

**UNDERSTANDING THE  
MIAMI UNIVERSITY BUDGET**

**AND**

**HOW IT IS DEVELOPED**

UNIVERSITY BUDGET & INSTITUTIONAL RESEARCH

SEPTEMBER 2003

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This document is available on-line with links directly to Ohio Board of Regents tables at: <http://www.units.muohio.edu/bpa/index.htm>

**A PRIMER**

The Miami University Budget  
and the Budget Building Process

**OVERVIEW**

Institutions of higher education utilize multiple, discreet budgets. Two major categories are Operating budgets and Capital budget plans. The latter often span five or six years and apply to facilities construction, renovation and major renewals, as well as major scientific and academic equipment acquisitions. Operating budgets may be distinguished further as Educational & General (E&G) or Auxiliary Enterprises. The distinction is that Auxiliary Enterprises do not receive state funds but are either financially self-sufficient, deriving their income from fee and/or user charges, or may be partially funded from student general fee income.

Within E&G and auxiliary budgets three additional distinctions are found: funds may characterize as either Restricted, Designated, or General Funds. Restricted funds are defined as those monies that are given to the institution by a source external to the institution which places a restriction on how those funds may be used. The only discretion an institution has is whether or not it will accept the funds. Once accepted the institution is obligated to abide scrupulously by the donor's restrictions. Another major source of restricted funds are grants and contracts.

Funds may become "Designated" in several ways. The institution's governing body, the Miami University Board of Trustees, may set aside ("designate") funds for a specific purpose such as scholarships. Once the Board of Trustees so designates funds, the administration must use those funds accordingly until such time as the Board of Trustees elects to re-designate the funds for another purpose. Another way funds may become designated is when a source provides them for a specific purpose or program. For example, if the state appropriates line-item funds for gerontological studies or a small business consulting center or a local police and fire supplement, the University is obligated to expend those funds for the purpose stated. Another major source of designated funds is non-credit workshops.

Those funds which are available for the University administration to manage on a day-to-day basis are referred to as "General Fund" dollars.

<u>The Miami University 2003-2004 Revenue Budget</u>	
Educational & General	
General Fund	\$ 289,383,400
Designated Funds	8,279,100
Restricted Funds	<u>26,002,400</u>
E&G Total Revenues	\$ 323,664,900
Auxiliary Enterprises	
Unrestricted Funds	\$ 88,548,500
Designated Funds	720,700
Restricted Funds	<u>706,300</u>
Auxiliary Total Revenues	\$ 89,975,500
Total University Budget	<u><u>\$ 413,640,400</u></u>

## PROCESS

This discussion applies to the E&G unrestricted or general fund budget. The operating budget covers a period of one fiscal year, July 1 through June 30 of the following calendar year. It encompasses an academic year within the fiscal year, with the exception that it begins with Summer II, III, and IV terms in the first calendar year and ends with the Summer I term from the second calendar year. Because the State of Ohio enacts a biennial operating appropriation on or about June 30 of odd numbered years, in the past Miami has employed a nine-month budget cycle going into the second year of a biennium and a 15-month budget cycle approaching a new biennium. Present practice is to employ the same schedule annually for developing the budget and to submit it to the Miami Board of Trustees for approval at their June meeting every year.

At their September 10, 2002 meeting the Finance Committee of the Board of Trustees accepted a formal Budget Policy (see Appendix A). At the central administrative level Miami employs an incremental (or decremental if necessary) budgeting method. It is important to realize this does not mean programs or departments are guaranteed continuance from one year to the next, nor should they expect the same level of funding previously enjoyed. Programs, units and budgets are selectively reviewed periodically and budgeted funds have been recovered and reallocated as necessary. The incremental system used at Miami means we work chiefly with the assignment of new, additional funds in advancing the University's priorities.

The President emphasizes decentralization of decision making within the operation of the academic and administrative units of the University. While functioning as the Chief Executive Officer of the University, the President has delegated considerable autonomy to the Provost and vice presidents. The budget is developed as the result of two processes which occur somewhat concomitantly. The first is a bottom-up process from departments, schools and offices within divisions to the principal operating officer or the vice president for each division. Thus for the division of Academic Affairs, all of the departments make known their budget requests to the deans and the deans, in turn, submit budget requests to the Provost. The same pattern holds true in the other divisions. It is expected that budget requests will be consistent with the strategic plans of the unit.

At the same time, central budget development begins by: 1. estimating enrollment for the coming year; 2. using the enrollment projections to estimate revenues from student fees and State Share of Instruction (SSI) or "subsidy" (these two sources provide 98% of E&G general fund revenues); 3. estimate income from other revenue sources (sales & services of educational activities, gifts, grants and contracts, temporary investments, income from endowment, etc.); 4. compute the estimated incremental increase in revenue from the current budget. This is approximately \$18.2 million (5.9%) for the general fund E&G budget for 2003-2004 for all campuses.

The next phase involves estimating the impact of possible expenditures against the estimated incremental revenue. Initially, major categories of expenditures are considered centrally by the President and senior administration in consultation with various governance representatives, such as the University Senate Committee on Fiscal Priorities and Budget Planning, the Council of Academic Deans, employee advisory groups, or the officers of Associated Student Government or Graduate Council, as appropriate, to arrive at major resource "pools" within the available incremental resources. The major categories considered centrally are salaries, staff benefits, support budgets, fee waivers, utilities, program improvements and transfers. The "pools" comprise a set of budget parameters or "guidelines" which are submitted by the President to the Board of Trustees via the Finance Committee of the Board for review, revision if necessary, and approval. This usually occurs in April. Finally, for most budget

lines, the pools are distributed among the divisions and expenditure decisions are made decentrally at the department or unit level. Those decisions are reported back, via the vice presidents, to University Budget & Institutional Research for recording and implementation.

In years where estimated revenues were insufficient to meet expenditure requirements, additional resources were identified through a recovery and reallocation mechanism. Such recoveries were not necessarily uniform but rather differential, requiring, for example, a smaller percentage of "give back" from academic or student support units than from institutional support units. In some years key areas such as admission, financial aid and some computing were exempt. Once recovered the funds became part of all available resources for reallocation. Through this mechanism the share of the total E&G budget supporting academic endeavors increased from 68% to approximately 72% over ten years. In more recent years the President and vice presidents have been able to meet differential budget recovery targets by using vacancy credits and salary savings without actually reducing selected unit operating budgets or staffing.

Expenditures can be thought of as discretionary, non-discretionary, or temporary for one year. Although faculty and staff salaries have first priority, non-discretionary expenditures must be addressed simultaneously. The latter involves projecting costs for health care and required staff benefits (such as state mandated increases in rates for worker's compensation); utilities costs; the increased cost of graduate fee waivers due to increased tuition; state and federal mandates; legally required transfers of general fee and other funds, etc. Essentially, non-discretionary expenditures largely represent "pass-through" type costs.

Salaries and benefits comprise approximately 78% of the University's expenditure budget. The personnel budget planning process begins with setting a cut-off date to establish a salary baseline. The salary baseline for each major division and operation (see list of Appropriation Units in Appendix B) is the total expenditures for salaries and wages associated with permanent positions, whether filled or vacant. A pool of funds to be used for merit salary increases is derived by testing various salary percentage increases against the increment pool base salaries in a robust budget planning model that also considers estimates for expenditures in the other categories as well. From a central budgeting perspective, we no longer control positions per se, but rather the total permanent salary dollars. As long as Appropriation Units have permanent salary dollars available to allocate, they may use those dollars to support positions at their discretion. Positions that are vacant for more than one year and not under active search will be deactivated, but the Unit retains the dollars and may use them at their discretion. As a rule of thumb, each one percent increase in faculty and staff salaries equates to approximately \$1,100,000 additional to the budget for salaries and benefits.

Once the Board of Trustees approves a salary percentage increase as part of the budget development guidelines, the President makes allocations to the vice presidents, who in turn make sub-distribution to each of their unit managers where individual merit salary recommendations are initiated. The sum of all unit or divisional decisions cannot exceed the pool total. The President does not get involved in the detailed allocation of funds within, for example, the College of Arts & Science or in other academic and administrative departments. Faculty salary recommendations are primarily the responsibility of department chairs and deans. Merit salary increases that are very high (more than 8-10%, depending on the magnitude of the increase for the pool) have required review by the Provost and the vice presidents.

The University has routinely set aside funds to address salary equity and compression matters. For the 2003-2004 budget, in addition to a 2.5% pool for

merit increases for faculty and unclassified staff, \$876,000 is included to address faculty and unclassified staff salary improvements. This is the seventh installment in a plan to make Miami's faculty salaries more competitive nationally. The total of salary augmentation funds added to the budget since 1996 comes to approximately \$11 million. Salary enhancements for SATSS classified staff total \$1,500,000, or a 4.25% average increase. Graduate stipends were enhanced differentially amounting to \$1,000,000. The 2003-2004 budget also includes a salary enhancement of \$100 to fully offset the cost of the new health care cost-sharing plan for most employees earning less than \$30,000 a year, and partially offset the cost for other faculty and staff.

Increases for support budgets (student wages, telephone, travel, services, supplies and materials, etc.) are generally funded centrally by identifying a pool of funds representing an increase of x% across the board. Vice presidents and deans, however, can assign these funds differentially. Once assigned, each department or unit manager has the flexibility of re-assigning both base and incremental dollars among the support budget categories at their discretion. In cases where the minimum wage or postal rates have been raised nationally, or telephone rates increased, additional dollars typically have been funded centrally by the Budget Office. Historically, the annual percentage increase for library books and periodicals has been twice that of other support budgets; however the FY 2004 budget held operating budgets flat while increasing the budget for library acquisitions five percent.

#### **BUDGET EXPENDITURES**

Colleges and universities follow a standard nomenclature for financial accounting and budgeting which has been developed by the National Association of College and University Business Officers (NACUBO). Revenue or expenditures and transfer funds are divided into Educational and General (E&G) and Auxiliary Enterprises. E&G expenditures are comprised of instruction and departmental research (academic departmental costs of faculty, secretaries, graduate assistants; operating expense of departments (travel, telephone, equipment, etc.), separately budgeted research, public service (costs of continuing education programs, commuter services), academic support (costs of library, academic computing, laboratory instrumentation, etc.), student services (Registrar, Admission, Student Financial Assistance, Office of Career Services, Student Life, etc.), institutional support (President, Vice Presidents, Finance and Business Services offices, Public Safety, Governing Board, University Advancement Offices, etc.), operation & maintenance of plant, and scholarships & fellowships. The Oxford campus has 14 Auxiliary Enterprises including Shriver Center, Recreational Sports Center, Goggin Ice Arena, Housing, Dining & Guest Services, Intercollegiate Athletics, Telecommunications, Marcum Conference Center & Inn, Miami Metro, Parking, Millett Hall, Airport, Utilities (Oxford), Network Services Enterprise, and Network Operations Auxiliary. In addition to developing the detailed budget according to the NACUBO categories, Miami prepares a budget exhibit by vice presidential jurisdiction which is distributed separately.

#### **REGIONAL CAMPUS BUDGETING**

The E&G and Auxiliary budgets for the Hamilton and Middletown campuses are identified and maintained separately from the Oxford campus budget. Each campus is responsible for its own revenue and expenditure stream and resulting bottom line. Budget preparation for all three campuses occurs simultaneously following the process set forth above. The Executive Directors of the regional campuses have a role analogous to academic deans in the budgeting process and work cooperatively where faculty and other resources are shared among the campuses. Historically, all three campuses have used the same percentage increase for salary. Revenue dollars are transferred among campuses to "reimburse" or "true-up" for instruction of students whose tuition has been collected by one of the other Miami campuses. Because all doctoral State Share of Instruction (SSI) or "subsidy" is paid by the Ohio Board of Regents (OBOR) directly to main campuses,

SSI funds are transferred from Oxford to the regional campuses in proportion to their level of Doctoral instruction. The budget for the Dolibois European Center in Luxembourg is included within the Oxford campus Academic Affairs budget.

#### **THE STATE SHARE OF INSTRUCTION (SSI) FORMULA**

State Share of Instruction (SSI) or "subsidy" is coupled to student enrollment and is calculated "uniformly" across state institutions by applying a rather complex formula. The Ohio Board of Regents (OBOR): 1) performs a Resource Analysis (discussed below) to determine the cost to "instruct" one full-time equivalent (FTE) student for every course of study at each campus in the state (called the "instruction & support allowance"); 2) it then makes an assumption about how much of the cost students will pay themselves, referred to as the "Local Contribution," and subtracts that amount from the instruction & support allowance to arrive at a "net subsidy per FTE"; 3) applies these cost factors against projected enrollments to determine how many gross dollars would be required for instruction & support; 4) computes earnings for student services using headcounts and plant operation and maintenance (PO&M) based on activity, not square footage; 5) subtracts enrollments of out-of-state students (ineligible FTEs); 6) results in each campuses' projected subsidy entitlement. SSI earnings for Doctoral students are computed using a different formula. The sum of the campus entitlements forms the basis for the Regents' budget request for instructional subsidies to the Governor's Office. The Regents also request funds for line items and special programming over and above their request for instructional subsidy. For Miami University these are: Research Challenge, Access Challenge, Jobs Challenge and Success Challenge. At the conclusion of the political process the state legislature identifies an amount to be appropriated for higher education instructional subsidy and line items and sends the legislation back to the Governor for his signature in late June of odd-numbered years. The Regents then vary the "local contribution" student fee assumption to make the sum of all the Ohio public campuses' instructional SSI earnings equal the appropriated amount.

At the beginning of a fiscal year each institution receives one-twelfth of the projected amount each month until all space adjustments state-wide can be processed and actual earnings can be computed. This occurs usually by November and the Regents make adjustments to the remaining seven months of payments to make it come out even by the end of the fiscal year. The significance of this practice is that the institutions do not really know with certainty what their state support will be until the year is almost half over. Even though the subsidy formula uses enrollments from all terms from PRIOR years (current year enrollments are not used) and the Budget Office models the subsidy formula computations to determine variations from projections, we do not know precisely what is occurring at the other public campuses in Ohio and cannot compute how their enrollments or plant space activity will impact the final subsidy distribution caused by changing enrollment patterns across the state.

The Resource Analysis (RA) process performed by the Board of Regents staff uses average cost data submitted by all public campuses to the Higher Education Information (HEI) system to determine total resources needed. Resource Analysis estimates total resources needed using all students, in-state and out-of-state. The data submitted include student information, consisting of course loads, enrollments by academic program and course level; staffing data, including faculty teaching loads, both credit hours and contact hours, student credit hours produced, distribution and cost assignment to academic programs; financial data, including expenditures by object, i.e., salaries, supplies, and academic program or administrative support unit; physical plant data including building and room inventories and classroom and laboratory utilization. These data form the basis for computing the average cost state-wide of educating one FTE in each program. The program costs align themselves into 15 levels, referred to as cost "models" and are shown in Table 1. Anytime a program cost varies by more than 15% from

the average for its model for two consecutive Resource Analyses, it may be moved to another model as suggested by its new cost.

The assumption is that ineligible (undergraduate out-of-state) students will provide the TOTAL costs of their education and that all other students will share in the costs with the state. The goal is that the undergraduate student share will approach 35%; however, the reality is that the state-wide average is closer to 50% and higher in recent years. State appropriations bills have limited or "capped" instructional and general fee increases. A tuition cap for this biennium employs a formula for calculating a "weighted average" of tuition increases across academic terms, however Miami's Oxford campus undergraduate tuition is exempt because of the new tuition restructuring plan.

The subsidy formula has three components and the approximate percentage of the totals are as follow: 1) INSTRUCTION & SUPPORT - faculty compensation and other departmental compensation, support services, and library = 83%; 2) STUDENT SERVICES = 5%; 3) PLANT O&M = 12%. The first two components are related to enrollments. Plant O&M components are based upon building use, room type and square footage, although the Regents have transitioned away from a square footage-based Plant O&M computation to one based on "activity" so as not to perpetuate incentives for unrestrained growth in space.

To calculate SSI, the Regents sum all credit hours from all terms (prior summer, fall and spring) then divide by 30 under a semester calendar (divisor is 45 for quarter calendars) to determine the number of full-time equivalent (FTE) students. Graduate students are not eligible for subsidy once they have accumulated more than 173 semester hours beyond the baccalaureate degree.

Even though Oxford's enrollment ceiling was raised to 17,000 FTE in the FY 2002-FY 2003 biennium, state subsidy and student fee income for Oxford will not grow substantially. In fact, for FY 2004 the projected state dollar support will be approximately the same as in FY 1999 (less when corrected for inflation) in spite of enrollment growth. The Hamilton and Middletown campuses can generate more income through enrollment growth. New programs will have to be funded by transferring funds from discontinued or reduced programs, recapturing budget dollars, using reserves, through extramural support, or a combination of these. Expansion of summer enrollments could provide some limited income growth at Oxford, as would increased student average credit hour load, provided the enrollment cap is not exceeded.

"FTE" is also used to define staff time; thus, a nine-month faculty position is considered one FTE, while staff other than faculty have one FTE on a 12-month basis. Two one-half time staff equal one FTE.

The subsidy formula process is complicated by an overlying system of protection phase-down and "hold harmless" guarantees, and by buffering for enrollment changes. For each campus, program level, and fiscal year, the subsidy earnings are calculated using a two-year average of FTEs and a five-year average of FTEs. The FTE averages are based upon the time period ending in the year prior to the current year. For example, the five-year average in FY 2004 encompasses FY 1999 through FY 2003, inclusive. For any given year, the base subsidy is the greater of the total subsidy determined by the two computations. The base subsidy represents the relatively unmodified enrollment-driven subsidy.

Ohio has provided additional funding for Instructional & General activities in the form of a series of line item "Challenge" initiatives. In FY 2004 the Oxford campus is slated to receive \$3,497,800 for Success Challenge, a program focused mainly on university main campuses. Success Challenge rewards high retention and graduation performance and success of "at risk" students. The Hamilton and Middletown campuses are projected to receive line item funding from

Access Challenge (\$1,055,010 and \$1,027,895, respectively). Access Challenge funds were provided as a condition of not increasing FY 2000 tuition for first and second year students at the regional campuses. In FY 2001, the regional campuses were required to reduce tuition by 5% in order to receive Access Challenge funds. There are no restrictions on fees associated with receiving Access Challenge funds in this or the previous biennium.

For more information about the state funding system, the following web page links connect to the Ohio Board of Regents web site at:

<http://www.regents.state.oh.us>:

[Overview of Higher Education Finance in Ohio](#)

[State Share of Instruction: Content and History](#)

[The Instructional Subsidy](#)

[Formula Funding Issues for Ohio](#)

[Board of Regents Budget/Financial Information](#)

[Effectiveness of Need-Based Aid](#)

[How Does the State Share of Instruction Formula Work?](#)

[Policy Brief on Success Challenge and How it Works](#)

[Policy Brief on Access Challenge](#)

#### **CAPITAL BUDGETING**

The capital budgeting process is quite different and decidedly more protracted than budgeting for operating funds. It is also biennial, but alternates years with the operating budget cycle. In addition to the Board of Regents, state-level involvement includes the offices of Budget and Management, the Controlling Board, the State Architect's office, the Attorney General, Department of Industrial Relations and others.

The University must submit an institutional profile stating programs, goals and objectives; major program services offered; a brief narrative describing general change in program services over the past six years and planned changes in the next six years; an explanation of how program services are responding to the changing character of client populations served by the institutions, etc.

Campuses request, every two years, funds from the State of Ohio for capital improvements. The funds may be used to construct new facilities or renovate existing facilities. Only projects relating directly to academic mission will be funded. Equipment and data processing funding is considered as a state-wide need rather than as peculiar to each institution. The aggregate of all approved campus capital fund requests becomes an Ohio House Bill which authorizes the expenditure of State funds. Campuses are then responsible for the debt service on their portion of the Capital Appropriation. To service the debt, campuses are provided funds by the State for that purpose. There are two components to the formula which provides funds for debt service: Plant Operation and Maintenance, and Capital Appropriation.

Operating support for plant operation and maintenance costs is based on volume of credit instruction, sponsored research, and non-credit job training provided by the campus.

The Capital Appropriation formula involves two processes. Beginning the year after a capital appropriation becomes effective, a campus will receive a deduction to operating subsidies for the next 15 years equal to ten percent of that appropriation (debt service deduction). A component of the instructional subsidy is added to help the campuses pay for their new debt service (capital component distribution). This component is based 50% on educational activity and 50% on the age of facilities.

Campuses are free to request capital appropriations that will lead to debt service deductions which are more or less than their share of the capital component distribution.

- If the campus chooses to request fewer capital appropriations than its capital component allocation will support, it retains the difference and can use that amount for any capital-related purpose(s).

- If the campus chooses to request more capital appropriations than its capital component allocation will support, it is required to pay the difference in debt service from its operating budget.

The capital appropriation plan gives campuses, within guidelines, control over capital improvements while making them financially accountable for their decisions. Even after the appropriation is passed another four months are required to obtain approvals from local political subdivisions while preparing a detailed "Program of Requirements: Capital Improvements Projects" for submission to OBOR. Only after that has been submitted and approved can the State Architect's office be requested to prepare a list of "Associate" Architects from which Miami may interview and select. Miami can then request planning funds from the State Controlling Board or Office of Budget and Management. After Controlling Board approval Miami submits encumbrances to the State Architect's office which completes the contract with the Associate Architect, subject to review by the Ohio Attorney General's office. The Associate Architect then goes to work. The State Architect's office has a three-stage approval process -- after schematic design phase (preliminary drawings), after development stage (basic drawings) and after construction document phase (construction documents).

Contracts with a value of \$4 million or more are centrally administered for the State of Ohio by the State Architect's Office (SAO) unless an institution submits a request for, and is granted local administration authority. Contracts of less than \$4 million can be, and typically are, locally administered without approval from SAO, including contracting for design (architectural) services, bidding, awarding contracts, monitoring progress, and approving changes.

Before the State Architect can advertise for construction bids the plans must be approved by the Division of Factory and Buildings. The construction bids are advertised and the contractors selection process follows. Strict attention is paid to contractor compliance with Equal Employment Opportunity/Affirmative Action (EEO/AA) guidelines before contracts are issued. This often takes from one to two years after funds have been appropriated.

Also, through its capital budgeting process, the State of Ohio has provided approximately \$2 million in each of the past three biennial capital budgets to augment academic equipment purchases. The projected amount for FY 2003-FY 2004 is \$1.5 million.

September 2003  
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University Budget & Institutional Research

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**Table 1: State of Ohio Program Cost & Funding Structure**

	LEVEL I			LEVEL II			LEVEL III		
<b>General Studies</b> (1st & 2nd Yr Undergraduate)	Accounting	Geography	Natural Resources	Agriculture	Ethnic Studies	Natural Resources	Allied Health	Geology	Other Physical Science
	Administrative & Secretarial	History	Other Business	Allied Health	Family & Consumer Studies	Nursing	Art	Health & Phy. Ed. General	Other Visual & Performing Arts
	Agriculture	Human Resources Management	Other Physical Science	Architecture	Foreign Languages	Other Business	Biology	Management	Physics
	Anthropology	Interdisciplinary	Other Social Studies	Art	General Education	Other Medicine	Chemistry	Music	Sports & Recreation
	Biology	Law & Legal Studies	Political Science	Biology	History	Other Physical Science	Drama	Other Engineering	Teaching
	Business Info & Data Proc Svcs	Library Science	Protective Services	Communications	Interdisciplinary	Other Social Studies	Engineering Technology	Other Medicine	
	Culinary Arts	Management	Psychology	Communications Disorders	Journalism	Other Visual & Performing Arts			
	Economics	Marketing	Public Administration & Services	Computer Science	Law & Legal Studies	Philosophy & Religion			
	Engineering Technology	Math	ROTC	Dental Health	Liberal Arts	Protective Services			
	Family & Consumer Studies	Mental Health Services	Sociology	Engineering Technology	Math	Public Administration & Services			
	Finance		Teaching	English	Mental Health Services	Social Work			
						Teaching			
<b>Technical</b> (1st & 2nd Yr Undergraduate)	Accounting	Engineering Technology	Management				Agriculture	Family & Consumer Studies	Other Engineering
	Administrative & Secretarial	English	Marketing				Allied Health	Interdisciplinary	Other Medicine
	Agriculture	Family & Consumer Studies	Other Business				Architecture	Management	Other Physical Science
	Allied Health	Finance	Other Medicine				Biology	Math	Pharmacy
	Business Info & Data Proc Svcs	General Education	Other Visual & Performing Arts				Chemistry	Mental Health Services	Physical & Occupational Therapy
	Communications	Health & Phy. Ed. General	Protective Services				Dental Health	Natural Resources	Psychology
	Communications Disorders	Human Resources Management	Public Administration & Services				Drama	Nursing	Sports & Recreation
	Computer Science	Interdisciplinary	Social Work				Engineering Technology	Optometry	Veterinary Medicine
	Culinary Arts	Law & Legal Studies	Sports & Recreation						
	Drama	Library Science	Teaching						
<b>Baccalaureate</b> (3rd & 4th Yr Undergraduate)	Accounting	Family & Consumer Studies	Natural Resources	Agriculture	Ethnic Studies	Other Engineering	Agriculture	Electrical Engineering	Nursing
	Agriculture	Finance	Other Business	Allied Health	Foreign Languages	Other Medicine	Allied Health	Engineering Technology	Other Engineering
	Allied Health	Geography	Other Medicine	Architecture	General Education	Other Physical Science	Architecture	Geology	Other Medicine
	Anthropology	History	Other Physical Science	Art	Health & Phy. Ed. General	Other Visual & Performing Arts	Art	History	Other Physical Science
	Architecture	Human Resources Management	Other Social Studies	Business Info & Data Proc Svcs	Interdisciplinary	Philosophy & Religion	Biology	Indust/Manfg Engineering	Other Visual & Performing Arts
	Biology	Interdisciplinary	Political Science	Communications	Journalism	Protective Services	Chemistry	Interdisciplinary	Pharmacy
	Business Info & Data Proc Svcs	Law & Legal Studies	Psychology	Communications Disorders	Liberal Arts	Public Administration & Services	Civil Engineering	Mechanical Engineering	Physical & Occupational Therapy
	Communications	Management	Public Administration & Services	Computer Science	Library Science	Social Work	Dental Health	Music	Physics
	Counseling	Marketing	ROTC	Drama	Mental Health Services	Sports & Recreation	Drama	Natural Resources	Teaching
	Economics	Math	Sociology	English	Natural Resources	Teaching			
	Education Administration		Teaching						
<b>Masters &amp; Professional</b> (1st Graduate Degree)	Accounting	Family & Consumer Studies	Math	Allied Health	General Education	Other Social Studies	Agriculture	Engineering Technology	Natural Resources
	Allied Health	Finance	Mental Health Services	Anthropology	Geography	Other Visual & Performing Arts	Allied Health	Family & Consumer Studies	Other Engineering
	Business Info & Data Proc Svcs	Human Resources Management	Other Business	Architecture	Health & Phy. Ed. General	Pharmacy	Biology	Geography	Other Medicine
	Counseling	Law & Legal Studies	Other Medicine	Art	History	Philosophy & Religion	Chemistry	Geology	Other Physical Science
	Education Administration	Library Science	Sports & Recreation	Biology	Interdisciplinary	Physical & Occupational Therapy	Civil Engineering	Indust/Manfg Engineering	Physics
	Engineering Technology	Management	Teaching	Communications	Journalism	Physics	Electrical Engineering	Mechanical Engineering	Teaching
		Marketing		Communications Disorders	Liberal Arts	Political Science			
				Computer Science	Math	Protective Services			
				Dental Health	Mental Health Services	Psychology			
				Drama	Music	Public Administration & Services			
				Economics	Nursing	Social Work			
<b>MPD1</b> (Bus & Education with more than Masters hours)	Accounting	Education Administration	Marketing	English	Optometry	Sociology			
	Business Info & Data Proc Svcs	Finance	Other Business	Ethnic Studies	Other Medicine	Sports & Recreation			
	Counseling	Human Resources Management	Teaching	Family & Consumer Studies	Other Physical Science	Teaching			
		Management		Foreign Languages		Veterinary Medicine			
<b>Doctoral</b> (Terminal Graduate)	Accounting	Finance	Mental Health Services	Agriculture	Engineering Technology	Optometry			
	Allied Health	Foreign Languages	Other Business	Allied Health	Family & Consumer Studies	Other Engineering			
	Anthropology	General Education	Other Medicine	Art	Geography	Other Medicine			
	Architecture	Geography	Other Physical Science	Biology	Geology	Other Physical Science			
	Business Info & Data Proc Svcs	Health & Phy. Ed. General	Other Social Studies	Chemistry	Indust/Manfg Engineering	Other Visual & Performing Arts			
	Communications	History	Philosophy & Religion	Civil Engineering	Math	Pharmacy			
	Communications Disorders	Human Resources Management	Political Science	Computer Science	Mechanical Engineering	Physical & Occupational Therapy			
	Counseling	Interdisciplinary	Protective Services	Dental Health	Mental Health Services	Physics			
	Economics	Journalism	Psychology	Drama	Music	Teaching			
	Education Administration	Law & Legal Studies	Public Administration & Services	Electrical Engineering	Natural Resources	Veterinary Medicine			
	Engineering Technology	Liberal Arts	Social Work		Nursing				
	English	Management	Sociology						
	Ethnic Studies	Marketing	Sports & Recreation						
	Family & Consumer Studies	Math	Teaching						
	<b>Medical</b>	Dental Health	OPTOMETRY (OD)	Psychology		Medicine MD			
Optometry			Veterinary Medicine		Osteopathic Medicine				

APPENDIX A

MIAMI UNIVERSITY

**Budget Policy**

Office of the Vice President for Finance and Business Services  
September 2002

Responsibility for development and administration of the Miami University budget rests with the Vice President for Finance and Business Services, in collaboration with the President and other vice presidents. Overall budget approval ultimately resides with the University Board of Trustees.

Miami University employs multiple strategies for budgeting. Various forms of cost-center budgeting, formula budgeting, incremental budgeting, performance budgeting, program budgeting and zero-base budgeting are used where appropriate.

Cost-Center Budgeting:

This form of budgeting is usually applied to auxiliary enterprises. Units which operate as independent cost-centers are Housing, Dining and Guest Services, Goggin Ice Arena, Recreational Sports Center, Shriver Center, Marcum Conference Center & Inn, Miami Metro, Millett Assembly Hall, Aviation Services, Telecommunications, Network Services Enterprise, the Network Operations Auxiliary, Intercollegiate Athletics, and Parking.

Each of these units is responsible for generating its own revenue from fees and user charges. Intercollegiate Athletics, Shriver Center, Goggin Ice Arena, Recreational Sports Center, and Millett Assembly Hall share in portions of the general fee revenue. Auxiliary revenues must be sufficient to cover all costs of operation, including salaries and wages, staff benefit allocations, supplies, materials, utilities, capital acquisitions, and debt service, if any. In addition, auxiliaries remit to the Educational & General (E&G) budget a payment for centralized administrative services provided by accounting and financial services, personnel, safety and security, budgeting, and other centralized administrative services operated within the E&G fund. Auxiliary enterprises fund their own capital projects and maintain their own reserves for contingencies, repairs and replacements. Some of these units may share a common contingency repair and replacement fund, and may separately contract and pay for facilities maintenance and improvements furnished by the Department of Physical Facilities or other service units. The annual budget for each of these entities is self-balancing.

Formula Budgeting & Performance Budgeting:

Elements of Formula Budgeting and Performance Budgeting are used for summer session and workshops. Summer session is operated with its own budget under the direction of the academic deans. Undergraduate summer session courses use enrollment contingent thresholds to determine whether or not the course will be offered; if the enrollment is not sufficient to cover costs of providing the course, either it is not offered or the instructor compensation is adjusted. Workshops have their own budgets that cover the cost of personnel and operating expenses.

Some University activities are funded through separate State appropriation line items, such as Success Challenge, which are linked to performance measures. The better Miami performs vis-à-vis other Ohio public universities on measures of graduation rate, the more Miami earns through this line item administered by the Ohio Board of Regents. Access Challenge, Jobs Challenge and Research Challenge are also performance-related line items.

#### Program Budgeting:

During the annual budget building cycle a form of Program Budgeting (PPBS) is utilized for prioritizing requests for new initiatives or expansion of existing programs. Because requested additions to the annual budget focus on projects or programs, they are referred to as "Program Improvements." Elements of PPBS will continue to be employed to analyze and select new program initiatives. Units submit a "decision package" as prescribed by the budget office justifying the need for a new program or expansion of an existing program. The decision package contains detailed justification for personnel and staffing; operating, and capital expenditures; space or facilities requirements; a timeline for phase-in; possible impact on future budgets; and a statement discussing the impact if the program improvement request is not approved. Each vice president selects the requests she/he will support and prioritizes them.

All divisional requests are aggregated and considered by the senior administration against the available resources. Approval of Program Improvement requests rests with the President and vice presidents collectively and is reported to the budget office for implementation.

#### Zero-Base Budgeting:

A modified form of Zero-Base Budgeting is used annually to review the expenditures and justify budget changes for Miami's core operating areas. These include: clinical and field experiences, some publications, funds for innovative academic projects, equipment matching funds, the Luxembourg Center, library automation, continuing education, credit workshop budgets, the Post-Secondary Education Program (PSEOP), Liberal Ed program support, commencements and convocations, summer scholars, the Performing Arts Series, campus planning, liability and property insurance, patent administration, professional services (auditors, outside counsel, etc.), endowment management fees, environmental health and safety, labor relations, copying services, federal and state mandates, office and computing equipment, Student Health Service, Associated Student Government, Student Affairs Counsel, various "Scholars" programs, stipends and student aid, pharmaceutical sales, charge-backs for Plant O&M, indirect cost recoveries, student aid fee waivers and utilities.

A modified Zero-Base approach is to be utilized as part of the six-year program review cycle. Academic units may exempt tenure and tenure-track faculty from ZBB consideration. They shall prepare and submit ZBB documentation packages that cover their non-tenure staffing, operating (support) budget, space, equipment, and capital budgets in accordance with the guidelines established by the Academic Program Review Committee. Units without tenure commitments shall re-justify all staffing levels during each six-year program review cycle, along with their support, space, equipment and capital needs.

#### Incremental Budgeting:

Within the context of the budgeting strategies outlined above, Miami University continues to build annual budgets for E&G and Auxiliary Enterprises by projecting increases in total and net revenues over the current year. Expenditure budgets are governed by available incremental revenues along with recoveries, reallocations, reserves and required transfers.

APPENDIX B

Appropriation Units

The President

Athletic Director: Intercollegiate Athletics

The Provost

Dean: Arts and Science

Dean: Education and Allied Professions

Dean: Business Administration

Dean: Fine Arts

Dean: Engineering and Applied Science

Dean: Interdisciplinary Studies

Dean: Graduate Studies

Dean: University Libraries

Executive Director: Hamilton Campus

Executive Director: Middletown Campus

Executive Director: Dolibois European Center

Vice President: Student Affairs

Vice President: Finance and Business Services

Sr. Associate Vice President: Housing, Dining, and Guest Services

Associate Vice President: Physical Facilities Department

Vice President: University Advancement

Vice President: Information Technology Services