

Submitted: August 1, 2007

Approved: September 17, 2007

Recommendation #17: Determining what services and programs will be included in the Business Services expense pool and defining the statistic used for allocating the Business Services expense pool

Issue number: E-04, E-06, E-14, E-56

Background

Currently, The Division of Business and Finance offers services through its central administrative and support units. The expenses associated with these services are currently paid centrally through the General Fund. The Budget Model Review and Implementation Committee recommended that the expenses associated with these services be included in the Business Services expense pool and that they be allocated proportionately to primary resource units based on their proportion of total faculty and staff FTE.

Currently, the university is partially funding the City of Ames CyRide bus system through the General Fund to support the use of the bus system by ISU employees. For fiscal year 2008, the annual Bus Services expense that was funded through the General Fund was \$478,568 and is included in the Facilities Planning and Management budget (fund account number 701-11-59). Therefore, based on the expense pool structure, the expenses associated with Bus Services would be included in the Facility Services expense pool and would be allocated based on net assignable square feet. However, the work group reviewed the appropriateness of allocating the Bus Services on the basis of net assignable square feet and concluded that this was not an appropriate proxy for allocating this expense. The work group suggested that a better allocation proxy would be faculty and staff FTE. It should be noted that a separate student fee is charged to students for bus services and that funding is used to support the use of the bus system by ISU students.

Historically, the Office of Institutional Research has reported faculty and staff FTE data based on the October 31st payroll. This has traditionally been considered the Fall term "official" payroll commitment data.

Recommendation

The expenses in the Business Services expense pool are those associated with central business administrative units and support services offered through the Division of Business and Finance. Specifically, these units and services include:

- Division of Business and Finance (administration)
 - Bus Services (university subsidy for CyRide bus system)
- Business Services
 - Purchasing Department
 - Office of Risk Management
- Controller's Department
 - Accounting Office/accounts payable
 - Financial Accounting and Reporting Office

IOWA STATE UNIVERSITY
Resource Management Model Implementation
Operations Team
Expense Allocation Work Group

- Payroll Office
- Sponsored Programs Accounting Office
- Treasurer's Office
 - Accounts Receivables Office
 - ISU Card Office
- Human Resources Services
 - Child Care Administration (provide assistance to ISU students and employees seeking child care information and services on the campus and in the community)
 - employee benefits administration
 - Employee and Labor Relations
 - Employee Assistance Program
 - employee professional development
 - employee recruitment and hiring
 - employee retirement advising
 - workers compensation administration
- Department of Public Safety
 - Police Division
- Department of Environmental Health and Safety
 - Biosafety Program
 - Emergency Response Preparedness
 - environmental programs (restricted material management)
 - health and safety services

The work group concluded that staff FTE is a better proxy for allocating the expenses associated with Bus Services and has therefore recommended that it be moved from the Facility Services expense pool to the Business Services expense pool.

For fiscal year 2009, Vice President for Business and Finance, Warren Madden, has agreed to move Bus Services funding from the Facilities Planning and Management budget to the Division of Business and Finance administration budget (fund account number 701-12-03). This will ensure that the expense pools continue to remain in line with the university's organizational structure.

Allocation statistic

These expenses in the Business Services expense pool will be allocated to primary resource units based on the unit's proportion of the university's total faculty and staff full-time equivalent (FTE). For the purposes of this allocation, faculty FTE includes tenured faculty, tenure-track faculty, non-tenure eligible faculty and postdoctoral associates. Staff FTE includes professional and scientific staff, merit staff, graduate assistants, and hourly staff (excluding students). Faculty and staff FTE data takes into account all funding sources, excluding agency funding. The Office of Institutional Research's October 31st FTE data from the prior fiscal year will be used as the data source for this allocation statistic. For example, for fiscal year 2009, the Business Services expense pool will be allocated using the Office of Institutional Research's October 2007 FTE data.