

Budget Committee
College of Engineering
Recommendation for Budgeting of Centers

June 5, 2008

Background

In Fiscal Year 2007, the College adopted a budget model that was applied to academic units, and used to inform budgets for FY08. The College's budget model applies the university budget model at the unit level, accounting for both PBA and distributions from College Office accounts such as GFA PBA, SEIP, and DDRS, to create preliminary target budgets for units. The computation also accounts for distribution to academic units of BE funds from qualifying research projects, since BE-generated IDC funds did not flow through the university budget model. Preliminary target budgets, unit trends, and strategic analyses are used by the Dean to determine how units are to be funded in a given year.

For Fiscal Year 2009, it is planned to incorporate College Centers into the model. Also beginning FY09, BE funds will begin flowing through the normal university budget process that funds the College; in essence, BE will be "going away". As such, it now is necessary to determine how to account fairly, for all participating units (academic units and centers), the IDCs generated from research projects, whether or not these projects meet (met) the BE qualifications.

Analysis

The Budget Committee realizes that not all centers, and not all projects within a center, are equal. A survey of center directors and academic unit heads confirmed and helped clarify the nature of the differences. After reviewing the data, the committee concluded that there basically were two high-order areas, facilities and administration, which dictated differences among centers and projects. Within each of these two areas, centers can provide most of the service, can share providing the service with other units including Engineering Research Services, or can have the participating academic unit(s) provide the service. Therefore, it was decided that centers should be funded in accordance with their expected level of providing facilities for the project and their expected level of providing administrative support of the project. Each of these two areas accounts for about an equal share of the recovered IDC on the OSU negotiated IDC rate.

The participating academic units, in addition to providing possible facilities and administrative support, provide the faculty who actually perform work in/for the center. Their time is a valuable commodity, and since the salaries and benefits of faculty typically reside within the academic unit, if faculty members who participate in center projects are not "released" appropriately to do so, a department

may lose an important resource. Thus, a third important variable in funding centers is whether there is reasonable release time being provided to the department for a faculty member's participation in center projects.

Recommendation

It is impossible to provide fine-grained levels of accounting for all of the possible levels in each of the three variables (facilities, administration, faculty release). Thus, the committee recommends that there be three levels of each of the first two variables (high, medium, low) and two levels of the third variable (reasonable RT, no reasonable RT). The value of these three variables will determine the fraction of IDC support to which the center is entitled and the fraction of IDC support to which the participating academic units are entitled.

Multiple academic units often participate in a given project. As is the case presently, the specific breakdown of IDC credit to these individual units gets negotiated when necessary; often, there is a default breakdown that mirrors the amount of direct costs of the project that go to the participants from the participating academic units.

In the table that follows, the entry is the center's recommended percent share of the project's IDC recovery net of any taxes, assuming a reasonable level of release time for faculty in the participating units. It is given as a sum of two components, the top number being for administration and the bottom number being for facilities. Each of facilities and administration is given 50% of the weight, and each of the center and the academic units is guaranteed a 10% participation share (out of 50%) in each of facilities and administration, even if they are providing a low level of service in that area. A shared level of support nets 20% to the center and 30% to the academic unit for each of facilities and administration.

Thus, if a center needs to provide all of the facilities and the academic unit shares the administration with the center, the center's share is 20% for administration and 40% for facilities for a total of 60%. The department's share then would be 40%. The academic unit share (the remainder) is the total for all participating academic units. The allocation of that total academic unit share among individual participating academic units will be done similarly to how it is done now.

If there is not adequate release time being returned to the department for participating faculty, then the committee recommends that the center's contribution be $\frac{1}{2}$ of the entries in the table.

ADMINISTRATION

FACILITIES	CENTER	Admin	Admin	Admin
	PERCENT	Mainly In	Shared With	Mainly In
	(Nominal RT)	Center	Academic Units	Academic Units
	Center Provides Facilities	40 + 40	20 + 40	10 + 40
	Shared Use Of Required Facilities	40 + 20	20 + 20	10 + 20
	Primarily Department Focused	40 + 10	20 + 10	10 + 10

Implementation

When a PA-005 is submitted for a project involving a center, the award credits should be distributed ONLY to the academic units in question. The expenditure credits should be divided between center and academic units in accordance with the table above. If multiple academic units are involved, a breakdown of the academic unit share should be negotiated among the units. Similarly if there are multiple centers involved the center share should be negotiated among the centers.

For each person on the PA-005 participating as PI or co-PI, the PA-005 submittal will indicate:

- a) If the administrative support associated with the project will be provided to this person by the center, the unit, or if this support will be shared (perhaps with ERS);
- b) If the facilities used by the person for this project will be provided to this person by the center, the unit, or shared;
- c) If the individual is a faculty member, whether or not the faculty member generates sufficient release time.

A college-specific form has been developed for this purpose and can be uploaded with the PA-005 as part of the approval process.

Beginning FY09, all projects involving centers are expected to operate this way. During FY09, the College Office, working with Engineering Research Services, will begin an accounting of budgets based on this approach. However, centers and academic units will be funded for BE during FY09 using the actual BE amounts disbursed during FY08; this will hold each harmless while we monitor the effects of the proposed new funding model for unintended consequences. Beginning in FY10, the new budget model is expected to be fully operational. A center's position relative to the budget model will then inform its future funding, just as an academic unit's position relative to the model informs its future funding.