Transcript from the Faculty Senate Budget Committee meeting with Terence Romer (Chief of Strategy and Business Insights, Office of the President), Scott Molitor (Interim Provost) and Brenda Grant (Associate Vice President for Academic Finance) on 11/18/2024.

Aliaksandr A Amialchuk: Terrence, you mentioned in your email that the Incentive Based Budget or IBB model has not really been used. You said at best we have been aspirational in pursuit of an incentive based system, so it has been sitting relatively untouched for quite a while and exists in a bit of vacuum. You also mentioned that we can talk about the budget model that was developed and where we are in our ability to implement it. So could you please explain how budget decisions are made right now and how the funds are being allocated throughout the university? And also what is the budget model plan for the future?

Terence G Romer: Yeah, thank you. So let me give a little kind of context on our incentive based model, right? If we just want to think back that, when Dr. Postal first came on, we endeavored to build this incentive based model had a lot of input from colleges, had a lot of discussion and created, I think, a workable model that needed to be implemented effectively in terms of trying to get that to a point where we're actually using it. And I think, what happened between that time and now is we've taken a lot of enrollment hits and it became more and more difficult to really manage that. Transition during a time of what I would consider is pretty extreme enrollment decline in a rapid fashion, right? And so I think we, I don't want to say we put that on hiatus. I don't even think we put it on pause. It's, it's just kind of in a holding pattern to say, hey, look. You know, if we're ever in a position to really implement, I think it's there and I think it could be a powerful tool, as we move forward. And I think Brenda, I don't know if you agree or disagree with that. It's just, we were all kind of part of that same group that, advised and put things together just really. Difficult to implement such an extreme change in a period of extreme enrollment change, right? And in a direction that we were not clearly happy with, right? I can give you a little bit of insight on the budget allocations, but I think when it comes to where the rubber hits the road on. Colleges and things, really clearly Scott and Brenda will be much more knowledgeable than I on, on how that happens. The simplest I can give you and, and this is kind of just kind of the process is that. You know, we start with identifying how much revenue we think we'll have. We've been pretty good at identifying the amount of revenue, and then there's really only a couple of sources of revenue, right? State share of instruction and tuition and fees, some ancillary revenues that come in and then we start to identify where we think the expense will go. Sometimes you have contractual obligations that need to be met, you've got other things that have to be paid 1st, and then you just kind of fit things in there and through an iterative process between central finance and academic affairs, I think we just kind of say, hey, you know, here's the direction it's going. Once you get to that point where Scott's got kind of his amount that he's got, we kind of step aside. And, and I think in for all intents and purposes, I mean clearly, we can advise, we can help, we can analyze, we can give ideas, but it's really it's got to work with his deans through Brenda and just directly to figure out how those decisions will play out, right? Yeah, and then if I can do.

Provost Molitor: Just add to that, once we have this university wide picture and we understand overall revenue, generally then each overall unit like academic affairs, finance, auxiliaries, athletics, clinical operations, you kind of then get essentially a number that's alright, here's your budget overall and, and then we have to work to allocate that amongst our various colleges as well as our other units, so within the provost office, you know, we have, e.g., the register, the college of graduate studies, institutional research, and a number of other units. And so, essentially it becomes a, I don't know if it's a, a lot of our costs are fixed. So we have, you know, a faculty that in the various colleges that we have to support the salaries for. We have basically bare bone staff at this point as I'm sure everybody on this call. I was well aware that we try to fund. And so basically the overall filling in the blanks becomes a matter of this is the absolute, you know, amount of money that each individual college and unit needs to operate. And then we look for whatever savings we can. So last year, the savings came from attrition. We worked with the colleges to identify, in particular faculty in previous years, a lot of the attrition had been associated with staff, and so. Last year the focus was on faculty attrition and basically then we by on virtue of here's, you know, kind of enrollment numbers for your college and the projected revenue that would be associated with your college, here's what you've been able to come back to us with, you know, in terms of attrition on the faculty side and so. Some of that had to be replaced, some of it didn't. And then the remaining numbers were just kind of filled in there. So we try to wait things so that, you know, colleges are kind of rewarded in terms of an incentive based model. It wasn't exactly the model that, you know, we have posted. Listed the numbers for online, but we try to make sure that you know the colleges that, you know, are experiencing better outcomes in terms of enrollment and other sources of revenue do at least I don't wanna say gain from it because nobody's gaining, we're all experiencing budget cuts, but essentially we see less of a budget cut than, you know, maybe other colleges. And then those remaining budget cuts have come in terms of things like operating budgets, you know, graduate assistant funding, things that, you know, the, the smaller and smaller pool of funds that are actually malleable at this point because larger and larger percentages of our budgets are pretty much fixed costs at this point.

Aliaksandr A Amialchuk: So would it be fair to say that because of declining enrollments and declining revenues, therefore, we are kind of in a manual mode and we are not able to implement incentive based budget and we are trying to use the revenues to finance the bare bones operations and then use a little bit of an incentive for the colleges that generate more revenue.

Provost Molitor: I would say that's an accurate picture.

Terence G Romer: Yeah, I'd agree with that is that, you know, right now just, you know, for everybody on the call and I think we've been, been really clear just across the university is that, you know, growing enrollment will be our, our, I think our, our main source of kind of enhanced revenues and once enrollment starts to stabilize and rebound and you know, I think we're confident we can get there. We have new leadership in the enrollment space who I think is gonna bring a brand new perspective that we haven't had at UT in a long time on how to grow enrollment but also support how enrollment connects with student success and everything they're working through there. You know, I just think that that's going to be our, our source of revenue growth, you know, where we get back to 20 some thousand students probably not. It's just that not that kind of business anymore, right? Just, just globally, I think things are changing, but let's, you know, grow enrollment and then we can kind of revisit how we build those incentives. Really hard to build incentives when there's not much to incentivize with, right? It's got to be a mix. It can't all be sticks.

Aliaksandr A Amialchuk: That's understandable, but for the future are we still planning to use IBB model or something else?

Terence G Romer: You know, I'll offer my opinion, I think I have, for myself, I would like to introduce to the institution something like that, right? I think there needs to be a model that people can work with and understand a little bit predictable, right? Understand what they're moving towards. I think how we get there is the biggest question and I've had this conversation a couple of times with Larry Kelly who was acting as our CFO, I guess just up until recently, right? He's, he's gonna have to step back, but without having a full blown IBB, what can you do? And some of those things are just kind of development of policies and practices that do provide incentives with what you have and kind of phase in so that when we do have some more revenue, it feels a little bit more natural and comfortable to, to go into that space. Now, having said that, I've also been hearing just through the industry and, and through people say, hey, you know, institutions that had IBB for a long time or an RCM model, however you want to call it, are kind of moving away and going to something else. You know, I don't know what that looks like. I know that, you know, as when we went into the IBB kind of development phase to get the institution understanding what it was and how it could be helpful, we were committed to kind of seeing that through. As best we could, I've got NO specific information that says, yeah, this thing is dead as a door nail, right? But I would say right now it's very dynamic situation, all contingent on let's get enrollment grown and revenue stabilized, right?

Aliaksandr A Amialchuk: But the general idea is to keep the incentives, at least some.

Provost Molitor: I remember talking to Larry Kelly about this, and he said, Yeah, when you, when you have deficits distributing the cuts is hard, he goes, but when you have a surplus distributing the surplus is even harder and that's where I think the IBB is a really effective model. It's figuring out how to distribute surplus funds. When we're in a situation where we're just, you know, trying to break even there's nothing to incentivize at this point. It's just pretty much maintaining an operation.

Terence G. Romer: I just want to throw in there and Brenda will remember this and maybe Scott as well from his days in the college, but a lot of the concepts in our current IBB kind of the conception and the envisioning of that really had its roots back when Dr. Shu was the provost. A lot of the same ideas that he was trying to do back then. Pepper in some incentives on how you develop and allocate budgets. So, you know, we've really I think been trying and had these little seeds planted over the years and it's just really, really hard as we take that enrollment hit to really make it work, right?

Mohamed Hefzy: Are you going to do incentive based modeling? Is it possible to answer with yes or no?

Provost Molitor: I think what the answer is right now we don't know. Currently we are not.

Mohamed Hefzy: If we do incentive based model, how this will be implemented and we can use example two colleges. E.g., and I don't know college of studies. Two examples, how we if we are going to use incentive based model, how this will be implemented for the college of engineering?

Provost Molitor: I think if we use an incentive based model, so if you're familiar with the dashboard that Terry and his group created. That is a model. So there are rules you come up with for the budget distribution itself. And those rules don't just apply to the college of engineering, they apply to everyone. So basically academic affairs would have a pool of money to allocate to the various colleges. Based on things like, you know, how much tuition revenue they're bringing in, how much revenue they're bringing in from external funding, how much SSI is attached to their, you know, programs and their colleges. And so you put all that together and then you take a percentage off of that for university operations. And then the rest of it essentially remains with the colleges. And so that's the model we would have to set up, and then we'd have to set up rules and Terry's model has a rule for this, like what happens when an engineering student takes an economics class, you know, how is that revenue split up? So there's a number of different issues that need to be worked out, and again, Terry had a model based on initial conversations about what the rules should be, but ultimately before we fully implement this, we as an institution would have to finalize those rules and be in agreement about, you know, here's how the revenue gets allocated and split up.

Terence G Romer: Yeah, so just like Scott said, when, when the groups met initially several years ago now, right? A set of rules was, I would say agreed upon, not necessarily loved by all, right? Because some people wanted different rules but it's ok, here's the rules. Let's apply the rules and see what happens. I think, you know, for my part and any kind of budget model with rules, the rules should be reevaluated systematically, right? Say what rules are working, what rules aren't working, is this rule fair? Is this rule unfair, right?

Mohamed Hefzy: We don't have a set of rules yet.

Terence G Romer: Okay, I disagree with that. I'll say there is a set of rules, but we've never actually played the game to completion, right? So it's like say, hey, monopoly has a set of rules, but I've never sat down and played monopoly. I can't tell you whether I like monopoly or not, right? And so I think. There's a set of rules, but the, the rules actually came with a structure on governance of those rules and governance of how things were to work. And so you would have two committees of kind of broadly broad representation across the university. Those committees I think were formed on paper with, you know, roles, not people, right? But we never actually sat down and rolled the dice and started moving pieces around the board, right? And so to your point Samir, I think if we were to do this, we'd probably start with saying, hey, what rules makes sense, right? Do the, do the old rules make sense? Or do we tweak the old rules, right? It's a rule book. You can rewrite the rules as, as you like, but if you're gonna rewrite the rules, everybody's gotta know what the rules are, right? Everybody's gotta be playing by the rules. And so I think if we were to do this in the future. As resources and institutional will effectively allowed, we would probably sit down and take a look at the rules, right? Cause, you know, five years later, maybe the rules need to change, right? But we've never played the game.

Aliaksandr A Amialchuk: Thank you Samir. And if I'm understanding you correctly, Scott, did you say that IBB model is good for distributing cuts but hard for distributing revenue?

Provost Molitor: Quite the opposite. The IBB model is bad when you're in a situation when you have a deficit because it's incentive based budgeting, you're essentially there there's NO money to incentivize. Where incentive based budgeting works is if you have a, a surplus, a pool of money above revenues that exceed expenses. And now you need rules as to how to distribute that surplus. Well, where are you going to distribute the surplus? You're gonna distribute the surplus to the areas that are doing best in terms of achieving your goals. What are your goals? Well generally it's, you know, bringing in revenue through tuition. It maybe you know bringing in external. Through research. It maybe, you know, having something to do directly with the mission of the institution. The IBB rules, you should set them up to distribute those funds to incentivize the units to achieve whatever goals you have set forth. Unfortunately, with, you know, kind of the enrollment decline and, you know, having less revenue, it's hard to distribute those cuts using those kind of rules, right? So.

Aliaksandr A Amialchuk: Is that the reason why we don't implement IBB model?

Provost Molitor: I believe that is a reason right now there's a number of reasons, but yes, that's probably the primary reason.

Terence G Romer: I'd agree with that. I'd agree with Scott and I'd say, you know, had enrollment at, let's say we had the model, the rules I think had enrollments grown significantly. We'd be having a very different conversation right now, right? We'd be having a very different conversation or maybe no conversation at all because people would all be working and, you know, playing this kind of game for lack of a better term based on a set of rules, you know, and unfortunately, you know, post COVID effectively we have struggled to recover our enrollment in, in, in ways that maybe other institutions have or maybe have not, right? Some institutions have just kind of struggled and, you know, we're looking to find our footing and we'll get there, but yeah, I think, you know, maybe five years from now, maybe not even five years from now, just throw it there years from now, right? You know, we've got this thing and we can always dust it off and, and, and really work to get it out there.

Provost Molitor: And to Terry's point about institutions that have moved, you know, towards IBB or RCM and then moved away from it, I suspect you will find that those are institutions where they're having similar enrollment challenges now.

Aliaksandr A Amialchuck: Thank you, Terrence and Scott. I have another question for Terrence. So Terrence, you also wrote that the budget model dashboard is currently in decommissioning process. Will your office or maybe the office of finance be willing to give faculty Senate ongoing access to the current budget tracking website where we can see the detailed breakdown of how revenues and expenses of all unions at UT are being planned budgeted and how the money is being spent?

Terence G Romer: So I think I would separate out the IBB reporting from just general budget reporting, right? Because the IBB reporting takes those rules and says, hey, I'm gonna spread this out based on rules. That we don't use, right? And so it's almost inconsequential to how that works, particularly based on our, just my previous comments that, you know, if we were gonna do this, you'd probably want to reestablish some rules. You know, it's interesting for, you know, just kind of look at and say, hey, wouldn't it be great kind of things, but there's really nothing there. I think I would defer to Scott and to Brenda about, you know, just college budgets, institutional budgets. I think the budget book itself, am I wrong? I can't remember just the entire budget has always has been posted on the portal, I think.

Aliaksandr A Amialchuk: My UT portal actually has a dated budget. It doesn't have the current budget and the FY 25 out there.

Brenda S. Grant: No, it has, well it has the Huron baseline models. Oh, yeah. And it has the FY 24 board presentation. It doesn't have the budget at all.

Aliaksandr A Amialchuk: Last year is 2022 budgeted baseline model. But my question is about different. You certainly have a dashboard, maybe not IBB format, but something else that's that you use for planning and budgeting and the current expenses. Will you be able to provide access to faculty senate?

Provost Molitor: There's a difference between, what was actually budgeted and what that IBB model shows, right? And so, that's probably what you wanna see is what was actually budgeted.

Aliaksandr A Amialchuk: Yeah, because we're planning to make this process transparent and we're gonna create a separate webpage on the faculty center website where this budget information will be regularly deposited.

Provost Molitor: Yeah, I like doing it on the employee dashboard, I think that's good cause it's nice and secure.

Terence G Romer: We can go back and work with our colleagues in finance and see what we do. Yeah, that's it. I was gonna suggest that, you know, there's a couple of things, right? Those Huron baseline models. I don't wanna say ignore them. Those are almost like. Looking at the evolution of how an IBB model might have been created, but those were, those like, it's like the here on team said, ok, here's a way to do it and then there's how you can actually make it work institutionally. And so I will go back and ask the budget team central finance if they can go back and load any budgets that are missing cause I think the intent is that every year, once it's approved, it goes out there, right? What the budget for the university is in that format that was out there. It's, maybe I don't I can't tell you why I'm not part of that office directly anymore. So let me just follow up with them for you and say, hey.

Aliaksandr A Amilachuk: Could you ask about the current spending the current amounts of spending because we want both the budgeted and the actual.

Provost Molitor: Yeah, we should have through FY 25.

Aliaksandr A Amialchuk: And related to that, Is it possible for a faculty senate to have the detailed breakdown of the budgets of the cost centers? I think there are 14 or twelve cost centers left such as academic support, administrative support, enrollment management, facilities, HR, university libraries et cetera. And also, is there any information on how the total budgets and total amount of spending planned for those cost centers?

Terence G Romer: On the cost center side, I don't have it in front of me and I had to flip to my little screen here so I could get my camera to work, aren't those in the, the budget book I don't know. I'll have to check and see if there if those are all included. But yeah, certainly we can get your answers on those. And the 2nd part of that question was on planning for like how those were planned. I'm just trying.

Aliaksandr A Amialchuk: Who determines the total budget of, let's say HR or libraries?

Terence G Romer: HR and some of those other departments that I guess I would call central overhead kind of areas. Those get a little bit more complicated because HR is split funded between like the clinical operations by the hospital and that so there's plenty of conversations there's conversations between like the clinical operations and central operations on who's funding what, how much is funding where. You know, but those are just I think fundamentally, and this is just I think my, you know, my perspective is that they're, they're funded in very much similar ways, say, hey, about what does it take too, to run HR, right? You'll get a little bit less than you did last year or the hospital's gonna have to pick up a little bit more than they did last year or. Well, they roll up to the cfo's office, so that's a conversation between CHRO and CFO, but then, you know, I'm only gonna give you my recollection, right? My recollection I can't tell you how it happens at the moment, but certainly we can, you know, as we work with the new CFO, we can, you know, see what their perspective is. You know, that's really similar to the conversation where Scott has his allocation in the progress office. Administrative areas have their allocation and say, hey, look, you know, you gotta take X amount out and might get cut more from HR, less from HR, more from, you know, payroll, less from payroll. You know, those are all very similar conversations, just not provost to Dean, more like CFO to leader of the, of the kind of overhead area, right? Well, I in the UT news this morning I think if I read it correctly, Larry is stepping down and there's going to be a different face in there who I don't know, but I look forward to meeting him, so his name is Lee. I know there we go Lee Johnson. He's a UT alum, who will be leading that space temporarily. So I think, yeah, that I'll definitely reach out to him and ask, you know, that, but you know, as always, you know, you're welcome to reach out directly to Lee when he starts once he understands where he's working and gets us you know his footing, you know, I don't know what his decision making process looks like.

Aliaksandr A Amialchuk: Appreciate the information Terrence. I only have one question left. Let me quickly read it and I think it's a relevant question because it's a time when we start planning for the summer school. So it's a question about the upcoming summer school. So summer school as far as I know appears to be highly profitable, especially right now after we cut it and at least in Cal college, revenues far exceed expenses. I also heard from several colleagues that since summer school budget was being cut now for a couple of years, students complain about not being able to register for summer courses and many of the students have to go to other schools like BG where they can take summer classes and given that we are still facing declining enrollment and declining revenues despite the fact that we drastically cut down summer course offerings in the past year. It seems to make a lot of sense to go back to the old ways of funding this summer school where we had a set aside pool of money for colleges to borrow from for the to pay for the summer school and then we would offer summer courses according to this profitability calculator or formula. This is based on the number of students registering for a specific course and also the type of instructor like faculty costs more versus part timers cost less. Also the salaries of most of our faculty have not seen increases for many many years. There was no merit based increases, no substantial inflation adjustments except for the recent small 2 % one time raise and as a result for many faculty summer courses is probably the only way to make ends meet. And offering profitable summer courses would allow to hit all the objectives, keep our students taking classes at UT and satisfy their demand for summer classes, help boost faculty morale by giving opportunity to earn extra money during the summer. And more importantly help generate additional revenues to help solve our declining revenues problem because summer schools are profitable. So the question is, will the office of finance and the provost office be willing to help us pursue this valuable opportunity? And my understanding is that we are not following the IBB model and there are lots of cross college subsidies and subvensions already going on. So therefore it appears that there are no real obstacles to dedicate a pool of funds to the provest office where the colleges can borrow from to pay for their summer classes and then return money in the pool maybe a month later. An alternative to that would be to offer instructors an option to get paid later in the summer or in the fall if budget timing is an issue like summer one being in the previous fiscal year, so can we do it?

Terence G Romer: I'm gonna be super careful here, number one, the 1st thing I will say is that like central finance office has very little to do with summer budgeting, right? Those are all kind of business decisions that are made at the college level. The 2nd thing I'll say is I'm gonna keep my mouth shut like super shut here because we are, in the middle of a negotiation with the AAUP and I'm part of those conversations and I don't want to get either side in, in any kind of position where we're uncomfortable with what I'm saying. So I will let Scott speak to the summer piece, and, only say that, you know, central finance just says here's, you know, proposed office academic affairs, here's what you got, right? How that gets distributed, I, you know, I think they pretty much step out from, from there.

Provost Molitor: So here's what I'll say, 1st of all, and Brenda can correct me if I'm wrong, I am not aware of any program where we ever lent money to the colleges for summer instruction and expected to get paid back through revenue. So ultimately all of the budget is for a fiscal year, which will include, if you look at our fiscal years, it starts summer two fall spring summer one. That's the structure of a fiscal year. Within that fiscal year, we have projected revenues, and then we try to structure our expenses so we don't exceed those projected revenues. So again, we are to the point now where we have a higher percentage of our budget, our expenses are fixed costs. Faculty nine month salaries, staff that we want to maintain, you know, minimal operation things, things like, you know, colleges that require special technology or programs like and Heidi's college for nursing to make sure you maintain clinical placements. You know, there's, there's expenses that go along with that. So all of this is a budget over an academic year or fiscal year. We ask the colleges to, you know, structure things so that you have a pool of money. For, you know, paying for your nine month salaries and your staff salaries and then part of that, what I mentioned, you know, graduate funding, operating budgets, summer instruction has become essentially a piece of the budget cuts because it's one of the few areas that you actually can reduce when there is a projected budget deficit. So yes, it's become kind of like a cycle that, you know, oh yeah, we're reducing summer instruction, therefore, we're gonna see less revenue. Well, it turns out that's not exactly the case. It turns out that we have increased the average enrollments over the summer courses that we offer, and we have seen a shifting of the tuition revenue from summer to fall in spring. So really, our projections on tuition revenue, which you would expect if we reduce summer instruction, have not, we haven't fallen short on our tuition revenue. It seems like that tuition is being redistributed, like I said to the remaining sections in the summer or to offerings during. The following the spring and we're not seeing that many students out of the ordinary come back and transfer credits to us that you would expect to see if we had a whole bunch of students coming and taking summer courses elsewhere. Is some of that happening? Yeah, I'm sure it is, but not to the extent that you would predict. Ultimately, we were probably overfunding summer. Now, I understand your point. You guys do this profitability calculation, which is just based on how much tuition revenue do you bring in, but you guys are doing that as a calculation of student credit hours enrolled in your courses and then you cut off some kind of margin for like administrative overhead. What that doesn't take into account is things like scholarship dollars, doesn't take into account tuition plateaus, and it doesn't take into account that those students maybe taking those courses in the fall in the spring anyways where we actually have to pay nine month faculty. This is taking them in the summer where we may actually be paying, you know, faculty extra for teaching at that time. So it's a kind of a complicated assessment, but overall, our reduction in summer instruction has really not affected our tuition revenue the way you have, expected, so effectively we brought in what we would expect for tuition revenue well decreasing in area of expenses that we have control over. Now, I understand the point about faculty salaries and, you know, all that and yeah, it is what it is but we have to meet our budget targets in the end and this is one area where.

Mohamed Hefzy: Dr. Monitor, I understand what you exactly said that your revenue from summer is redistributed of fall and spring. Is this correct?

Provost Molitor: Not exclusively, so what we've seen is that tuition revenue gets redistributed either the number of sections we've been we've reduced. What we're seeing is more enrollment in the available, you know, remaining sections. And so some of that tuition revenue is going there. And then, e.g., in programs like engineering or nursing where we have to offer the summer courses because that's on the student flow chart, we've been maintaining those courses, but then in other areas we're seeing students that didn't have the opportunities to take courses they wanted to take in the summer are just doing it in the fall of the spring. We've had to reduce the amount of expenses we pay for summer instruction, but there's no plan to eliminate summer. We need summer. You know, again, we have programs that require students to be there in the summer and then we do bring in, it's part of our overall tuition revenue projections, you know, we do project to bring in a certain amount of revenue over the summer as well.

Lucinda Ellen Bouillon: I had a question about one, the graduate application fee that our applicants in physical therapy pay, so it's $45 for domestic and 75 for international and you know every year it totals up, you know, roughly let's say $13,000. Where does the money go? It doesn't go to the College of graduate studies.

Provost Molitor: Yep. It does. And part of that is revenue we utilize, it's it all the revenue goes into a general pot of money, right? And then we create a budget, you know, based on, you know, projected expenditures. So in theory, that money that you bring in for application fee is supposed to fund the admissions operation, the staffing and the software, and the overhead associated with graduate admissions. And it's more for international because there's a lot more time and processing that goes into processing international applications.

Lucinda Ellen Bouillon: Okay, so that's helpful because no one seemed to know where the money was going.

Provost Molitor: Yeah, and again all this money, all this revenue kinda just goes into a general pot. It's not like a lab fee where the money actually goes to a direct dedicated account, you know, to fund supplies for a laboratory. Yeah this is just you know it's another source of revenue we utilize to make sure we can cover our expense.

Lucinda Ellen Bouillon: Sure, so is there ever a, a thought, so every year we have one to two applicants who pay the non refundable and then decide to go to another program? Is there ever a chance where that non refundable deposit goes back to a program? That's not a lot of money. It could be anywhere from 1400 to $2100, but it, it is money that could be used to pay for a faculty development. Yeah.

Provost Molitor: We still have to process applications whether students enroll or not. So that money again is in theory being used to pay for our admission staff and operations in the college of graduate studies. So if we were going to return that revenue to the programs, we would have to find a source of revenue to fund the operation for the college of graduate studies.

Lucinda Ellen Bouillon: There's a lot of work on the program side as far as the application process a lot of work, so that's, you know, just my thought is.

Provost Molitor: Unfortunately that's just part of faculty workload. I mean, and that's where you have to have conversations with chairs and deans about this is how many hours per week I spend on this, and that ultimately, you know, will go into your, you know, workload determinations. Cause ultimately in graduate applications, it's gotta be faculty who make those admissions decisions. They've gotta be the ones to review and make those decisions.

Aliaksandr A Amialchuk: I think Margaret had a question previously about university libraries, how the current budget model works for it, and it's a non revenue generating cost center, so it's a little different from colleges and then also how R1 status gonna affect. Do you remember?

Margaret A Hoogland: University libraries are dependent as far as I could tell on other colleges because we don't really have a source of enrollment. The group I support would be the exception because the graduate enrollment for college and medicine is pretty consistent. So we're moving to R1 status, which is exciting. Are we at risk of losing the R1 status if the enrollment isn't stabilized? And how might that affect the University Libraries?

Provost Molitor: Let me go to the R1 first and then I'll answer the library budget next. So R1 status starting next year, my understanding is, is it's the, the metrics are changing and basically it's going to be two factors that determine whether you get R1 status. So right now we're in R2, but we project to be an R1 starting next year and those two factors are your research expenditures over the past three years, I believe, and then the average number of doctoral degrees you award, and I think it's also a three year average. And so we anticipate given the thresholds for R1 that we will easily exceed the threshold to be named in R1 starting 2025, that designation lasts for three years. So right now library has nothing to do with directly in terms of R1 status. Now clearly having a library does help us bring in grants for external funding and it also helps us you know with our mission to graduate doctoral candidates. So, so yeah, the library there is indirectly involved. Now come 2028. Will we still have the measures we need to exceed the R1 status? It looks like in terms of doctoral degree production, yes, in terms of research expenditures, we don't know that will determine the grant funding so far, it looks like we're doing well in that area. But you never know. But here's the big problem in three years, they may change the roles again in which case you know we have NO idea, you know, if we'll be able to meet those that threshold. So, so the answer is, is I don't know, but right now if the roles stay the same, we should at least maintain our role. One at least for a period, from 2025 to 2028 and then again once 2028 comes. Now, in terms of library funding libraries is kind of pulled in into academic affairs with everybody else. So yes, it's not part of the IBB model in terms of how do you distribute extra revenue, you're part of the cost center equation. And so, you know, how do we maintain decide, you know, how much money that library operations needs? Well, again, library has a very large percentage of fixed costs. We have the faculty salaries, we have the collections like OhioLINK, which, you know, we're obligated to pursue. Obviously we've been trying to reduce the number of other collections outside of Ohio Link to, you know, to kind of meet budget deficits. And I know staffing has been an issue, you know, with the positions where we have people who are staffing the libraries, the UT process another area that we've had to, you know, kind of look at to say, well, right now we, you know, necessarily can't fund it. So it's kind of similar to the academic colleges. We look at what we have to exactly pay for and then what can we cut, you know, out of what's on top of that to meet, you know, for any projected decline in enrollment overall. So, the library really kind of fits in with the academic college funding model in that regard. And then when we go to an IBB model and we have a surplus, then you would be part of the overall, you know, a kind of administrative overhead. This is the percentage we're gonna take away from the revenue because this is how much we have to fund the libraries, this is how much we have to fund human resources, this is how much we have to fund, you know, all of these different, you know, IT and other units like that.

Terence G Romer: Just read just real quick Brenda am I wrong that the library does have a fee though. Is that correct?

Brenda S. Grant: There is a library fee for the undergraduate. And a separate dollar amount that does feed in and that does help with the cost of the online subscriptions. So that does cover the Ohio Link costs and some other supplementals, but because that fee enrollment contracting fewer revenue coming in from that area, we still have to make reductions in those other kind of, I'm forgetting the word periodicals online subscriptions to adjust down a little bit.

Terence G Romer: But just I think and where I go with that is, you know, library's in a unique position that as an overhead unit, it does have a source of costs and could potentially flex up when enrollment does improve and things increase. So yeah, there are some opportunities there. How, how those opportunities play out, but in terms of just gross dollars coming in, the library is a, is a producer of revenues. Probably it's a net cost, but it offsets some of its costs with, with that.

Margaret A Hoogland: Thank you