

I. Athens Campus General Fund

Revenues

Tuition and Fees

\$116,175,000

Resources for the FY 2001 budget incorporate the recommendation by the Provost and the University Planning Advisory Council (UPAC) that tuition and fees on the Athens campus increase by 6%. Estimates also incorporate recommendations from the Provost and the Vice President for Administration that call for stable enrollments. Due to a more accurate estimate of the revenues generated by Lifelong Learning, Athens Campus overall tuition and fee revenues will increase by 7.2% or \$7,765,000.

Subsidy

\$100,036,000

The Athens Campus General Program is expected to receive \$106,036,000 in instructional subsidy allocation from the State of Ohio. This represents an increase of \$2,036,000 or 2.1 % from last year's budget. The University's stable enrollment and the State's new emphasis on performance funding have reduced the instructional subsidy's share of the University budget.

The University's subsidy allocation for FY 2001 will be based on the 2-year average all-term enrollments for Fiscal Years 1999 and 2000. Our estimate is based on the current Board of Regents estimate of reimbursement rates for FY 2001 and our updated enrollment projection. That enrollment projection is based on 6-quarters of actual enrollments, preliminary data for Winter 2000, and a projection for Spring Quarter 2000 enrollments. We do not expect that the final subsidy number will vary significantly from this estimate.

Success Challenge

\$5,580,000

This amount of funding is \$ 3,845,000 or 221.6 % above last year's budget, reflecting the State's increased support for the Success Challenge line item.

The Success Challenge estimate assumes that the University will capture the same share of Success Challenge funds that it did in FY 2000. This program has two components of measurement. The first component is based on the number of At-Risk students that graduate. The second component is the number of students that complete their degree in four years. For both components, each institution's share is based on its share of the total numbers.

Other Income

\$22,339,000

The estimate for other income has increased by \$1,144,000, 5.4 % over last year's budget. The primary contributors to this increase are the \$450,000 estimate for the new Engineering Technology Fee that will be implemented in Fall Quarter 2000, an additional \$130,000 state funding for locally administered capital projects, and \$125,000 from the implementation of a late payment of fees program. Most of the remainder of the increase can be attributed to increases in overhead charged to the College of Medicine, Regional Higher Education, and the Auxiliaries.

Expenditures

Scholarships & Fee Related Expenses \$2,469,000

In order to increase the quality and diversity of the student body, both undergraduate and graduate, the following increases in scholarships are recommended by the Provost and UPAC.

- **Undergraduate Student Financial Aid \$120,000**

Current university funds for student financial aid need to be adjusted to take into account the recommended 6% tuition and fee increase.
- **ICA Room and Board \$192,000**

Intercollegiate Athletics is obligated to provide support for room and board to its scholarship students. Since the dorm and dining increase is 8%, these room and board scholarships must be adjusted accordingly.
- **ICA Gender Equity Scholarships \$67,000**

These scholarships are recommended for ICA compliance with Title IX gender equity requirements.
- **Advantage Awards \$500,000**

The Advantage Awards were initiated in 1998-99 to support multicultural recruiting. Additional funding is recommended for this program to provide \$250,000 for third-year awards and \$250,000 to enhance the program. Program enhancement funding will support 25 additional scholarship recipients.

- **Distinguished Scholars Awards \$93,000**

Distinguished Scholars Awards are made to any enrollee in the top 10% of his/her high school class who achieves a 33 ACT or 1460 SAT. Additional funding is needed to cover those students in their fourth year of college.
- **Templeton Scholars \$124,000**

The John Newton Templeton Scholarship has been restructured and renamed (Templeton Scholars) for the FY 2001 academic year. The scholarship is a renewable award for incoming multicultural first-year students. Previously, it covered in-state tuition fees (excluding the recreation facilities fee). For FY 2001, the additional funding will cover in-state tuition fees, double-room housing, a 20-meal plan, and a book allowance. Eligible students must have a minimum 28 ACT or 1240 SAT and rank in the top 20% of their high school class.
- **Employee Fee Waivers \$177,000**

This increase reflects the necessary adjustment for the 6% tuition and fee increase for employee educational benefits.
- **Graduate Fee Waivers \$876,000**

These funds are required to adjust graduate fee waivers for the recommended 6% increase in tuition and fees.
- **Recreation Fee Transfer \$320,000**

This transfer provides support for the Campus Recreation Auxiliary.

Compensation Increases**\$7,520,000**

Last year's 3% compensation increase was relatively low compared to other universities in the state. The Provost and UPAC are recommending a 4.25% compensation increase this year to respond to increasing inflation and the increase in employees' share of health care costs.

- **Contract Compensation Increase** **\$4,161,000**

This is the estimated cost of providing a 4.25% salary increase to faculty and staff salaries.

- **Classified Compensation Increase** **\$1,339,000**

This is the estimated cost of providing a 4.25% wage increase to classified non-bargaining unit and bargaining unit employees.

- **F.O.P. Agreement** **\$21,000**

This funding provides the salary and benefits increase for campus police in accordance with the F.O.P. Labor Agreement.

- **Classified Bonus** **\$30,000**

This funding supports the service award bonus system for non-bargaining unit classified employees. Awards are based on the employee's time of service with the University.

- **Summer Rates for Faculty Teaching** **\$95,000**

The increase in pay rates for summer teaching corresponds with the 4.25% increase in faculty and staff salaries.

- **Graduate Stipends** **\$351,000**

The increase in graduate stipends corresponds with the 4.25% increase in faculty and staff salaries.

- **Faculty Promotion Base Adjustments** **\$139,000**

This funding provides one-time base salary adjustments for faculty who have received promotions effective September 2000. The adjustments for promotions are:

- Instructor to Assistant Professor \$500
- Assistant Professor to Associate Professor \$2,000
- Associate Professor to Professor \$3,500

- **Health Insurance** **\$1,376,000**

This funding responds to the substantially increased costs of providing health insurance benefits to faculty and staff.

- **Net Cost AFSCME Agreement** **\$66,000**

This represents the net cost of the recently negotiated AFSCME agreement as it affects the Athens General Fund for FY 2001. This amount does not reflect the wage increase portion of the contract or the one-time costs of providing an \$800 incentive for enrolling in the University's PPO health insurance program. The \$800 incentive program will be funded by the Stop Loss Reserve. Health insurance plan savings and other compensation costs have been netted against the agreement's health insurance increases.

- **Workers' Compensation Rate Decrease** **(\$58,000)**

This represents an 11% reduction in the premium rate from 28 cents to 25 cents per \$100 of payroll.

Continuing Commitments	\$1,044,000
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The Provost and UPAC also recommend additional support for cost increases in three areas of routine operations and continuing commitments.

- **Additional Plant Operation and Maintenance Costs** **\$799,000**

Basic plant operation and maintenance costs have been averaged for the next three-year period. Plant operation and maintenance costs for the coming year are estimated at \$445,000. Purchased utility costs are expected to increase by \$354,000.

- **Underrepresented Recruitment Pool** **\$96,000**

This program supports recruiting and hiring of faculty and administrative staff from underrepresented groups by providing funds for salaries. \$96,000 will complete the funding of this program, which will now be self-sustaining.

- **Library Acquisitions** **\$149,000**

Increased funding for the library acquisitions budget is recommended in order to cope with substantial cost increases for published materials.

New Commitments	\$1,923,000
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This recommendation by the Provost and UPAC supports the University's effort to recruit/maintain excellent faculty and staff.

- **Dual Career Fund** **\$200,000**

This fund is designed to provide temporary monies to hire the spouse of an incoming employee, or of an existing employee, in order to recruit or retain that employee. This is the first year of funding in a four-year plan to create a permanent pool of \$500,000.

Academic Excellence Initiative: The Provost, with the concurrence of UPAC, recommends the following investments to strengthen academic programs at Ohio University:

- **Honors Tutorial College** **\$23,000**

Currently, each department or school that accepts HTC majors receives \$850 per student. This is the first installment on a plan to increase this amount to \$1,200.

- **Honors in the Major** **\$115,000**

This funding will add \$5,000 to the base of each department or school that has an honors program currently (13) or that adds one by June 30, 2001. If more than 23 units qualify, additional funding will be obtained.

- **Undergraduate Research** **\$50,000**

This funding will provide support for specific undergraduate research projects supervised by faculty in an effort to enhance undergraduate involvement in the research mission.

- **Faculty Positions: Endowment Funded** **\$312,000**

As the President and the Deans seek to raise private funds for endowed chairs and professorships, it is crucial that the university have funds available to bridge the gap that may occur between the provision of a donor's gift and the availability of a

vacant faculty position in the unit. This base money will remain in the Provost's Office so that funding can be provided to colleges for a short period of time (no more than two years) until the combination of endowment funds and college funds can cover the full costs of the position.

- **Faculty Positions: Enhancing Excellence** **\$400,000**

Through a competitive process, the deans will apply for funding for specific positions. Two areas of excellence will be emphasized: 1) Excellence in Undergraduate Education and 2) Excellence in Interdisciplinary Research. Deans may apply in one or both areas.

Technology Initiative: The Provost and UPAC recognize that the needs for technology support are large and never-ending. The recommendations below allow us to continue to move forward in our effort to create a seamless and powerful technological environment on campus.

- **Central Information Technology** **\$190,000**

The addition of the residence hall computers along with general increased usage has made access to the Internet slow and unreliable. This funding will provide \$100,000 to increase the bandwidth (Internet access speed) across campus. In addition, \$90,000 is required for ongoing maintenance of the Student Information System (SIS). This software supports the course scheduling and the student records that are essential to the University's daily operations.

- **Center for Innovation in Technology for Learning** **\$125,000**

To move beyond the faculty who are technology enthusiasts so as to engage mainstream faculty across all disciplines, the Center

for Innovation in Technology for Learning (CITL) needs resources to sustain its projects, workshops, and programs. These funds will provide the CITL with an additional 2.5 FTE positions, thus allowing the Center to keep up with the increasing demand for training in the use of instructional technology.

- **Technology Distribution to Planning Units** **\$508,000**

The cost of technology has become a major contributor to operating costs in both academic and administrative units. This funding will provide additional support based on formula distribution to units for maintenance, replacement and upgrade of technology.

Accounting Related Changes	\$1,923,000
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- **Lifelong Learning Fee / Expenditure Adjustment** **\$1,235,000**

Historically, the University used an overly conservative estimate of Lifelong Learning fee revenues, adjusting only for fee increases and not actual enrollments. Lifelong Learning was then allowed to spend up to the amount of additional revenue earned, with a year-end reconciliation. This adjustment brings revenues and expenditures in line with our estimated levels of activity.

- **Late Payment Fee Cost** **\$50,000**

The University is discontinuing its practice of registration cancellation for non-payment of fees, and instituting in its place a late payment fee system. This funding provides for start-up and staffing costs to implement this program, which overall reduces costs.

- **Change in Overhead Service Levels** **\$58,000**

This expenditure offsets the additional revenue that the General Fund receives from Auxiliaries for overhead. The primary adjustment reflects a sharing of increased costs in the Insulation Shop that will benefit both the University and the Residence & Dining Auxiliary.

- **Capital Project Administration** **\$130,000**

This represents additional costs associated with Ohio University's administration of certain capital projects, which were previously administered by the State Architect's office. Funding for this will come from a 1.5% surcharge on applicable capital projects.

- **College of Engineering Technology Expenditures** **\$450,000**

This represents the budgetary authority for the College of Engineering to expend the funds obtained through the implementation of a Technology fee that will be assessed to majors within the College effective Fall 2000.

OHIO UNIVERSITY

ATHENS GENERAL FUND
BUDGET OUTLINE
 FISCAL YEAR 2000-2001

	FY 2000-2001		FY 2000-2001
Tuition and Fees (1)	\$116,175,000	<u>Continuing Commitments</u>	
Subsidy Revenue	\$100,036,000	Additional Plant Operation & Maintenance Costs	\$799,000
Success Challenge	\$5,580,000	Underrepresented Recruitment Pool	\$96,000
<u>Other Income</u>	<u>\$22,339,000</u>	<u>Library Acquisitions</u>	<u>\$149,000</u>
Total	\$244,130,000	SUB-TOTAL---Continuing Commitments	\$1,044,000
Continuing Base Budget	\$229,251,000		
<u>Scholarships & Fee Related Expenses (1)</u>		<u>New Commitments</u>	
Increase in Undergraduate Financial Aid	\$120,000	Dual Career	\$200,000
ICA----Room & Board Increases	\$192,000	Honors Tutorial College	\$23,000
ICA Gender Equity Scholarships	\$67,000	Honors in the Major	\$115,000
Advantage Awards	\$500,000	Undergraduate Research	\$50,000
Distinguished Scholars Program	\$93,000	Faculty Positions: Endowment Funding	\$312,000
Templeton Scholars Funding	\$124,000	Faculty Positions: Enhancing Excellence	\$400,000
Employee Fee Waivers	\$177,000	Central Information Technology	\$190,000
Increase in Graduate Fee Waivers	\$876,000	Center for Innovation in Technology for Learning	\$125,000
<u>Transfer to Recreation Auxiliary</u>	<u>\$320,000</u>	Technology Distribution to Planning Units	\$508,000
SUB-TOTAL---Scholarship & Fee Related Expenses	\$2,469,000	SUB-TOTAL---New Commitments	\$1,923,000
<u>Compensation Increases (2)</u>		<u>Accounting Related Changes</u>	
Contract Compensation Increases	\$4,161,000	Lifelong Learning Fee / Expenditure Adjustment	\$1,235,000
Classified Compensation Increases	\$1,339,000	Late Payment Fee Cost	\$50,000
FOP Agreement	\$21,000	Change in Overhead Service Levels	\$58,000
Classified Bonus	\$30,000	Capital Project Administration	\$130,000
Summer Rate Increase	\$95,000	<u>College of Engineering Technology Expenditures</u>	<u>\$450,000</u>
Graduate Stipends	\$351,000	SUB-TOTAL---Accounting Related Changes	\$1,923,000
Faculty Promotions	\$139,000		
Net Health Insurance Increase	\$1,376,000	Total Expenditures	\$244,130,000
Net Cost AFSCME Agreement	\$66,000		
<u>Workers' Compensation Rate Decrease</u>	<u>(\$58,000)</u>	Revenues Less Budgeted Expenditures	\$0
SUB-TOTAL---Compensation Increases	\$7,520,000		

(1) Assumes a 6 % Tuition & Fee Increase
 (2) Assumes a 4.25 % Compensation Increase

I-A. University Reallocation Fund

This year .75% of the Athens campus General Fund FY 2000 budget, adjusted for reasonable and necessary exemptions (e.g., scholarships), was dedicated to the URF. A total of \$1,311,711 was available for reallocation: \$720,046 from Academic units and \$591,665 from Administrative units. At budget reviews during February, Planning Unit heads described their accomplishments and made their requests for funding. Based on written materials, oral presentations, and discussions with the Vice Presidents and Deans, the Provost and Vice President for Finance recommended and the President approved the following base funding items for the FY 2001 budget.

Enrollment Adjustments **\$296,710**

Recently, faculty positions in a few colleges have not kept pace with enrollments in these colleges. It is important to bring all colleges up to the basic level of the OBOR resource analysis, and to decrease the faculty/student ratio throughout the entire University. The first goal can be met through reallocation; the second requires new revenues.

College	# of Positions	Amount
Business (Finance)	1	\$ 86,355
Communication (INCO)	1	86,355
Health and Human Services	2	124,000
Total	4	\$296,710

Faculty Development **\$127,200**

Faculty development in areas such as instructional technology and teaching writing in courses throughout the curriculum is essential for the continued excellence of teaching at Ohio University.

Center for Innovation in Technology for Learning (CITL):

Operating budget \$77,200
 Writing Across the Curriculum \$50,000

Graduate Studies Enhancements **\$120,000**

Increasing the quality, quantity, and diversity of their graduate students is vital for all of Ohio University's graduate programs.

Engineering Minority Initiative \$ 20,000
 Recruitment (00-01) and stipends (01-02) \$100,000

Infrastructure Development **\$340,159**

All universities depend on a basic human and material infrastructure to ensure high levels of effectiveness in university functions.

Enterprise Project (HRMS, Financial systems) \$100,000
 Maintenance costs for the software licenses
 Library (2 positions: Programmer & digital projects) \$100,000
 Public Employers Risk Reduction Program \$55,000
 Compliance with state-adopted OSHA regulations
 Zone maintenance program (2 positions) \$85,159

Research Enhancements **\$316,300**

Enhancing the research productivity of the university is a major priority of the university.

Bioinformatics faculty position (partial funding) \$40,036
 Biological chemist (shared with Edison Biotech. Ctr.) \$55,000
 Director of Multi-disciplinary Research and Training Ctr. \$75,000
 Engineering research technician \$62,300
 Research office (2 positions: Grant admin & clerical) \$84,000

Undergraduate Education Enhancements **\$111,306**

In addition to high quality teaching in the classroom, excellence in undergraduate education requires a variety of extracurricular, service, and intellectual activities outside of the classroom

Assistant women's soccer coach (partial funding) \$29,125
 Community and Student Volunteer Service Coordinator \$61,181
 Honors College (.5 FTE clerical support for University's \$21,000

Undergraduate Research Program)

II. Regional Higher Education

Sources of Income—Expansion of Access Challenge

Instructional subsidy and student tuition will continue to be the primary sources of income for Regional Higher Education in 2000-2001.

The tuition structure at regional campuses has changed. The Ohio Board of Regents' Access Challenge program provides funding to support a tuition reduction for students enrolled in general studies courses. These are typically courses offered at the freshman and sophomore levels. Last year, Access Challenge provided enough funding so that regional campus tuition did not increase. This year Access Challenge funding has increased so that tuition at Ohio University's regional campuses will decrease by 5% for freshmen and sophomores (students with 96 or fewer earned credit hours).

Consistent with practices at other regional campuses systems in Ohio and with the approval of the Ohio Board of Regents, tuition will increase by 3% for juniors and seniors (students with more than 96 earned credit hours). Juniors and seniors, who generally enroll in baccalaureate level courses, are not included in Access Challenge funding.

General Operating Expenses—A 5.69% Increase

General operating expenditures in Regional Higher Education will increase 5.69% in FY 2001. Expenditure increases will range from 5.54% to 5.66% on campuses and equal 4.02% in the Office of the Vice President and 6.73% for centrally paid items such as university overhead, technology infrastructure, program support, and operation of compressed video and microwave systems. Expense increases on campuses are needed for increases in salaries, purchased utilities, new building costs, new faculty positions, supplies and equipment, including postage, to

support academic and support programs, and new programming initiatives.

Restricted Expenses—21.27% Increase

Additional expenditures in restricted accounts are estimated to increase by 21.27%. Increases in grant income secured from the Ohio Department of Education, the Ohio Department of Human Services, the Ohio Board of Regents, and several federal agencies account for this projected increase in restricted expenditures.

A New Incentive-Based Approach to Campus Budgeting

Beginning next year each regional campus will be budgeted based upon a base expense budget and an incentive income-based budget. Campus budgets will be safeguarded with a base budget floor. Campuses will also be encouraged to accelerate and expand programming with the incentive of keeping most of additional net income earned at the campus for campus-based initiatives. Under this new campus-based incentive system, each campus will be encouraged to develop successful, self-supporting programming initiatives within its service area.

Centrally funded items will continue to be paid for out of the Office of the Vice President. These will include such items as university overhead, technology infrastructure, microwave and compressed video systems, vacation and sick leave accrual pools, and funds for other system-wide ventures. A central system-wide reserve in the form of a fund balance will continue to be maintained to offset unexpected expenses and possible unexpected income shortfalls and to provide seed capital to fund new programming at both the system and campus levels.

Study Groups and Committees for Improved Performance and Quality

The Vice President for Regional Higher Education has initiated several study groups to review faculty development, staff development, academic program development, and technology utilization in both academic and administrative areas. These study groups, chaired by deans or the associate vice president, have been charged by the vice president to cover

specific criteria in each respective area and provide a report on study group findings by June, 2000. In addition, standing committees have been created for plant operations, international programming, and diversity issues. These committees, which meet regularly and which are chaired at the vice presidential level, cover significant issues related to their respective areas. Each study group and committees on international programming and diversity issues consists of diverse membership of approximately twelve individuals from regional campuses and lifelong learning. The plant operations committee consists of physical plant directors from each campus.

Accessible, State-of-the-Art Adult Learning

Regional higher education is creating a state of the art adult learning center in Pickerington, Ohio. This center will be new leased space consisting of six classrooms that will have a total capacity for serving approximately 200 students at any one time. In addition, the center will have a computer lab, a videoconferencing room, a student lounge, a conference room and a seminar room. This site will be ideal to serve northern Fairfield County. It is accessible from Interstate Route 70. Target programs for the new center include degree programs at both the undergraduate and graduate levels as well as certificate programs and business and industry training initiatives. The new center will be budgeted as a new venture and the cost of its operation will be covered by income from programs offered at the center.

III. College of Osteopathic Medicine

Medical Education

MEDICAL EDUCATION

Academic health centers long have fulfilled a specialized role in the health care marketplace by educating health professionals, innovating through scientific research, and providing advanced clinical care for patients whose options for such care are limited.

The resources to carry out these missions have come from a variety of income sources, including:

- State, tuition, and endowment support
- Clinical service revenues paid to faculty physicians from public (federal and state) and commercial payers
- Grant revenues from a variety of research-granting agencies (especially federal)

Before the managed care movement or discounted fees for service, academic health centers developed in an economic environment in which the utilization of clinical services was encouraged by fee-for-service and cost-plus reimbursement for physicians, characterized by the easy growth of revenues in excess of expenses.

For state institutions, state support grew predictably, under the assumption that more research improved patient care and that the education of more health care professionals was required to deliver that care. This has resulted in increasing health and education costs that far outpace inflation and any ability to shift costs from clinical revenues to support the “academic” mission.

Under the new requirements in a climate of “market” competition, clinical reimbursement per unit of service continues to decline for physicians. Even with the projected growth of the NIH research budget, research costs continue to be under-reimbursed while state and other public support for the academic mission has remained flat or has declined. In light of these facts, and despite a robust economy, the number of Americans without health insurance continues to rise, and academic health centers continue to provide a disproportionately large amount of care to this population. The commercial market increasingly is unwilling to pay for the public good that academic health centers have traditionally rendered, including professional medical education, certain kinds of research, and indigent care. The recent Balanced Budget Act of 1997 is a perfect example of enacting regulations that significantly limit funding for Graduate Medical Education by the Medicare program (the primary funding source of residency training).

To protect their societal missions, strategies (nationally and locally) used by academic health centers must be more disciplined in applying sound business practices and focusing more on the bottom line of all of their operations. Each product line, such as patient care, education, and research, must be as self-supporting as possible, and each program should be designed according to its ability to sustain itself. Cross subsidies should be identified explicitly and should be minimized.

Academic health centers must implement “mega-processes” including the entire:

- Continuum of care, showing all the ways in which patients interact with the academic health centers, such as billing, registration, appointments with health care professionals, ancillary services, and patient education.
- Research processes, including generating hypotheses, writing grants, managing grant activity, conducting research and disseminating results, applying for patents, and arranging for royalties.
- Education processes, including requests for admissions applications, matriculation, classes, billing, job

placement, alumni affairs, and graduate and continuing medical education. Our current education models including medical school, graduate medical education, and continuing medical education, may present substantial opportunities to enhance efficiency.

Strategies unique to OU-COM include increasing tuition toward the state assumption of \$15,105 consistent with other medical schools in the state and at a level consistent with other public osteopathic medical schools nationally and enhancing the research incentives and infrastructure to support and increase grant acquisition.

Budget planning for the College of Osteopathic Medicine has proceeded independently, but in conjunction with planning activities of the Athens General Programs and Regional Higher Education.

For several years factors unique to the College have resulted in a reduction of revenue at a time when personnel and program costs have risen. As a consequence, independent assessment and recommendations specific to OUCOM were incorporated in the revenue and expenditure plan presented.

REVENUE

Modest increases are anticipated in state appropriations in FY 2000-2001, and a continuing reduction in clinical services revenue is expected. Student tuition and fee income is based on a projected medical enrollment of 417 and reflects a 9% increase in tuition; a 6% increase in the general fee consistent with the Athens General Program; and the establishment of student fees of \$150 per quarter which support learning resource services and instructional materials in years one and two, and continuing design, development and technological assistance for distance learning in years three and four.

State appropriations, tuition, fee charges and other operating income estimates represent 79.5% of the College's overall budget. The remaining 20.5% includes restricted state and federal grants and contracts, as well as restricted state health manpower line items. Family

Practice Health Manpower line item funding has stabilized at a lower level after declining nearly 40% due to state formula changes over the last several years.

EXPENDITURE PLAN

Revenue projections for the college support salary increases of 3.0% for contract faculty and administrators. Salary and benefit increases for classified and bargaining unit staff will be consistent with the Athens General Program at 4.25%. The budget is also increased to reflect higher health insurance rates in effect for FY 2000-2001. To meet these increased compensation and benefits expenses, the College will reduce ongoing expenses through attrition and selective program adjustments. The implementation of reductions will occur with faculty and administrative collaboration. Faculty recruitment will be pursued only in the areas of highest need as necessary for curricular reform and programmatic priorities.

A summary of the FY 2001 income and expenditure plan for the College is presented on Page E.8. This table and the graph on page E.9 provide an explanation of expenditures for academic/research departments and College service units.

IV. Residence and Dining Hall Auxiliary

Resources for the FY 2001 budget incorporate the final 8% increase completing the three-year cycle of 8% increases mandated by the Board of Trustees and initiated in April, 1998. The 8% rate increase has been applied to all room, board, snack bars, catering and banquet, guest meals and garage charges. In addition, a 6% rate increase has been applied to workshops and 4% to the apartments. Budget figures have been based on an occupancy level of 6,835.

All residence halls will be available for the 2000-01 academic year exclusive of Johnson Hall which will be closed for renovation of plumbing and mechanical systems.

The current budget plan suggests a minimum of \$4 to \$4.5 million dollars per year be expended in the next four years for capital upgrades and renovation. The 2000-01 budget reflects \$4.3 million earmarked for capital upgrades.

Placement of student computers in all freshmen student rooms during fiscal year 1999-2000 was most beneficial and well received by the students. Computer and printer costs for FY 2000 amounted to approximately \$2.5 million while some \$275,000 has been directed to cabling, surge protectors, installation and service. The second phase of computer installation will be undertaken during the 2000 summer resulting in the placement of a computer in every student room. This commitment is estimated to cost \$2.8 million dollars. In addition, \$200,000 has been budgeted to cover ResNet service and maintenance.

Considerable progress has been made by Food Service in the expansion of programs and services to students. The convenience stores and walk-up window have been positive additions to student services. The Grab-N-Go program at Shively has provided the students further opportunity to utilize their board plan options and allows a more effective method of meeting personal and academic scheduling problems. The extension of hours into the late evening in some units has assisted in more efficiently recognizing the lifestyle and eating habits of student residents. The Food Service department has also expanded activities to include concessions at the athletic events and will be undertaking service requirements for the Day Care Center at Putnam and the Day Care Center to be developed at The Ridges.

Planned expenditures include an increase in wages for both classified and contract of 4.25% and an 11% increase for health care benefits. Student wages have been adjusted by 8% or \$.50 to accommodate anticipated changes in the minimum wage law. Additionally, \$125,000 has been added to the Residence Life budget to bring greater equity to Resident Assistant/Resident Director compensation. Food costs and utility expense have been increased by 3% and a modest increase of 2% has been budgeted for all other accounts. A budget of \$350,000 has been included for the MicroFridges present in all 4,200 residence hall rooms. The MicroFridge expense has been moved from the Residential Custodial and Interior Services budget to the Administrative Services budget. A 4.25% increase has been budgeted for indirect cost (wages only). Total costs to be allocated to other departments in FY 2001 amounts to \$4,146,450.

Progress continues to be made with service and building upgrades. The challenges remain significant and the demand for increased financial resources, operating efficiencies, and cost avoidance are necessary to successfully maintain residential programs for Ohio University. Therefore, efforts must be increased to devise creative practical solutions to the capital renewal demands of the system.