiencies anticipated from the centralization of HR functions across campus.
- Possible funding recommendations will account for AMCP funding as well as the number of staff that support the Workday project.

Senate Fiscal Meeting

February 13, 2024

Teams

Agenda item: **Faculty Compensation & Benefit Committee Update** **Presenter:** **Stephanie Seveau**

Link: FCBC Presentation (Link added, once slides shared and saved to TEAMS)

Stephanie was introduced by Michele Basso to provide an update on behalf of Faculty Senate's Faculty Compensation & Benefit Committee (FCBC). Faculty compensation has been the primary topic of FCBC during the last two years culminating with the Autumn 2024 release of the most recent Mercer Report, an external analysis of OSU's faculty compensation as compared to peer institutions. The engagement with Mercer to student OSU's faculty salaries as compared to benchmark institutions began in the 2019-2020 academic year. Results of the initial Mercer report, presented in 2021, reflected the following:

- Benchmark institutions included in the Mercer study included thirteen Big10 institutions, the top thirteen American Association of Universities (AAU) public universities, and the University of Chicago (27 total peer institutions, see slide 7).
- The initial Mercer data, based on 2021 salaries, highlighted that OSU's faculty compensation was 2% below the market with the largest pay gap noted in the College of Medicine and University Libraries. Various rankings by college shared on slide 8.
- At the rank of full professor, there was a substantial share of faculty whose salaries were below 15% of the market, more pronounced for women (than men).
- After reviewing the initial 2021 report, FCBC formalized a recommendation in response to the Mercer faculty study. Specifically, the committee members adopted a total compensation philosophy (TCP) in support of attracting, retaining, and rewarding highly qualified faculty. Specifically, the stated goal was for 90% of OSU's faculty to be paid within 85% of faculty market compensation.
- In Spring of 2023, then Provost Melissa Gilliam endorsed the total compensation philosophy (TCP) established by FCBC.

In response to the formal TCP adopted by FCBC, an updated Mercer Report analyzing faculty compensation was conducted last summer using 2022-23 salaries. See below for details of the updated report:

- The updated Mercer report focused on the Columbus faculty compensation, using 2022-23 salary data, as benchmarked to Big 10 institutions and US News Top 25 Public Institutions using Association of American Universities Data Exchange (AAUDE).
- The same institutional peers selected in the 2021 study were used in the updated Mercer analysis. Comparable AAUDE salary data was compared based on CIP codes of faculty.

- OSU's Columbus salary data used in the analysis included the following faculty distribution: 44% Professors, 31% Associate Professors, and 25% Assistant Professors.
- As benchmarked to peers, trend data since 2007 highlights a steady decline in OSU's ranking of faculty salaries, after accounting for a cost-of-living adjustment (COLA).
- Mercer's external faculty compensation update also included a salary analysis based on gender, race, and ethnicity of faculty. While the race/ethnicity pay gap was not initially shown to be materially significant (based on sample size), a gender pay gap was noted.
- The 2022-23 faculty salary analysis shows that OSU's ranking is at its lowest position in the past 17 years.

Additional items of note, were presented and discussed:

- FCBC's goal is to differentiate the need for faculty market adjustments as a distinct initiative from the annual merit compensation pool (AMCP), which provides cost-of-living increases. Faculty compensation adjustments should be base increases that supplement AMCP.
- OSU's goal will be to transition to having faculty salaries aligned with market.
- While a racial pay gap was not materially significant in Mercer's most recent study, additional data should be reviewed to determine if OSU has a racial/ethnic pay gap that should be addressed.

1. Question: Isn't an 85% threshold a low bar?

   Response from S. Seveau: Yes, but 85% was assumed to be a reasonable starting point, to ensure OSU can financially achieve a correction in the short term. There should be incremental goals to improve OSU's ranking of faculty salaries as benchmarked to peers.

2. Question: If achieving the initial goal of 90% of faculty paid within 85% of market is the starting point, what is the end goal for the faculty compensation initiative?
   Response, from S. Seveau: After achieving the initial goal, the interim goal is to stop losing faculty positions to our peer institutions and to seek faculty market increases to be more competitive in the market. If the annual faculty salary initiative includes an adjustment for AMCP and market, OSU can achieve and retain a competitive salary benchmark, helping us avoid losing faculty to peers.

3. Once we achieve the 90% interim goal, what is the next goal?
   Response, from S. Seveau: General belief that OSU should be driving towards a market-based faculty compensation initiative. Training the university to pay attention to the market is key. As soon as new data is available, we can show progress to prior year and establish new goal and benchmark for the future.

- After the 2023 Mercer data was shared with colleges, recommendations for mid-year salary adjustments were finalized based on faculty performance and a time in rank analysis. The progression of initial faculty data was shared, which included the following statistics:
  - In September of 2022, 541 faculty were identified as having salaries below market with a cost to close the compensation gap ~ $9.4M.
  - By September of 2023, 438 faculty were identified at a cost to close the compensation gap ~ $7.8M,
  - By January 2024, when faculty compensation increases were enacted, 280 faculty received a market adjustment, at a cost of $2.4M.
  - Noting that there were only 280 faculty receiving market adjustments in January 2024, the difference between the initial faculty identified and those receiving an increase was attributed to faculty departures, proactive salary increases enacted, and evaluation of time in rank.
  - These cost estimates represent the salary impact only.
- Funding for the salary adjustments is coming from college and departmental funds. These increases were evaluated by each dean based on faculty performance and supported by an analysis of time in rank.
- There will be an upcoming report once all college data on approved faculty increases, enacted in January 2024, is available. The updated average salaries by rank will assist with the pay gap analysis by gender and race.
- Additional analysis is needed to evaluate the full data set of average faculty salaries to understand how the recent faculty increases might impact OSU's rankings.

4. Question: What should the aspirational goal be for faculty salaries, as compared to OSU's peers?

   Response from S. Seveau: There is a fear that OSU is falling behind each year when its AMCP increase of 3% addresses only inflationary increases and further contributes to salary compression. Since 3% is not aligned to market, we are continuing to fall further behind the market. While AMCP is intended to be a merit-based program, FCBC is concerned that given inflation and OSU's faculty salary benchmarks it is primarily serving to provide a cost-of-living adjustment.

It was noted by a committee member that a quick analysis of the data supports the need to be concerned about salary compression. Specifically, the fact that the largest number of faculty below the 85% market threshold are full professors supports the fact that AMCP is not keeping up with faculty market demand. The longer faculty stay at OSU, the more significant the salary compression and gap to market. It seems as if the only way to generate a market adjustment is to leave OSU or utilize a counter offer to seek a market adjustment.

Next steps include:

- Analysis of the impact of the January compensation adjustments.
- Development of strategies to maintain market-based approach to faculty salaries.
- Conduct a regional campus faculty salary study to implement the compensation initiative institution wide.
- Consideration of AMCP initiative to include annual faculty market adjustment.

Question from Stephanie for SFC: Is there an annual financial report on the OSU Health Plan that is shared with Senate Fiscal?

Response: No, while staff from the Health Plan share an annual update, the stand-alone financial statements from the Health Plan are not reviewed with the Senate Fiscal Committee.

Additional discussion regarding what topics the full committee considers.

- There are some global financial planning assumptions not presented to SFC for their consideration. Planning assumptions not currently in SFC's purview include AMCP, Health Plan changes, and undergraduate/graduate instructional rate increases.
- Are there special committees that can be established to review the health plan changes or other committee initiatives? Given the timing of when we develop the annual financial plan, creating a special committee would be difficult to accomplish prior to the development of the FY25 Financial Plan.
- Kris reminded the committee that the university's marginal revenues are not keeping pace with expenses, as discussed during the January 16th meeting. If there are investments in one area, in the absence of marginal revenue, we need to make decisions about priorities and reduce spending elsewhere to support the strategic funding initiatives. We can

invest in AMCP and faculty initiatives but that will also require decisions on restraining growth of expenses in other areas.

Agenda item: FY2025 Financial Aid Update Presenter: James Orr & Amy Wheeler

Link to SFA Presentations: [3. 2024 SenateFiscal Presentation SFA - Enrollment and Financial Aid Updates.pptx]

- Dr. Orr explained strategic enrollment management is a comprehensive process involving multiple classes and cohorts of students—recruiting, retaining and graduating are all important milestones.
- Updated AU 24 recruitment goal stands at 8,200-8,350 new first year students with the desire to increase both first generation and Pell eligible cohorts of students.
- Multiple changes at federal level have impacted recruiting abilities including simplification of the Free Application for Federal Student Aid or FAFSA (and corresponding delays in that rollout for FY 25) and the US Supreme Court decision prohibiting race to be a consideration in admissions.
- Deadline extensions have been announced to benefit students including the priority deadline to file the FAFSA and the admission acceptance deadline.
- Updated university enrollment plan is being finalized to be presented to the BOT in Autumn 2024 that would cover strategy for FY 26 and FY 27
- Amy Wheeler unveiled a move from student financial aid to student financial success model combining the Student Financial Aid and Buckeye Link teams to better serve students and families. Focus will remain on entire student life cycle from recruitment to graduation. Access and affordability continue to be emphasized.
- Virtual Outreach Sessions were offered during Summer 2023 to help new first year students maneuver the transition to OSU.
- Engaging students with surveys for feedback on affordability, campus life, etc. to create targeted response and outreach to address concerns and answer questions.
- Financial Aid Optimization is underway impacting operations assessment, aid modeling and strategy and overall tracking and evaluation of all changes. Goal is to increase yield/headcount while also increasing net tuition revenue.
- The Buckeye Opportunity Program (covering full tuition for Ohio residents with Pell grant eligibility) was expanded to regional campus students in their first semester beginning in AU 23 term (whereas prior they could only begin receiving the grant during their second semester of enrollment).
- Scholarship Universe is an online application for students to be considered for both internal and external scholarship opportunities—in support of both recruitment and retention efforts. Tool was implemented in FY 21 with various colleges and units coming on board since then—all expected to participate by FY 26. 10,632 log ins were recorded in year one, whereas 45,865 students logged in during the most recently completed year. $2.4M increase in scholarships awarded in FY 24 (compared to previous year).
- FAFSA simplification changes federal methodology to determine need levels for students to qualify for grants. Expected Family Contribution (EFC) has been replaced by the Student Aid Index (SAI).
- These changes resulted in delays in the rollout by the Federal Department of Education—schools will not begin receiving student level data until March 2024 with financial aid awards for new students expected in April 2024—roughly 2 months later than normal.

- QUESTION from Mark Foster—where is increased enrollment coming from (with shifting demographics of college eligible students)? ***Dr. Orr indicated OSU has experienced increased applications and increased admits but we still struggle maximizing our yield percentage. Communication and financial aid offers can be used more strategically to increase the yield percentage and result in larger incoming class.***
- QUESTION from Mark Foster—if incoming class increases as desired, how does that impact quality of service, e.g., overall student to faculty ratios? ***Dr. Orr indicated an assessment of teaching/advising capacity was conducted and some programs have more room to grow than others, so the increased enrollment must be strategic.***
- QUESTION from Michele Basso—what is the extent of our outreach for non-residents and international students? ***Dr. Orr explained that last year we experienced our highest ever percentage of non-resident students in the university's history. Yield analytics are being utilized to target communications to students based on their responses to a directed survey. We are seeing more students/parents showing up to our out of state yield events in this current recruitment cycle. Amy Wheeler emphasized the student success sessions are virtual and easily accessible to students out of state.***
- QUESTION from Michele Basso—shared an example of students visiting from China who indicated they would not plan to attend due to East Palestine train derailment and corresponding impact on pollution/air quality. ***Dr. Orr indicated attempts are being made to mitigate and explain.***
- QUESTION from Michele Basso—is there an Admissions waiting list and how long is it? ***Dr. Orr said we release acceptances in November, January, mid-February and March/April. Students are put on a wait list and engaged toward the end of this cycle based on how the class is shaping up. Wait list this year may be smaller due to engaging targeted populations sooner in the recruitment process.***
- QUESTION from Mark Foster—what is target enrollment increase for AU 24? ***Last year was 7,983 and goal this year is 8,200-8,350. Dr. Orr mentioned historical decreases in regional enrollment and transfers resulted in the need to strive for increased new first year student size at the Columbus campus.***

- QUESTION from Jim Woods—Has the level of merit aid offered to students remained consistent? ***Dr. Orr mentioned the need to be flexible in awarding both merit and need-based aid. For higher achieving students, the dollar amount of scholarships is less important compared to other elements of our engagement and outreach in recruiting them.***
- QUESTION from Mark Foster—how are we addressing enrollment declines at the regional campuses? ***Dr. Orr mentioned an increase in new enrollment at the regional campuses for the AU 23 class—and an overall increase in total regional enrollment of roughly 2%. A regional enrollment turnaround plan has been reviewed and implemented to attempt to maintain that momentum. Such momentum is slow and takes several years for strategic changes to take place before enrollment ultimately stabilizes.***

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

March 5, 2024

2150 Student Union (Sphinx Centennial Room) /Teams

Agenda item: **FY2025 Support Office Finance Subcommittee (SOFS) Recommendations** **Presenter:** **Justin Keiffer, Chair**

Links to SOFS Recommendations:

- FY2025 Support Office Funding Recommendation
- SOFS Recommendation Summary: PDF Summary of Funding Requests
- FY2025 Human Resources Recommendation

FY2025 Support Office Financial Subcommittee Recommendation

Justin presented the Subcommittee FY2025 Support Office Funding Recommendations to the full Senate Fiscal Committee, which was shared electronically, while he provided a detailed summary of the process used by subcommittee members to rank and prioritize the annual funding requests. The following provides an abbreviated list of the funding recommendations presented, with notes detailing the questions and discussions that occurred:

- There were ten (10) funding requests, totaling $37M, submitted to SOFS for their review and consideration. The requests came from the following university support offices: Administration & Planning (4 requests), ERIK (2 requests), OTDI (2 requests), and B&F Risk Management (2 requests).
- Of the 10 distinct funding requests, ERIK's request for increased operating support via the Research Assessment received the highest priority, while the remaining requests were identified as medium to low priority by the subcommittee.
- After the subcommittee recommendation and process was presented, the full committee discussed the following:
    - The highest priority funding request, identified by SOFS, was the request from ERIK for an increase in operating support via the Research Assessment.
    - Dean Horn, from Arts and Sciences, noted that incremental funding for ERIK as recommend by SOFS could impact colleges who have been hiring research staff support in their units to address grant management gaps in ERIK's Office of Sponsored Programs (OSP).
    - Both the Support Office Funding Subcommittee and the College Finance Subcommittee (CFS) received requests for above AMCP contractual increases on behalf of A&P units. Michele asked if the committee is confident the funding requests are not duplicative to the requests set to College Finance Subcommittee?

    - **Response**: Katie, from FP&A, noted that a portion of A&P funding requests for negotiated contractual increases (above AMCP) would be funded from the POM assessment as submitted to CFS with remaining contractual increases, above AMCP, submitted to SOFS. While the Public Safety contractual increases are exclusively included in the SOFS funding requests, the Communications Workers of America (CWA)increases are reflected in the POM rate increases, with the remaining CWA increases funded through the distinct SOFS funding request. FP&A's annual calculation of support unit guidelines ensures that the funding requests are not duplicative.

    - Justin noted that his subcommittee's designation of the A&P Lyft Rideshare program as Low Priority does not suggest that safety is not prioritized by SOFS.
    - **Response**: Kris noted that all public safety initiatives are being reviewed by Executive Leadership, including the Lyft Rideshare program, through a separate process that includes an assessment of the effectiveness of each program and overall impact on campus and student safety.
    - Michele Basso asked the committee to consider an amendment to the SOFS recommendation, as presented, to add specific areas of review to capture impact of the Lyft Rideshare program and FY25 funding recommendation.
    - After full review and discussion, a motion to amend the SOFS Funding Recommendations for FY25 was submitted by Damon Jaggers and seconded by Gregory Rose, as detailed below:

        The Senate Fiscal Committee requests additional data be provided, as available, on behalf of Administration and Planning's Transportation and Traffic Management Lyft Rideshare program including:

- Assessment data measuring the impact of the program on safety improvements for students.
- Assessment data on satisfaction of the Lyft Rideshare program.

- The amend was approved unanimously.
- John Buford called the question to accept the amended SOFS Funding Recommendation for FY25. The Senate Fiscal Committee unanimously approved.

FY2025 Human Resources Recommendation

Justin presented the FY2025 Human Resources Recommendation to the full Senate Fiscal Committee, which was shared electronically (and linked above) while discussed. The review and discussion highlighted the following:

- Noting that the prior year's HRSD funding recommendation from the Senate Fiscal Committee was not officially submitted to Executive Leadership, the focus of the FY2025 recommendation is to address the gap between the HRSD assessment from colleges and total Human Resources expenses. The FY23 funding gap required nearly $6.0M in central bridge funding. Moreover, the current HRSD funding gap is projected to exceed $6.0M.
- The FY25 recommendation includes the need for significant review of the current Human Resource Service Delivery (HRSD) model, including services and funding methodology.
- As discussed, the recommendation will require the creation of a taskforce to continue reviewing the funding gap, starting in the summer of 2024, which will culminate in a FY2026 Human Resources Recommendation from Senate Fiscal Committee in Spring 2025.
- To ensure the recommendation, as presented to full Senate Fiscal Committee establishes the next steps in the process, Michele Basso asked SFC to consider an amendment to the subcommittee's formal recommendation.
- A motion to amend the SOFS Human Resources recommendation was submitted by Michele Basso and seconded by Lingying Zhao. The amendment, detailed below, was approved unanimously:

  > The Senate Fiscal Committee recommends a Human Resources Service Delivery (HRSD) taskforce be initiated in Summer 2024, comprised of Faculty, Fiscal Officers serving on SOFS, Human Resources Business Partners, Senior Vice President Katie Hall, and staff from Human Resources. The shared governance taskforce will review the services provided through HRSD to better define the division of work and identify redundancies in services to address the HRSD funding gap.

- John Buford called the question to accept the amended recommendation. The Senate Fiscal Committee unanimously approved the amended Human Resources Recommendation for FY25.

Agenda item: **FY2025 College Finance Subcommittee (CFS) Recommendations** **Presenter:** **Melvin Pascall, Chair**

Links to CFS Recommendations:

- FY2025 Composite Benefit Rate
- FY2025 Overhead Rate
- FY2025 Regional Campus Service Charge (RCSC) Rate
- FY2025 POM Recommendation

FY2025 College Finance Subcommittee Recommendation

Melvin began the discussion by noting there were four separate recommendations to present on behalf of College Finance Subcommittee for FY25. Based on his class schedule, Melvin asked another subcommittee member to present the recommendations and lead the discussion with the full Senate Fiscal Committee. John Buford, volunteered to present the subcommittee recommendations, which were presented in the following order:

1. FY2025 Composite Benefit Rate
2. FY2025 Overhead Rate
3. FY2025 Regional Campus Service Charge (RCSC) Rate
4. FY2025 POM Rate

- Given the subcommittee updates, provided throughout the process, there were limited questions as John presented each of recommendation.
- As each recommendation was reviewed, John answered questions about the process and discussion that occurred prior to formal approval by the subcommittee.
- The four recommendations were voted on independently and approved, as presented, by the full Senate Fiscal Committee:
    - After review of the College Finance Subcommittee's FY2025 Composite Benefit Rate Recommendation, Kim Kinsel called the question and the Senate Fiscal Committee unanimously approved the recommendation. as presented and called the question. The
    - After review of the College Finance Subcommittee FY2025 Overhead Rate Recommendation, Jim Woods called the question, and the Senate Fiscal Committee unanimously approved the recommendation.
    - After review of the College Finance Subcommittee's FY2025 Regional Campus Service Charge Rate Recommendation, David Horn called the question, and the Senate Fiscal Committee unanimously approved the recommendation.
    - After review of the College Finance Subcommittee's FY2025 POM Rate Recommendation, Jim Woods called the question, and the Senate Fiscal Committee unanimously approved the recommendation.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

March 26, 2024

Teams

Agenda item: **FY2025 Student Fee Review Subcommittee (SFRS) Update** **Presenter:** **Steven Mentz, Chair**

Links to SFRS Materials:
Link to Guidance & Templates Website: Differential Fee Requests

Link: SFR Subcommittee FY25 Fee Request Summary File

FY2025 Student Fee Review Subcommittee

- Steven began by summarizing the work of the 2023-2024 Student Fee Review Subcommittee and noting that the rate summary (to be shared) does not represent a formal recommendation.
- Based on the lack of quorum, the full subcommittee was not able to formally vote on the proposed rate changes as submitted to SFRS for consideration.
- Prior to reviewing the differential fee requests, KJ from FP&A reviewed the SFRS Guidance & Template documents, posted online. The template guided both the college submissions and the work of the subcommittee when reviewing the rate change proposals.
- Steve shared the FY2025 Fee Request Summary for the full committee to review and consider the requested rate changes.

  Review of fee changes, by college, are detailed below:

  College of Business – Variable Rate Changes

  - The program fee changes were presented on behalf of the College of Business, starting with the proposed rate change for the Executive MBA which includes a reduction in the per semester rate. It was noted, however, that the number of semesters students are enrolled in the program has also been extended by a semester.
  - Michele Basso requested the Executive MBA fee details be amended, in the presentation, to include a note about the extension of the program by one semester.
  - After much discussion about the fee change, it was noted that not all members on the subcommittee would be able to vote. Notably, there are two members (Anil Makhija and Gretchen Gambos) of the subcommittee who work for the College of Business, who would be abstaining from the review and approval of those proposed rate changes.
  - There was a general discussion within the subcommittee regarding the ability of members to vote if the rate increase originated from the College they represent. It was decided that if a subcommittee member participated in drafting the recommendation, they should abstain from the formal vote. Based on the lack of quorum, with the two abstentions noted, Michele Basso recommended that the Business differential fee changes be voted on electronically, via email.
  - While all four Business fees were being deferred to an electronic vote, the committee did review the following rate proposed:
  - Master of Human Resources Managed (MHRM) Program: Michele Basso noted that the proposed increase of 28.3% was significantly more than the average annual rate increase. The Dean noted that he was happy to defer the recommendation as submitted but would be able to answer supplemental questions regarding the program, as appropriate.
  - KJ, from FP&A, provided an overview of the 28.3% rate increase, which includes a significant change in OSU's rate structure to ensure our tuition aligns with peer institutions. As noted, the benchmark comparisons suggested the need to increase the base rate (resident students), with a subsequent reduction in the non-resident surcharge.
  - After discussion of the rate change, Gretchen Gambos, from the College of Business, offered to provide more information on the peer comparisons used in the MHRM rate change request. This was submitted via email to Chair Michele Basso and shown here:

University	Program Name	In-State Total Tuition	
University of Minnesota	Master of Human Resources and Industrial Relations, MHRIR	$37,728	Peer
Cornell	Master of Industrial and Labor Relations, MILR	$85,376	Aspiration
University of Illinois	Human Resources and Industrial Relations, MHRIR	$33,705	Peer
Purdue University	Master of Science in Human Resource Management, MSHRM	$32,760	Peer
Ohio State University	Master of Human Resource Management, MHRM	$25,515	**Current**
Ohio State University	Master of Human Resource Management, MHRM	$32,745	**Proposed**

- Regarding the MHRM proposal, Michele Basso asked for confirmation that the large rate increase was not going to become routine. There was a broader discussion regarding how differential fees are set and confirmation that the College of Business does not intend to increase rates significantly on a regular basis.
- Specialized Master of Business – Analytics: Noting that the request includes a rate reduction, the change reflects the desire to ensure the cost of the master's degree is identical for both full-time and part-time students. Currently, based on OSU's rate structure, a part-time student would pay more to complete the program, in the absence of the proposed rate change. Currently, the College of Business is using departmental scholarships to manually ensure rate parity.
- John Buford noted that all academic graduate program directors should review their rates as compared to peers annually to keep abreast of the market rates and ensure financial sustainability of the program.

College of Dentistry – 5.0%

- Dentistry Professional Program: 5% rate increases were requested on behalf of all professional ranks within the College of Dentistry. Durya Nadeem-Khan advised that she was asked by the Inter-Professional Council (IPC) to research if a university bylaw existed that would restrict rate increases for the professional programs to no more than 4%. After the question was brought to the full Senate Fiscal Committee, and without a clear answer on the existence of a rate cap, Michele Basso recommended that the committee defer the vote on the Dentistry rate increases.

College of Engineering – New Program

- Engineering's request for a new Masters in Cybersecurity and Digital Trust that is part of a stackable certificate program that students can complete in phases, culminating in the completion of the master's degree. Since the program is new, the committee is being asked to review and approve the differential rate as presented. There were no objections to the rate, upon review. After discussion, SFC voted to approve $9630 Instructional fee and $200 nonresident surcharge per semester with sufficient votes need to ensure quorum.

College of Law – 2.0% Increase

- The professional Law JD/LLM rate increase of 2% for instructional fees, as proposed, will be used to help offset the Annual Merit Compensation Program (AMCP) for faculty and staff. There were no objections to the rate increase, and SFC voted to approve the fee increase. The student representative from the College of Law (Durya) Nadeem-Khan abstained from the vote.

College of Medicine

- Medicine Instructional Fee Requests, were each reviewed separately based on rank, as detailed below:
  - Rank 1 & 2 (3.0%)
  - Rank 3 (2.0%)
  - Rank 4 (1.6%)
- All recommended professional rate increases on behalf of the College of Medicine were approved by unanimous vote of SFC.
- The College of Medicine's Doctor of Physical Therapy (DPT) program increases were deferred, based on the inability to meet quorum given that John Buford drafted the request and an SFC member had to leave the meeting early.
- As part of the review and discussion, it was noted that the differential fee request for the DPT program had not been increased for several years. Moreover, a comparison of rates to peer institutions and the market supported the increase. The vote was deferred to an electronic vote of the full SFC.

College of Optometry – 2.0% Increase

- The professional Rank 1, Rank 2, and Rank 3-4 increases of 2% for Instructional Fees on behalf of the College of Optometry were approved, by unanimous vote of SFC.

College of Pharmacy – 3.5% Increase

- The professional Rank 1, and Rank 2-4 increases of 3.5% for Instructional Fees on behalf of the College of Pharmacy were approved by unanimous vote of SFC.

College of Veterinary Medicine – 5.0% Increase

- College of Veterinary Medicine submitted rate increases of 5.0% for instructional fees for Rank 1 and Ranks 2-4. They also requested a 5% increase for non-resident surcharge for Rank 1.
- Justin Kieffer, who chaired the SFRS last academic year, noted that for many years the College of Veterinary Medicine restrained increases to no more than 2%. The proposed 5% increase will offset foregone rate increases from prior years and fund AMCP and inflationary increases associated with the veterinary program.

- The vote was deferred until the question of caps on professional rates was determined.
- Prior to sharing the materials electronically for a vote, Michele requested the following:
  - Supplemental peer comparison data from the College of Business, as noted above, for the Master of Human Resources Managed (MHRM) Program.
  - Resolution to the concern from IPC regarding a cap on professional rate increases above 4%.
- Michele Basso indicated that she would reach out to the Secretary of Faculty Senate, Dean of the Graduate School, and the Graduate Student Representative to inquire about the existence of a fee cap for professional programs.

Agenda item: Subcommittee Updates & New Business Presenter: Subcommittee Chairs

Subcommittee Updates

- SOFS Update, from Justin Kieffer:
  - ERIK recently announced a restructuring which resulted in a request for SOFS and SFC to table its (already) approved FY2025 funding recommendation.
  - Justin noted that after SOFS reviewed ERIK's FY2024 Spring Forecast and preliminary FY2025 Financial Plan mid- March, ERIK will be returning on April 2, 2024, for SOFS to discuss the reorganization and reconsider its FY2025 funding recommendation.
  - An update for the full Senate Fiscal Committee will be brought forth as part of the April 9, 2024, meeting.

New Business

- Vote for FY24 Chair of SFC: Michele Basso nominated Justin Kieffer and the floor was open for additional nominations for Chair of SFC. There were no other nominations. The committee approved Justin Keiffer as Chair of Senate Fiscal Committee for the 2024-2025 academic year.
- Michele reminded the full Senate Fiscal Committee that the April 9th meeting is scheduled as an in-person

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

April 9, 2024

2150 Student Union (Sphinx Centennial Room) /Teams

Agenda item: **Annual Parking Endowment Update**

Presenter: **Jay Kasey, Tom Holman & Susan Boiarski-Markle, Administration & Planning**

Links to Parking Materials:
Link to: FY2023 Parking PPT for SFC
FY2023 Parking Transparency Report SFC

- **Susan shared the slides**, linked above, which focused on the following:
    - History of the Parking Concession, noting that the FY2023 Report is the 11th annual report.
    - Summary of the annual expenditures from the Parking Endowment Distributions, which includes annual support for the following initiatives:
        - Faculty and Research
        - Student Scholarships
        - Arts District Development
        - Transportation and Sustainability
        - Transportation and Parking Projects
    - Information on the Parking Operator transition, that occurred in December 2022, when Propark replaced LAZ as the operator of CampusParc
    - Update on CampusParc's stewardship and partner funds in support of:
        - Experiential Learning
        - Brand Ambassadors
        - Campus Outreach
    - Updated statistics from FY23 highlight CampusParc's decline in customer satisfaction based on Key Performance Indicators (KPIs), presented on slide 11. As noted by Susan, the decline is based, in part, on staffing transitions, and increases in stadium shows which led to staff reassignments and training issues. CampusParc has implemented new strategies to increase customer service and satisfaction ratings including enhanced communication of pending parking changes, using social media, and text messages to increase transparency for campus users.
    - Historical trends in both the number of permits sold and citations issued were reviewed, noting that FY23 data suggests that total permits and citations have not yet returned to pre-pandemic levels. Given the transition to hybrid work, the university may not return to pre-COVID parking usage.

Questions from Committee:

1. Are there plans for the university to adopt a universal ID that includes the parking pass?

   Answer: Currently, parking passes are not included in the university's BuckID access and A&P is not aware of plans to adopt a universal ID.

2. Michele Basso noted that early in the initial transition to an external parking operator, the university influenced the number of citations issued and collected. Is the university still directing the citation strategy?

   Answer: OSU is no longer involved in the parking citation strategy. Susan Boiarski-Markle noted that the contract does not permit the operator to collect citation revenues in excess of the cost of enforcement. If citation revenues exceed the operator's enforcement costs, those revenues are returned to the university. Currently the operator is losing money on its enforcement operations. The contract was specifically drafted to ensure that increases in citations and enforcement revenue did not provide additional external, operator revenues not already agreed to in the agreement.

3. Can you provide more information on the sale of the Parking Concession?

   Answer: Jay Kasey shared that Queensland (QIC) owned the original concession until it was sold, earlier this year for $850M to Arden, a French firm. While there were no changes to the original concession agreement, based on the provisions of the sale, OSU has not yet met representatives from Arden. A meeting is scheduled in late April (2024) with Arden.

4. Steven Mentz highlighted that based on slide 5, there are no funds from the Parking Endowment directly earmarked for staff. Would it be possible to review the agreement and consider if any portion of the available endowment distribution could be allocated to staff-focused initiatives?

   Answer: Jay Kasey indicated that he recalled the same question being asked last year. He would ask A&P staff to research the question and consider the possibility of redirecting funds allowed under the original concession agreement. Jay indicated that it would be helpful if Steven emailed him directly with the question, to ensure a timely response was provided (Kasey.3@osu.edu).

5. Mark Foster inquired about the balance sheet activities of the parking concession.

   Answer: Slide 4 was re-presented with the balance sheet activities, also excerpted below:

		Original Endowment	6/30/2023 Market Value	Actual Distributions FYs 13 – 22	FY Distributions FY23	Total Distributions FYs 13 - 23
Total Parking Proceeds Endowment Funds		$483,000,000	$653,520,616	$225,510,935	$26,004,219	$251,515,154
Expenditures	Faculty Initiatives & Research Discovery			$90,633,308	$11,464,784	$102,098,092
	Eminent Scholarship & Student Support			$29,538,504	$4,283,684	$33,822,188
	OSU Arts District Support Fund			$23,344,906	$321,230	$23,666,137
	Transportation, Parking & Sustainability			$70,034,416	$8,075,845	$78,110,261
	Total Parking Expenditures			**$213,551,134**	**$24,145,543**	**$237,696,678**

6. How are the shares of endowment distribution allocated specific to the student scholarship commitments?

   Answer: The allocation for each component of the parking endowment is based on the signed concession agreement. The endowment restrictions will be researched and shared with the committee. As part of the follow-up discussion, the question was asked if new leadership had the ability to change the current allocation/distribution of the endowment between undergraduate and graduate scholarship initiatives? Brad Harris indicated the staff from OAA would research the question, he believes there is flexibility in the agreement that permits the president and Board of Trustees to reallocate funds assuming the scholarship restriction is met.

7. Mark Foster inquired if OSU was aware of the return on investment specific to the concession holder?

   Answer: OSU does not have visibility into the rate of return earned annually by the concession holder. That said, the committee was reminded that a portion of earnings were designated for parking facility maintenance.

Agenda item: **Ohio State Energy Partners (OSEP) Annual Report** **Presenters:** **Scott Potter & TJ Wood, Energy Office**

Link to Materials: OSEP FY2023 Annual Report to Senate Fiscal

- **Scott Potter shared** the following sections of the annual report with the committee:
- Page 4: Utility Outages and Reliability KPIs were reviewed and discussed, as detailed below:
  - Outages: OSEP met and exceeded the outage KPIs as measured for Electricity, Steam, Chilled Water, and Gas
  - Reliability: **Target for Electricity was not met in FY23**, which represents the first time the reliability KPIs were not achieved for any single component
  - Communication issues regarding who was responsible for ensuring the outage was addressed timely, led to the delay in remediating the electricity outage. It was noted that there was initially confusion regarding if the outage was under the purview of OSEP or AEP
  - Since OSEP's interest rate on its debt is influenced by meeting the KPIs, there will be a negative financial impact to OSEP (a projection was provided indicated it could cost OSEP $10M cost if they miss the KPI targets significantly) for not meeting the electricity KPI reliability target in FY23.
  - Page 5: Efficiency Target: 25 % efficiency target to be met by FY28
    - As of FY23, OSEP has achieved a 12.13% efficiency standard

    - It was noted, however, that some of the initial efficiency projects represented the "low hanging fruit" such that incremental efficiencies would be more difficult to achieve, as OSEP works to meet the 25% target.
- Page 5 – 6: Energy Advisory Committee and Capital Project Budget Summary
    - Scott noted that every $1 that is spent on capital projects requires approval by OSU's Board of Trustees
    - Capital projects are reviewed annually by the Energy Advisory Committee, which includes 30 university faculty and staff representatives

- Page 7: Utility Payment and Fee Summary (Table 3) was reviewed with Senate Fiscal, including a reminder that the fixed fee provides OSEP with revenue to operate, while the variable fee changes each year based on the capital project spending (aligned with debt service)
    - Appendix A provides a detailed listing of the FY2023 approved capital projects
    - Unlike the Parking Endowment, OSEP is required to invest in the capital infrastructure

Questions from Committee:

1. What is the relationship between AEP, OSEP, and the Energy Office with respect to energy purchases?

Answer: The Energy Office is responsible for utility procurement which includes the purchase of energy commodities. OSEP is responsible for maintaining the utility infrastructure and is paid a fixed operating cost that was negotiated in the concession agreement and increases by 1.5% annually. As part of the discussion of commodity purchases, a question arose regarding the purchase of solar power. Scott Potter noted that while solar panels are relatively inexpensive, however, solar power can be very expensive in Ohio based on the cost of the structures that support solar panels. Ohio's cost to generate solar power, based on average sunlight and structural cost, makes it cost prohibitive when compared to the cost of generating solar power in California. Ohio regulations require much greater safety measures in commercial buildings than other solar friendly states and residential installations in Ohio. Therefore, the solar energy generated by the new energy building will be very expensive.

2. Mark Foster noted that concerns have been raised regarding how utility usage at research facilities is managed. In particular, he asked if heating and cooling in research facilities is centrally managed at OSU?

Answer: Scott Potter noted that centrally managed heating and cooling in campus facilities was primarily restricted to classroom spaces and office spaces, not research facilities or temperature-controlled library facilities (for which temperature control needs to be a local decision). While there is the ability to control heating and cooling in the event of an emergency, the use of digital controls to reduce energy usage during peak capacity was limited to a small percentage of campus space and excluded research facilities.

3. What is the status of the opening of the Combined Heat and Power (CHP) facility and what are the financial consequences of the delay in operating the new plant?

Answer: Noting that the CHP facility is projected to be operational by end of 2024, Scott Potter provided the following historical timelines detailing the delay, and associated financial impact:

- 2021: Initial CHP delay communicated to campus, with incremental university cost of $14M with $17M written off by OSEP
- 2022: Change in CHP contractor caused additional delays in the project completion timeline
- 2023: Change in the exterior CHP specifications were requested by the university, which will cost an additional $20M.
- 2024: OSEP indicated that there are additional CHP capital costs that will be funded based on a 20%-80% split (University % – OSEP %) resulting in an incremental cost to the university of $26M by the end of FY25
- Can we Add info about Engie using temporary power to supply new buildings on west campus & the cost.

4. Is OSEP on track to meet sustainability goal of 25%?

    Answer: As noted earlier in the presentation, the efficiencies achieved through FY23 are not anticipated to be realized at the same pace through FY28, when the 25% efficiency target should be met. Scott is not confident the efficiency target will be achieved. If the 25% efficiency requirement is not realized, OSEP will not be eligible to receive the negotiated bonus, stipulated in the concession agreement.

THE OHIO STATE UNIVERSITY

Senate Fiscal Meeting

April 23, 2024

Teams

Agenda item: **Annual Capital Plan**

Presenter: **Jake Wozniak, Kyle Gephart, Kevin Markielowksski (Treasurer's Office), Amy Burgess (Admin & Planning)**

Links to Presentation Materials:
Link to: Capital Planning Debt Profile

- **Jake shared the slides**, linked above, which focused on the following:
  - Capital plan works in unison with the Strategic Plan and Framework Plan. Together this implements the University's capital plan.
  - Cycle Timeline – Kick-Off in September for project entries in the fall. Currently working on the Interim Capital Investment Plan (CIP)
    - September: Beginning of CIP cycle, review of capital processes, tools, guidance, and more.
    - October – November: Project entry, users enter their capital project requests into Adaptive for FY25-35.
    - November – December: Project Analysis, review of project funding, scope, deferred maintenance, etc.
    - January – March: Unit Presentations to Technical Resources Group
    - April – May: Interim Plan Approvals, presented to IPPLG, ICPG, ESG, & BOT.
    - May – June: Plan Development of LRCP and consideration of plan additions.
    - July – August: Final Plan Approvals, presented to IPPLG, ICPG, ESG, & BOT.
    - September – November: LRCP Approvals presented to BOT as part of long-range financial plan.
  - Capital is considered any projects with spend greater than $250K.
    - FY24-28 Final CIP Total: $2,356.6Bn
      - Prior Commitments $1.905.1Bn
      - New Projects $448.5M
  - Plan Development involves multiple units to assist with all aspects of the CIP. These units include A&P, FOD, P&F, PARE, OSEP, Advancement, et al.
  - Long-Range Capital Plan (LRCP) – established 3 or 4 years ago. LRCP prioritizes projects and looks 10 years out.
  - Receive funding from the State of Ohio for capital projects on a biennial year. FY25 is the next funding year. There is a signed bill with the Secretary of State which provides this funding for capital projects. OSU-Columbus Campus received $42.5M in 2023-2024 biennium for Major Projects. Renewal and Renovation Projects-Columbus Campus received $24.4M and regional campuses received $12.8M ($6.0M for Wooster). Typically, the distribution for the Lima, Mansfield, Marion, and Newark are equal and the allocation is approximately 15% of State Capital Funding.
  - Amy presented on the projects slated for the 2025-2026 Biennia, totaling $76.5M. The state funding covers about half of the total costs. Other resources for funding are from a mix of cash, debt, and fundraising.
  - Amy turned over the presentation to Jake Wozniak who began speaking more about the Strategic Projects.
- Capital Plan Strategic Projects – Debt is being used to partially fund three of the Big-5 projects, which include the Inpatient Hospital, Research Facility, and the Art's District. They represent about 35% of the Big-5 total project costs.
  - FY24 Capital Investment Plan totals $2.35B, consisting of $1.91B from prior committed projects including the Big-5, and $448M of spending for new projects.
  - They have spent about two thirds of their Capital Plan to date this year.
  - Direct Debt is $3.55B across 19 bond series with a weighted average cost of 3.2% and a weighted average remaining life of 26.18 years.
  - Slide 15 – Higher Education Sector Outlook – evolving and challenging higher education credit-rating environment.
    - Moody's revised outlook to 'Stable' from 'Negative' finding
    - Fitch remains 'Deteriorating' finding

        - S&P's outlook remains 'Mixed'
    - Spending about 1 billion per year in Capital Projects.

- Question: The "Flagship" term, does it include regional campuses?
    - Response: Yes, and they have had conversations about enrollment decline which is notated as affecting our credit rating.
- Committee Member Comment and Question: The capital plan doesn't look balanced since most of the capital projects support the Wexner Medical Center (WMC). Is the current share of WMC capital projects normal?
    - Response: While there has been a shift towards WMC capital projects, the large capital projects will not be sustained and came with a significant increase in capital fundraising. There is simply more demand currently. There have also been years where the spend was mostly for Athletics or Student Life. There is a cycle of funding that shifts around to different areas. The perception is correct.
- Committee Member Comment: Follow-up to the volume of WMC capital projects, even after building completion, it would result in a significant R&R investment that would also come due at some point in the future. It's not a one and done, there will continue to be ongoing maintenance to all these buildings which increases operating budget. These buildings will eventually need renovations.
    - Response: Excellent point but the operations coming out of these buildings should earn funds necessary for preventative maintenance. Amy Burgess, from A&P, stated they prioritize the state funds to go towards the Academic buildings.
- Question: Could you revisit briefly what fraction of our budget is servicing debt now and historically? Also, I saw capital projects for 2025, but not beyond, but debt is projected beyond that. Can you share more on the capital projects that are included in the debt forecasts?
    - Response: Debt service last year was $255M, about 3% of annual operating expenditures. Jake offered to provide the historical debt services expenses. Our debt policy states they should seek to limit debt service payments to no more than 5% of annual operating expenditures. Currently, we have a little over $100 million in bond proceeds that have not been allocated and will be spent down. Over the next 6 fiscal years we'll borrow $400- $500 million in debt, and pay down roughly $200-300 million in principle.
- Question: It was mentioned that the current spend on capital projects is higher than normal and projected to decrease; is there an estimated timeline of when it is expected to decrease and go back to "normal"?
    - Response: Yes, New Inpatient Hospital Tower is a $2B project and OSU is spending at historically high levels. For the next 10 months, a spend of $30M a month is anticipated, financed from bond proceeds. Once the current 5-Year Capital Investment Plan spend subsides, Treasury expects normal levels of capital spending effective FY28.
- Committee Member Comment: PRC just opened but isn't fully occupied. What do they look at to build a building, given some buildings aren't full.
    - Response: Jake could not speak about the tenants or occupancy of the PRC building. PRC was the first inter-disciplinary building funded from multiple funding sources, including a large investment from the Provost's Office/OAA. PRC also received subsidies with the idea that other colleges wanted a piece of it, in combination with central strategic funding coming from the energy office.
- Question: Are there any projects on the horizon about replacing the married/family housing that was torn down? With the cost of childcare being roughly 33% of gross income, it is really imperative to have equitable housing for graduate student and their families.
    - Response: Student life has been studying these areas, but Jake is not aware of any direct projects on the capital plan.

Agenda item:	**FY2025 Support Office Finance Subcommittee (SOFS) Recommendations - UPDATE**	**Presenters:**	**Justin Kieffer, SOFS Chair**

Link to Materials: FY25 SOFS Recommendations

Michele Basso welcomed Justin Kieffer to speak as Chair of SOFS

- Committee met with ERIK in early April and went through more detail on their scorecard and clarification on their changes to the organization.
- Funding from central funds for previous EVP start-up is available to be used and therefore we are lowering the priority from High to Low. ERIK can spend their cash and then come back if they still need the funding.
- Michelle asked Justin to confirm that SOFS didn't have any recommendations identified as high priority for funding purposes. Justin confirmed that based on the revised SOFS prioritization, Michele was correct and there are no high priority funding requests recommended in FY25.
- When SOFS met with ERIK, would they agree that the funding was no longer needed? I can't speak for ERIK on if they agree but the change was made based off the improved margin in the scorecard.
- Michelle called the question to accept the revised FY25 SOFS Recommendation, sufficient affirmative votes were received, with no opposed or abstentions. The motion carried.
- Michelle thanked the subcommittee for their efforts, especially the additional work undertaken to reconsider the FY25 SOFS recommendations.

Agenda item: **Software Assessment Recommendation** **Presenters:** **Justin Kieffer, SOFS Chair**

Link to Materials: FY25 OTDI Software Cost Share Recommendations

- Recommended their cost share allocation should go forward.
- Some of the contracts are expiring which means they may see large increases in the next couple of years.
- It was asked why we were currently paying for Zoom when we also have Microsoft Teams.
    - Kris Devine comments – cost share is built for units to pay based on volume of users, but zoom is consistent across the board. We have a subcommittee that reviews all software purchases. It is questioned if the software request is a want or a need, or can they use something that it already being expended.
        - Committee Member Comment: Vidya stated that at least from the WMC side she heard Zoom had confidentiality problems.
        - Committee Member Comment: Another duplication is with Qualtrics, could the university use Teams Forms? Since both software products are similar, should we be actively reducing duplication in spend.
        - Committee Member Question: One drive support – what does this mean?
            - Response: There is staff needed to keep the one drive and servers functioning and updated.
- Michele called for a vote on the software assessment - sufficient affirmative votes were received, with no opposed or abstentions.