



June 2024

Shared Responsibility Budget Model (SRBM) PERIODIC REVIEW BACKGROUNDER

When the university adopted the SRBM, Provost and Executive Vice President Ed Feser and Vice President for Finance and Administration Mike Green mandated that the model be thoroughly reviewed every 3-4 fiscal years after full adoption and revised (if appropriate). The first periodic review was launched in 2021, organized by the Office of Budget and Resource Planning and assisted by five work groups comprised of faculty and administrative staff. The review was largely completed by the end of 2022. Recommended revisions were then referred to an Implementation Advisory Committee (IAC) co-chaired by then Associate Vice President Sherm Bloomer and Honors College Dean Toni Doolen. The IAC tested different implications of the proposed revisions and advised on the phased implementation of adjustments over the FY23 and FY24 budget cycles. With the FY25 budget cycle, the revised SRBM is fully in effect.

Steps taken to simplify the SRBM make it easier for college leaders to create budget forecasts and to link specific activities and outcomes to college goals and priorities. A two-year look-back at actuals across all colleges is now used to increase responsiveness and provide a consistent basis of calculation, supporting colleges' ability to forecast allocations.

At the highest level, the revised SRBM:

- Gives colleges direct authority to make decisions on hiring, program activities, and resource allocations that make the most sense for their programs and that help OSU thrive.
- Is responsive to enrollment growth (or decline) and degree completions, since OSU's biggest sources of flexible financial support are tuition and state funds allocated to OSU based on enrollment.
- Has been simplified to better support budget planning and increase transparency.
- Is fully consistent with the goals of the university's 2024-30 strategic plan, [Prosperity Widely Shared](#).

This backgrounder—organized according to common questions about the SRBM—provides additional high-level information on the model, including the latest revision. Additional information about OSU's SRBM is available on the [Office of Budget and Resource Planning website](#).

What revenues does the SRBM allocate? The SRBM allocates E&G revenues, which consist mostly of tuition revenue, an allocation of revenue from the Oregon state legislature through the Public University Support Fund (PUSF), and miscellaneous other revenues. The biggest components by far are tuition and PUSF dollars.

How does the SRBM allocate the revenues? The model distributes total E&G resources into two major buckets: college support and central administrative support. The model

distributes the college bucket to individual colleges based on student credit hours delivered and degrees completed (majors, minors, and certificates). The model includes modest “multipliers” for Ecampus credit hours taught to Ecampus-coded students, for credit hours taught to students whose home college is different from the college delivering the course (“service teaching”), and for degree completions for selected categories of completers (Pell-eligible students, students of color, and international students). Central administrative support units are funded via a more traditional and incremental budgeting approach.

Does the university spend more money on administration than teaching, research and public engagement? No. Included within the central administrative support bucket are things like utility costs (heating, cooling), classroom and building maintenance and renovation, university-maintained roads and grounds, insurance, compliance, central research administration, information technology services, central academic and student support programs, marketing and communications, admissions and financial aid, and many other items that are not charged to colleges but are required to deliver the teaching and research activities of the colleges. Most functions in the central administrative bucket are those things that are most cost effective to provide centrally, rather than standing up separate functions in each of 11 colleges.

Is the SRBM consistent with how the state—through the Higher Education Coordinating Commission (HECC)—allocates PUSF dollars to Oregon public universities? Yes. An advantage of OSU’s SRBM is that it closely aligns with the state’s enrollment and student success goals—as articulated by the HECC—and therefore helps OSU receive the best possible allocation of PUSF revenues annually.

Doesn’t the SRBM incentivize colleges to develop courses and programs that are not aligned with their academic disciplines but are in high demand? No, for two reasons. First, colleges are charged both to steward financial resources wisely *and* to deliver on OSU’s R1, land grant mission holistically across the areas of teaching, research and public engagement. Strong teaching programs attract the best students, building reputation, which helps attract the best faculty, who want to work with the best colleagues and students, and so forth. A college that builds tangential courses and programs to chase E&G dollars will ultimately undercut its strength and reputation. Second, the SRBM is a “shared pool” approach, where every college benefits if OSU’s overall academic program mix is strong. Under the SRBM, if every college uses its resources wisely, delivers quality teaching programs within its disciplines, attracting and supporting students well, the OSU “pie” is larger and that “pie” is shared across colleges. Each college has a stake in the success of every other college.

Did the adoption of the SRBM in 2018 lead to the proliferation of courses in the Baccalaureate Core? No. The number of courses in the core grew to be very large many years before the SRBM was adopted.

What goals motivated the first SRBM periodic review? Listening sessions held across OSU found general support for the transparency and devolution of authority of the SRBM in comparison to OSU’s prior fully centralized and incremental budgeting approach. There was little support for abandoning the SRBM. However, many participants in the sessions recommended the model be made more predictable (to facilitate easier forecasting) and

simpler, as well as to address the approach's overall tendency to under-resource colleges that are heavily dependent on E&G revenues versus other revenue sources (specifically Science, Liberal Arts, and Health). Those became key goals of the revision.

What are the major changes in the new version of the SRBM? The new version eliminates the use of CIP-based disciplinary weights in allocating revenues to the colleges; eliminates the allocation of E&G revenues based on an externally funded research metric; modifies the weighting of student credit hours and degree completions; and centralizes network service expenses. Also, revenues are now allocated based on a two-year moving average of prior allocations balancing responsiveness to recent changes in activity levels by college with the need for some stability in budgets.

Why does the revised SRBM eliminate consideration of the volume of externally funded research in each college in allocating E&G revenues? The "funded research factor" in the old SRBM was biased as an indicator of colleges' scholarly activity. Funded research provides a narrow picture of scholarship in each college, since the availability of external research dollars varies dramatically depending on broad discipline or field. For example, the budget of the National Science Foundation was \$9.5 billion in FY23, in comparison to a budget for the National Endowment for the Humanities of \$207 million. In a field like business, where external research grants are relatively rare, most research is conducted without funding. Indeed, the College of Business was allocated approximately \$12,000 of E&G via the "funded research factor" in the FY23 SRBM. Finally, a portion of indirect cost recovery funds (overhead receipts from grants and contracts) are distributed back to colleges from which they were generated, thus directly supporting colleges with a significant volume of externally funded research.

Doesn't the elimination of the special allocation based on colleges' funded research activity mean the university is devaluing research? No. The university's spending on the research appointments of tenured and tenure track faculty (FTE and associated benefits) is vastly larger than the comparatively small amount of E&G revenues distributed via the "funded research factor" in the prior version of the SRBM. In fact, the revised SRBM may be more supportive of research and scholarship overall at OSU. Research and teaching are inextricably linked since the university's principal sources of unrestricted revenues are tuition and the PUSF (where the latter is allocated by the HECC according to student credit hours and degree completions). To the degree a college's teaching programs are strong and in high demand, it has more resources to appoint more faculty with partial research appointments. The university also invests substantial resources in facilities to support research activities and creative work (with prominent recent examples being the renovation of Cordley Hall, PRAX and Fairbanks Hall, and the Huang Collaborative Innovation Complex).

What are CIP codes and why was that part of the model changed? The Classification of Instructional Programs (CIP) is a standard set of program titles, descriptions, and associated codes developed by the U.S. Department of Education for the purposes of collecting, reporting and analyzing instructional program data. In the prior version of the SRBM, rough CIP-based data on cost across major disciplinary areas were used to adjust E&G allocations to account for differences in costs to deliver various programs (broadly, most STEM programs are more costly to deliver than most arts and humanities programs, for example, given market differences in salaries and the cost of labs and specialized

equipment in STEM fields). While conceptually sound, cost data by CIP category are incomplete and the approach added considerable complexity of the model. There are also historical inequities in representation of faculty by discipline that the use of CIP-based weights had the effect of reinforcing at some level. The new SRBM treats all disciplines the same, with identical per credit hour allocations or degree completion funds irrespective of college or discipline. Also, a few colleges have dedicated sources of income that benefit their broad academic enterprise that others do not (e.g., colleges of Agricultural Sciences and Forestry with Statewide Public Services funds, the College of Engineering with ETSF funds, several colleges with differential tuition), and colleges vary significantly in their annual endowment earnings. The provost makes a discretionary adjustment to some colleges after considering the SRBM distribution and all funding sources holistically.

Doesn't making a discretionary adjustment contradict the principle of using a modified RCM (metrics-based) budgeting approach? Yes and no. Yes, in that OSU is not using a "pure" RCM approach. No, in that no set of metrics or algorithms can fully capture the unique teaching and research activities of the different colleges, as well as the widely varying sources of funds flowing to different colleges. Consequently, to our knowledge, every university that uses an RCM budgeting approach applies discretionary adjustments of some sort (in reality, there is no such thing as "pure" RCM). At OSU, both the metrics-driven and discretionary allocations are fully transparent.

Does the SRBM allocate funds to schools and departments within colleges? No. The SRBM is designed only to allocate E&G funds to the colleges as a whole and to central administrative units. College deans are charged to decide the most appropriate way to allocate E&G funds to units within their colleges. The provost has directed deans to make their approach and rationale for making within-college allocations transparent. In most cases, deans use a combination of metrics and discretion to allocate budgets to schools, departments, and other activities within the college.

Does the SRBM determine or limit funding for tenured and tenure-track and other academic unit hiring? No. Colleges are allocated E&G via the SRBM, and colleges may use those funds—as appropriate to meet program needs and achieve strategic objectives—to make tenured and tenure-track faculty and other unit-based hiring decisions. Faculty hiring is at the discretion of the college. While colleges operate within a finite set of resources when making these hiring decisions, they may take advantage of a small set of incentive programs offered by the Office of the Provost. Such programs offer temporary salary support for selected strategic hires that the college must absorb into their budgets over a period of several years.

Does the SRBM determine or limit funding for specific programs or units? No. Program and unit-level funding is at the sole discretion of the college.

Does the SRBM determine or limit funding for graduate students? No. Funding for graduate students is at the sole discretion of the college, and colleges vary in what they choose to allocate for undergraduate and graduate education, depending on their goals and priorities. While some colleges have processes for allocating funding for graduate student positions based on college-level priorities or policies, all colleges are incentivized by the SRBM to support graduate programs through the delivery of graduate credit hours and

completed graduate degrees. Strong and in-demand undergraduate programs also mean colleges have more resources to offer assistantships to graduate students to help support undergraduate program delivery. The success of undergraduate and graduate programs in each college are linked.

Does the SRBM limit a college’s capacity to offer undergraduate core curriculum courses? No. The funding of core curriculum courses is at the sole discretion of the college. In all college programs, some individual courses (including in the core) generate more revenue than they consume; others cost more to deliver than the revenue they generate (including in the core). Faculty and leadership teams making decisions about curricula—both core and non-core—must consider how best to cross-subsidize across programs and courses within the college.

Does a college, school, department, program or course that receives cross-subsidies mean that it is less valuable? No. Cross-subsidies are not inherently good or bad, they’re just a feature of the university. Very broadly, the first two years of a given undergraduate program usually yield more net revenues than the last two years, given the need to offer smaller and more specialized courses to juniors and seniors. Thus, teaching activities in years 1 and 2 often “subsidize” teaching activities for students in years 3 and 4 in a program, allowing for the full offering of the given major. This complexity is inherent to academic program delivery.

Does the SRBM support research? Yes. Allocations of resources that may be driven by undergraduate and graduate enrollment support investments in research and innovation infrastructure, research allocations for tenured faculty lines, and capital investments in facilities that are being renewed and improved for research activities. By incentivizing sustainable enrollment growth, the SRBM generates revenues that colleges and central administration and use to support research personnel and research activities. This is fully in keeping with OSU’s mission. As an R1 university, OSU strives to deliver an undergraduate educational experience that is steeped in mission to generate and disseminate new knowledge, delivered by faculty at the leading edge of their fields.

How does the SRBM reward both degree completions and student credit hours? The SRBM allocates resources to colleges for both student credit hours (SCH) and completions. Strategic multipliers in the model differentiate between undergraduate and graduate level credit hours and degree completion. In addition, the graduate degree multipliers recognize “time to degree” differences between the master’s and doctoral levels.

Are “service credits” limited to core curriculum? No. Credit hours taught to students whose primary college is different than the college associated with the course designator, Physical Activity Courses (PAC), and Honors Courses count as “service credit” hours. The service credit is not limited to the core curriculum.

How does the SRBM support the *Prosperity Widely Shared* goal that every student graduates? In the SRBM, colleges are allocated resources for every degree, minor, and certificate awarded to students regardless of campus or modality, whether it is delivered by OSU-Cascades, Corvallis or Ecampus. For example, an Ecampus graduate from the College of Engineering is added to the total degree completions for COE, and the appropriate

multiplier (undergraduate, graduate) is applied. Through the design of the SRBM, colleges are rewarded financially for both retaining and graduating students at high rates. This was one of the major reasons for adopting the SRBM in 2018.

How does the SRBM support the *Prosperity Widely Shared* goal of growing OSU-Cascades enrollment? In the SRBM, colleges are allocated resources for every degree, minor, and certificate awarded to students regardless of campus or modality, whether it is delivered by OSU-Cascades, Corvallis or Ecampus. Colleges that offer successful, in-demand programs for delivery at OSU-Cascades are rewarded financially within the structure of the SRBM.

Why is there a multiplier for Ecampus credit hours delivered to Ecampus-coded students? The university has established a priority to expand Ecampus programs to serve many prospective students whose life circumstances preclude traditional, on-campus study. In addition, demand for OSU's high quality Ecampus offerings has been very strong, providing critical resources that support the overall research, teaching, and engagement missions. The SRBM distributes additional resources for each Ecampus credit hour taught to students coded with the DSC campus code to both recognize the additional costs of online program creation and delivery and to continue incentivizing Ecampus expansion.

Does the Ecampus multiplier mean the university is more interested in online programs than on-site? No. The success of Ecampus rests on the success of OSU's campus-based programs, and vice versa. Even with OSU's online history and success, the mix of online programs across OSU are still uneven and developing, and demand nationally for OSU's programs is high. Serving the interest of non-traditional higher education learners is consistent with OSU's mission and contributes to the university's financial strength.

When will the SRBM next go through a comprehensive review? The university will launch the next review in 2026 or 2027, to study the impact of the budgeting approach on the FY25, FY26 and FY27 cycles.