<u>Some questions regarding the Sustainability Institute's proposed five-year budget, together with the authors' replies.</u>

Q1) As stated on p. 34, the staff will consist of the 11 FTEs currently associated with OEE and SRE, together with 3.5 newly-hired FTEs. Yet on p. 35 under the line-item "Administrative Costs: Personnel Salary & Fringe", one sees total outlay beginning at $1,535,381 for FY2019, and rising by over $450K to $1,988,523 in FY2023.

How does the addition of only 3.5 FTEs translate in such an expense? And if the salary & benefits of those new FTEs is only a fraction of that total cost, to whom precisely is the rest of that money being paid, and why?

A1) We have budgeted for the following additional 3.5 FTE's to be added over the next 5 years with the university benefits rate of 34.6% for A&P staff and figuring 3% annual increase in salaries:

- Director of Learning Programs (0.5 FTE added to existing position to make this a full-time position): annual salary est $75k + benefits (added in FY2019)
- Research Program Manager (1.0 FTE): annual salary est $80k + benefits (added in FY2019)
- Learning Program Coordinator (1.0 FTE): annual salary est $55k + benefits (added in FY2020)
- Outreach Program Coordinator (1.0 FTE): annual salary est $60k + benefits (added in FY2021)

In total over the 5 years this represents almost $350k in additional expenses, or about 76% of the increase in total personnel costs over the 5 years. The remainder of that increase comes from a projected 3% annual increases in salaries (and the concomitant increase in benefits costs) of our <u>existing</u> personnel.

Q2) Again under "Administrative Costs", we see the annual budget for "Marketing/Communications+Outreach/Engagement+Business Development" starting at $140K for FY2019, and rising to $150K for the remaining 4 years.

OSU has its own offices for each of these activities. Is the proposed SI planning to use these pre-existing facilities? If so, why should SI pay this amount for such services?

A2) The spending levels we have proposed for marketing, communication, outreach and business development are consistent with the historic budgeted levels for these activities within OEE and SRE as separate units. Both OEE and SRE have worked closely with other university marketing/communications offices but more often than not, our staff is feeding content to those other offices, who can then further amplify the great work of Ohio State faculty, staff and students sustainability. Furthermore, in many of our conversations with faculty and administrative leaders in planning for SI, we heard a reoccurring theme that people are hoping we will provide more marketing, communications and engagement efforts from SI. There is a fair amount of frustration that Ohio State is not adequately “telling its many stories" about capabilities and accomplishments when it comes to sustainability research, teaching and engagement. In addition these funds also will be used to expand and improve our digital platforms, to leverage conferences, workshops and forums to showcase our university experts, and to bring additional, diverse experts to campus from around the world to create more meaningful engagement opportunities for our faculty, staff and students.

The $20,000 budgeted for business development will be used to support our efforts to bring new external resources to Ohio State. Our work in business development is being planned in partnership other key university offices such as the industry liaison office, corporate engagement office and university advancement. We have had extensive conversation with these offices about the need for SI to provide a missing strategic link between faculty experts and the generalists that work in their ancillary offices. Some of this funding will be used to access key external networks, to bring potential external partners and funders to campus and to develop the materials we will need to effectively market Ohio State experts to potential new external funders.

The increase from $140K to $150k by FY2023 reflects the additional costs that we anticipated with our efforts to increase the visibility of Ohio State and its achievements in the area of sustainability, as well as supporting more outreach and public education around sustainability issues.

Q3) The last line under "Uses" indicates monies budgeted for the Ohio State Sustainability Fund (OSSF), starting at $643,000 in FY2019, rising to $752,219 in FY2023. The total for five years comes to $3,482,696.00. The Sustainability Fund has been previously maintained by OEE, and part of the proposal is that OSU's SI will maintain that fund. But in item 4. on p. 34 it states it has been "funded by the $15M OSEP sustainability endowment".

What is the justification for this additional annual outlay to OSSF?

A3) The $15M Ohio State Energy Partners sustainability endowment replaces the past annual million dollar allocation from the utility reserve fund that had funded the Ohio State Sustainability Fund The projected growth from $643,000 in FY 2019 to $752,219 in FY 2023 simply reflects standard growth expectations from Business and Finance on earnings on the endowment. OEE has administered the OSSF since 2011. This was a decision made by the Provost in tandem with the close of the concession agreement with OSEP last July. In short, this is continuation of work that OEE has been doing since 2011. It is important to note that none of this funding covers any administrative costs. All of the funds are passed on to other units who propose projects to make our campus more sustainable. While this is a reduction in past annual funding level, using a permanent endowment for this purpose is actually a more sustainable approach to funding this work on our campus. It also will enable the President and Provost’s Council on Sustainability (which advises on all OSSF projects) to more easily consider multi-year requests.

Q4) All of these substantial costs result in a projected negative equity beginning in the second year and growing to more than ($6.6M) by FY2023. In other words, by your own published estimates, the Sustainability Institute's projected budget is unsustainable. The "fix", if one can call it that, is listed as an influx of cash titled "Estimated Funding needs per fiscal year" which will balance the books, but for which there is yet no commitment from OAA or any other source (such as OSEP).

From where exactly are these additional funds expected to come? And is there any risk that, once approved, the negative balance sheet of SI will lead to corrective action that could further deplete the resources earmarked for OSU's Colleges?

A4) As you correctly note, we have been very transparent about the fact that the costs of the staffing and other resources that we believe we will need over the next 5 years in order to achieve the goals identified in our strategic plan and reflected in the institute proposal exceed the current levels of funding for SRE and OEE, and that in total we estimate this deficit to grow to about $6.6M by FY2023. We believe that there are multiple ways in which this deficit could be addressed, and ways that would not rely on colleges to fund this. For example, we will actively seek external funds to help address some of this deficit. We have submitted a budget request to OAA and are currently working through this request to arrive at an agreed upon funding level. OAA has been clear that it will not permit deficit spending.

We do not intend to ask the colleges for additional funding. As we state in the proposal, "we expect SI to be funded primarily by the Office of Academic Affairs, with the Office of Research providing some additional funding to support SI's research mission. Over time, we expect to supplant central funding support with an increasing share of external funding. However, we also anticipate that a substantial portion of the external resources that SI will generate will flow to other units in support of our shared sustainability mission." In other words, we fully expect to be a value add to colleges, not an additional cost.

We are confident that the institute will generate a substantial return on investment over time and that the core funding that we seek from the university will be a fully justifiable investment on this basis. It would indeed be foolish to propose investing in something that doesn't generate a positive ROI over time, and that clearly is not our intent. As we detail in the proposal, our goal is to grow the resources available for sustainability scholarship, education, applications, and activities and we have a comprehensive plan for how we will do this. As part of this, we have already hired a professional staff person focused on securing external resources (Director of Business and Development and Partnerships). A part of this person's job will be to generate funds that support SI. In particular, we see an opportunity for us to work with Ohio State Advancement to cultivate a major named gift for the Institute. These funds would become part of the core operating budget of SI. However, it is also important to note that the primary responsibility of this person is to bring in external resources for the entire community of faculty, staff and students working on sustainability at Ohio State, and not for the SI unit. In other words, we seek to grow the pie for all units engaged in sustainability research, teaching, and other work of the university. This is the primary way in which we propose to bring added value to the colleges and other units, faculty, and students engaged in sustainability at the university. Taken together, we fully expect that SI will generate an ROI that is not only positive, but is far in excess of the projected deficit in our proposal. We expect the university to hold our feet to the fire on this, and fully understand and accept that, should we fail to generate a positive ROI, that the university would not continue its investment.