Oregon State University  
Budget Allocation Model (BAM)  

Fiscal Year 2004 BAM Revisions and Preliminary Results

Introduction

This is the second year OSU is using its Productivity-Informed Budget Allocation Model (BAM) as the primary mechanism for allocating operating budgets to academic and administrative units. Consistent with their charges to improve implementation of the model in this second year, the University Budget Committee and Office of Budget and Fiscal Planning have introduced several modifications to the model for FY04. This document delineates changes in the underlying assumptions, data sources and calculations that drive the productivity portion of the BAM.

Distribution of Allocable Funds

- Unadjusted distributions from institutional revenues increased by 3.1% compared to FY03. Allocations to direct instruction and research activities increased by 4.5% and distributions to administrative support units increased by .4%.

- Initial allocations to academic units for FY04 are 67.3% of allocable funds, compared to 66.4% in FY03.
  
  - The net increase in academic distributions results primarily from the reclassifications of Intercollegiate Athletic and Foundation support administrative programs to targeted program status. Model allocation increases resulting from this change were divided evenly between academic and administrative units.

- RAM for all course levels has been updated to reflect December 2002 cell values from OUS. Cell values were adjusted in the model to accurately mirror RAM cell values.
Data Consistency and Integrity

- Underlying enrollment data utilized in the BAM for FY04 - including student credit hours, headcounts, program majors and other factors - are derived from OSU’s Student Information System.
  - The FY03 BAM used calculations to estimate factors such as tuition payments received from graduate students (over and above tuition remissions); for FY04, these data are based on program-specific billing data from the Student Information System.
  - The FY03 BAM utilized self-reported program review data from academic units to identify program majors and other student characteristics employed by the model; these data were inconsistently reported across different programs. For FY04, all such data are derived from the Student Information System and reflect the official corporate record of the university.
  - Enrollment projections are used in part for Extended Campus.

- Sponsored research activity is based on actual grant and contract activity, as opposed to grant awards used in FY03.

- Dual degree and dual major students are “credited” to both of their respective academic program units; this change recognizes the productive efforts of all “home” departments.

- Programs operating on a 4-quarter basis (e.g., Pharmacy, VetMed and Extended Campus) are given credit for their summer instructional activities.

- Health and Human Sciences courses, including Physical Activity Courses, receive credit for the RAM dollars these courses generate.

Productivity Model Enhancements

- Except where units pay faculty on a “per course” or similar arrangement (e.g., Summer Session, Honors College and Extended Campus), student
credit hours (SCH) accrue to the home department that pays the salary of the instructor. In FY03, the BAM awarded SCH credit based on the “course designator” and funded the sponsoring department regardless of the departmental affiliation of the course instructor.

- Financial disincentives for cross-disciplinary instruction are removed by this FY04 change.

- Administrative units funding the salaries of instructors receive budgetary recognition for the direct instructional activities of their employees. UESP and ALS are consequently included in their respective administrative departments and funded in the same manner as academic programs.

The “Change Limit Collar”

- In FY03, a 4.5% “collar” ensured that no academic or administrative unit would experience a budget change (increase or reduction) of greater than 4.5% based on the productivity portion of the model. In FY04 productivity allocation growth is limited to 4.0% and reductions are limited to 4.5%. This collar does not apply to department revenues (e.g., resource fees), returned overhead, or targeted funding.

Realignment of Administrative Functions

- The original BAM stipulated percentage distributions to administrative categories not reflecting the actual administrative organization of OSU. While this did not affect relative allocations between academic and administrative areas in the model, significant accounting work was required to disaggregate resulting administrative allocations to OSU’s actual administrative units. For FY04, administrative units in BAM parallel the organization of these functions at OSU.