Oregon State University
College of Agricultural Sciences

College of Agricultural Sciences Unit Reserve Policy

September 27, 2023

The College of Agricultural Sciences (CAS) ensures compliance with university requirements to maintain appropriate reserves of 15-20% of resources. Annually (Fall of Fiscal Year), CAS administrators set targets for central and unit reserves.

Calculation of targets:

AGES follows Extension Service policies. E&G and AES targets are being phased-in to an eventual level of 15-20%. Targets are calculated based on the following:

Calculation of College Target:

The E&G and AES resources[1] for the prior fiscal year times the target reserve percentage to obtain the target reserve levels.

The following amounts are deducted from the target reserve levels:

- Unspent faculty start-up balances.
- Nonrecurring legislative allocation remaining balances (for the first three fiscal years since the initial allocation).
- Capital construction projects (funds being moved to plant funds)[2].

The following amounts are added to the target reserve levels:

- The difference between prior year unit balances and the target if the balance is less than the target (this allows for the use of unused capacity).[3]

Adjustments for other specific unit carryover policies:

- CAS units that are joint with the COS follow the COS carryover policy (CAS retains 25% of department reserve that exceeds $100K).
- SUS and BRR carryover is limited to $100K.
- College administration reserves are managed to a proportion of the CAS overall reserve target (AES and E&G: 15%, AGES: 30%).

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[1] E&G resources including all state budgeted operations (Fund type 11, fund 001100 and related funds 000000-199999) including but not limited to SRBM allocations, Ecampus, summer session, royalties, student fees, returned overhead, equipment (RERF) allocations, fermentation science, and other special initiative/endowment match funds. AES (Fund type 11, fund begins with 030) includes state appropriation budget allocations, other government funds (capacity and research service district funds) and other revenues such as sales and services.

[2] Starting in FY24.

[3] Improvement in units with negative balances are also considered in the calculation.

Calculation of Unit Targets:

By fund type, the college target amount is allocated to units (their carryover allowance) based on state fund prior year annual expenditures (units responsible for their own facility maintenance, e.g., branch experiments stations, shall be included in the allocation at 125% of state fund expenditures) All units shall have 25% of prior year restricted fund expenditures (Fund types 31-35) added to their annual state expenditures to acknowledge the need to carry reserves for soft funded programs.

Management of Balances

Units are expected to maintain positive fund balances. Unit heads with negative balances (in E&G, AES or AGES) must present and execute a plan to return to positive balances with submission of their annual documentation associated with their annual unit review for discussion during the annual review process. Units that exceed carryover allocations must also present a plan during the annual review process.

Faculty are expected to maintain balances at a level under $250,000. Unit heads must present and execute plans for individual faculty balances (excluding start-up) in state accounts that exceed $250,000 (across all state fund types, i.e., E&G, AES, AGES). At the end of each year, excess balances will be reallocated in the unit allocation process unless an exception is approved by the college. Exceptions will be rare.

Units are expected to maintain unit balances across all fund types at a minimum of 25% of the overall unit and faculty balance combined. If the minimum is not met, the unit head must present and execute a plan to realign reserves to meet the target.

The college does not retain E&G carryover (the full amount is rolled into the future year SRBM allocations).

Balance Phase-In (College Wide)[4]

FY23: E&G 36%, AES 27%, AGES 15%[5]

FY24: E&G 30%, AES 26%, AGES 15%

FY25: E&G 25%, AES 25%, AGES 15%

FY26+: 15-20%

Timelines

<u>Review of prior fiscal year outcomes:</u>

September 10: Units receive notification of prior year results.

September 25: Units make requests to retain funds that exceed reserve and faculty balance targets.

October 10: Determinations are announced regarding return of excess balances.

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[4] The phase-in schedule will be reevaluated annually.

[5] Due to the firm shift of funds at 20% to the Extension Service, the target is set at 15% to allow for variation.

Setting new fiscal year targets:

September 15: Units receive notifications of preliminary reserve targets, faculty balances that exceed $250,000 and unit/faculty balance percentages.

September 30: Units make requests for exceptions[6] to the policy for the upcoming year.

October 15: Exceptions are announced.

October 31: Units are notified of final reserve targets.

Fall Unit Reviews

Units that significantly exceed reserve targets, have excessive faculty balances, have insufficient unit reserves, or have negative balances develop and implement plans to reach targets or return to positive balances (part of annual unit reviews).

The college recognizes that units may need to retain funds for specific purposes, such as operating costs associated with building renovations, saving for future start-up, etc. These will be evaluated and discussed on an annual basis when reviewing the unit reserves.

During the annual unit review process, reasonable E&G balances from returned overhead and royalties will be allowed for units that do not have a CAS E&G base budget allocation (e.g., branch experiment stations).

University and College Support Pool

To lessen the need to retain funds at the unit and PI level for every potential contingency, units may make requests for additional college support (such as gaps in soft funding, emergency infrastructure situations, etc.).

OSU has established a bridge funding pool starting 9/16/22 as agreed during bargaining with UAOSU faculty union. This program is intended to assist research faculty who are between externally funded research grants. There is an application process and criteria for evaluation that will be used by small review group to be established by the VP for Research or their designee. It is anticipated that awards will typically be at least $50,000 and no more than $120,000.

[6] Including, but not limited to, capital construction projects.