

## Final Report of the Budgets and Fiscal Planning Committee Regarding the HCA Proposal

The Budgets and Fiscal Planning Committee reviewed the initial proposal to establish a graduate certificate program in Health Care Administration. Our report after that review is given below:

### *Review of the Category 1 Proposal to offer a Graduate Certificate in Health Care Administration*

*This proposal is to establish a self-supporting graduate certificate program in Health Care Administration. The proposed program complements similar programs at OHSU/OGI and PSU and targets health care professionals throughout Oregon. The program is being offered using E-Campus. We recommend clarification of certain fiscal issues prior to approval of this proposal.*

*We suggest the proposal be amended to clarify the note on the second budget page regarding the revenues for the program. It would be helpful if the details of the revenue estimates were given. What is the estimated cost per credit hour and the number of credit hours per student? What is the anticipated split of the tuition revenue between E-Campus and the Department of Public Health? Is an MOU in place to protect this revenue?*

*The anticipated revenue exceeds the projected costs by about \$20,000 per year. What happens to this "excess" revenue?*

*How many faculty FTE are being supported in this program? Will that number be adequate to deal with the needs of the 20-50 new students projected for this program? Is the number of additional students within the excess capacity of the courses involved?*

*Are the courses cited in the proposal available as distance courses? If not, what is the cost/timetable for this conversion/development?*

We received a subsequent communication from Prof. Friedman responding to our concerns. It said:

Hi Walt:

Per your e-mail of 24 April, I have attached the revised budget pages reflecting the anticipated revenue and expense. I need to point out the the OUS pages are structured exclusively for expenses. No where on the form is there any provision for revenue which is why I footnoted both gross and net revenue for each year. If there is another budget page that needs to be used, please let me know. We have thought carefully about what to do with any revenue produced by the classes associated with the Program. Among the uses for those funds will be faculty development (including travel support and funds for professional conference registrations), graduate student support and buy-out funds of teaching to permit release time for research and scholarship.

I am cognizent of the fact that the College of Health and Human Sciences is the

responsible fiscal entity. Under the terms of the MOU between the College and E-campus dated 18 September 2003, there is a written commitment of 24 months where revenue from this Program will flow from the College to the Department of Public Health. In the final analysis, the final decision to continue to transfer net revenues to the Department belongs to the Dean. It may be that a revised written agreement covering the time after the two years is up will need to be crafted. However, I am confident that decisions made after that time will be fair and equitable to all stakeholders.

Please let me know if you have any additional questions or concerns.

Len

The budget pages referred to in Prof. Friedman's letter are as follows:

(OUS and OSU)  
**Category I Proposal Budget Outline**

Estimated Costs and Sources of Funds for the Proposed Program

Total new resources required to handle the increased workload, if any. If no new resources are required, the budgetary impact should be reported as zero.

See "Budget Outline Instructions" on the OUS Forms and Guidelines Web site: [www.ous.edu/aca/aca-forms.html](http://www.ous.edu/aca/aca-forms.html)

Institution: Oregon State University

Category I Proposal Name: Graduate Certificate in Health Care Administration

Academic Year: 2007-08

Operating Year: 4th

Completed by: Leonard H. Friedman

(indicate 1st, 2nd, 3rd, or 4th year--prepare one page for each)

	Column A	Column B	Column C	Column D	Column E	Column F	Column G
	From Current Budgetary Unit	Institutional Reallocation from Other Budgetary Unit	From Special State Appropriation Request	From Federal Funds & Other Grants/Contracts	From Fees, Sales, & Other Income	Endowment	LINE ITEM TOTAL
FTE	Dept	College					
<b>Personnel</b>							
Faculty (Include FTE)		0	0	0	0	12,600	\$12,600
Support Staff (Include FTE)		0	0	0	0	0	\$0
Graduate Assistants (Include FTE)		0	0	0	0	0	\$0
Fellowships/Scholarships		0	0	0	0	0	\$0
*OPE: Faculty		0	0	0	0	1,008	\$1,008
Staff		0	0	0	0	0	\$0
GTA/GRA		0	0	0	0	0	\$0
Nonrecurring		0	0	0	0	0	\$0
<b>Personnel Subtotal:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,608</b>	<b>\$13,608</b>
<b>Other Resources</b>							
Library/Printed		0	0	0	0	0	\$0
Library/Electronic		0	0	0	0	0	\$0
Supplies and Services		0	0	0	0	15,000	\$15,000
Equipment		0	0	0	0	0	\$0
Travel		0	0	0	0	1,050	\$1,050
Other Expenses		0	0	0	0	0	\$0
<b>Other Resources Subtotal:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,050</b>	<b>\$16,050</b>
<b>Physical Facilities</b>							
Construction		0	0	0	0	0	\$0
Major Renovation		0	0	0	0	0	\$0
Other Expenses		0	0	0	0	0	\$0
<b>Physical Facilities Subtotal:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
<b>GRAND TOTALS:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,658</b>	<b>\$29,658</b>
<b>Percentage of Total</b>		<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>100.00%</b>	<b>0.00%</b>

\* See current OPE tables at <http://oregonstate.edu/dept/budgets/budghand/tables.htm>

Notes:

1. We are planning to offer one course per term for a total of three per year.

At the request of the community we could offer two courses per year with the subsequent doubling of expenses and revenue

2. All courses will be offered concurrently at the undergraduate and graduate level. Undergraduate students will receive a certificate of completion at the completion of the six-course sequence.

3. Revenue projections are as follows and assumes 10 undergraduate and 10 graduate students per course:

Undergraduate (\$531/student/course) = \$5,310/course and \$15,930/year

Graduate (\$1,143/student/course) = \$11,430/course and \$34,290/year

Total Revenue per year = \$50,220

Net Revenue per year = \$20,562

(Each succeeding year of the proposed activity had the same budget, i.e., no inflation was projected)

The Budgets and Fiscal Planning Committee met on 28 May, 2004 to examine the response of Prof. Friedman. We find our concerns to be met by the revised budget and Prof. Friedman's letter and his remarks at the Curriculum Council where he also addressed these issues. The use of the "excess revenue" from this program is discussed adequately in Prof. Friedman's letter. The revenue estimates used in developing the budget are taken from the current schedule of charges posted on the Ecampus website. There appears to be an error in the revenue projection in the budget in that it is assumed that the full Ecampus revenue will be available to the Department of Public Health whereas it is only 80% of the tuition revenue. This would change the total yearly revenue to \$40,176 instead of \$50,220, resulting in a new estimated "excess revenue" of \$10,518/year. **This factor should be checked and if the lower estimate is correct, then the budget pages should be adjusted accordingly.** Prof. Friedman's letter makes it clear that this group has the necessary MOU in place as well as an appropriate arrangement for the distribution of the revenue. Since the instruction is to be offered through Ecampus, involving web-based delivery and short one-day sessions, we are assured that the excess capacity to absorb the new students is in place and that the course development work by the faculty is being carried out within the current capacity of the faculty.

**With the revised budgets being made part of the proposal, we recommend approval of this proposal.**