Office of Financial Planning and Analysis

The semester conversion process has had a significant impact on the Financial Planning and Analysis team. From projecting the impact on enrollments and revenues, to the conversion of all fee structures, to the impact on the FY13 budget process, this initiative has affected nearly every facet of our team’s work. The underlying tenet that drove all decisions and work product was the pledge to students that full-time tuition (instructional and general fees) for one academic year under semesters would not cost more than it would for a year under quarters. The following are the main areas where the semester conversion process has impacted our office.

Conversion of Tuition and Fees
Initially, the conversion of the existing fee structure from quarters to semesters did not appear to be a very complicated issue. The basic method of converting the quarter fees to semester fees was to multiple a quarter fee by 1.5 to get the semester fee. For example, if a quarter fee was $100 (annual amount of $300), then the semester fee would be $150 (annual amount of $300).

While this conversion method worked well for most situations, exceptions immediately came to light. This required that each fee type needed to be converted individually in order to assure that the intent of the pledge to students would not be violated. The office worked with the Registrar’s Office and each college to reach consensus on the correct conversion rate.
Complicating the conversion was the fact that many academic courses and course series were re-designed entirely by the colleges which required the Registrar’s Office to develop a crosswalk from existing quarter courses to new approved semester courses as a basis to develop the appropriate fee structure.

Another complicating factor in fee conversion was the summer 2012 semester itself. Because it will be a one-time only structure (7 weeks) between quarters and semesters, it was necessary to adjust the converted semester fees for items that are time-based fees, rather than credit-hour based fees. These fees included the Ohio Union, RPAC, COTA, etc. where it was necessary to convert the fees to semesters and then to prorate the new fee level based on time.

**Budget Calendar Changes**

The semester conversion required a number of changes in the annual budget process calendar. The first related to the timing of decisions on any changes in tuition, room/board and fees. Because the year will now start in August, rather than September, we needed to provide any fee changes to the Registrar’s Office earlier so that registration and billing could be done timely. Given that the Board of Trustees must approve any tuition and fee increases as well as any new fees, it was necessary to move the decision timeframe from May to March in order to align with the Board’s meeting schedule. For this year, we are taking tuition and fees to the April Board meeting, rather than the June Board meeting. In years where the State of Ohio is considering its biennial budget, this will be especially challenging. The state budget bill, which often dictates caps on tuition increases and appropriates the state subsidy that universities receive, is usually not passed until late June, which means OSU will have to go to the Board of Trustees with a tuition proposal 2 months prior to the passage of the bill. We are talking to other state universities that are currently operating on a semester system to get the best procedures in setting tuition during these budget years.

**Enrollment and Revenue Projections**

One of the most challenging tasks due to semester conversion has been the projection of enrollment for FY12 and FY13 and the resulting impact on our revenue estimates for the next several years. Student behavior related to semester changes can be impacted in many ways. In order to get an idea of what kinds of shifts we may see, we contacted many universities that have undergone a semester conversion process to see what kind of behavior could be expected. This included impact of graduation rates, credit hours per term, enrollment in the summer term prior/at conversion, etc. While we were able to get some guidance in these areas, the data from other universities supporting how our students will change their behavior isn’t extensive:
Impact of Semester Conversion to B&F

- Graduation Rates – Other universities saw an increase in credit load for the juniors and particularly for the seniors in the year prior to conversion. If we have a large number of graduations, it will impact enrollment in the autumn semester as well.

- Credit Hours per Semester – After conversion, other universities experienced a drop in credit hours that caused students to be classified as part-time rather than full-time. This occurred because students were accustomed to taking 3 classes a quarter but then had to take 5 classes a semester to remain full-time. In spite of the communication efforts of the universities, many students did not sign up for enough classes. If this occurs, it could impact revenue as well.

- Enrollment for the Summer Term – Prior to the first full academic year, this term is the most difficult to project. Given the short time frame (7 weeks), it is very difficult to determine how many students may register. We are estimating a significant decline in students and credit hours for this term.

Salary and Academic Calendar Issues
Given the shift in the start of the academic year from September to August, it was necessary to shift the salary year as well from October 1 to September 1. We worked in conjunction with the colleges to determine what, if any, budgetary impact that will have. This is especially important for those instructors who work 9 months of the year, but are paid over 12 months.

May Term
The revenue impact of the May term is not fully determined at this time. Because 3 credit hours of May term are “free” to students that attend spring term, there will be some impact on fee revenue. But at this time it is difficult to determine how many students will take classes during this term, since course offerings are not yet complete. We will monitor this change as it develops further to determine if OSU will see any revenue impact from May term.

Budget System and Budget Model Impacts
Fortunately, the budget model should not need to be adjusted for the semester conversion. The method of allocating funding based on the colleges’ number of credit hours taught and the cost of instruction will not change due to semester conversion. However, due to the fact that many colleges have completely re-designed courses, course series and programs for semester conversion, significant relational shifts among colleges may occur. Monitoring the shifts in the data and the cost pools will be a major project for the team to determine if any adjustment needs to be made in the distribution formula to adjust to these relational changes.
Impact of Semester Conversion to B&F

The semester conversion has had a great impact on our processes, calculations and workload/timing over the course of the last year and will continue to do so as the impacts are more fully understood, analyzed and recommendations for adjustments are vetted.

To view the impact to the areas listed below, hold the “ctrl” button down and move your cursor over the name.

- **Office of the Controller**
- **Office of Financial Services**
- **Internal Audit**
- **Office of Investments**
- **OSUMC Financial Services**
- **Purchasing, Stores, Receiving and Mail**
- **Resource Management Systems**
- **Technology Commercialization**
Office of the Controller

- The compressed summer timeframe will impact the year-end audit which normally occurs in mid-August. There will be an increased overlap between the year-end audit and the start of the autumn semester making it a busy time as colleges respond to inquiries from the auditors.
- There will be a change to the accrual process for summer tuition apportionment.
- AMCP – The Annual Merit Compensation Process will move back a month and become effective September instead of October.
- There will be a one-time change to the salary year which will mean calculating benefits for two paychecks for 9-month faculty. Nine-month faculty is “on duty” 9 months of the year, but has their pay spread out over 12 months. Since their appointment (salary year) will shift from 10/1 – 9/30 to 9/1 – 8/31, there will be an “overlapping” payment in September. The September paycheck will include the final payment of their 11/12 salary year and the first payment of their 12/13 year.

Office of Financial Services

The impact of the semester conversion on our annual cash flow forecasting will be in the area of tuition receipts and student loans.

- The timing and the amount of these receipts will change. For example, tuition receipts in the fall of 2011 were almost $147 million. These payments were received primarily in September. Because of the semester change, these payments will be received in August 2012 and the amount is projected to be over $220 million.
- The funds received from loans, called Direct Lending, were $127 million in the fall of 2011 and will likely increase to over $190 million in August 2012.
- Although current investment rates are low, receiving these funds earlier and the larger receipts will result in increased interest on these funds.

Internal Audit

The semester conversion will not directly affect Internal Audit. However, IA will be cognizant of the new schedule as we perform audits of each of the colleges.

Office of Investments

The change to semesters has no impact on our office.
OSUMC Financial Services

For the Medical Center Financials, there is no impact for the conversion to semesters. For the medical center as a whole, the quarter start dates will impact the onboarding and training of students who participate in clinical rotations.

Purchasing, Stores, Receiving and Mail

The Purchasing department operates on a fiscal year schedule, with the year starting July 1st and ending June 30th. The busiest times for Purchasing typically occur during the beginning and end of the fiscal year. Busy times are also noticed when students are preparing to be on break and actually on break. A lot of university departments and colleges plan to get building work/maintenance/repairs taken care of during student breaks to take advantage of less congestion throughout the university. The change from quarters to semesters will most likely cause a shift in timing of our busy period.

Resource Management Systems

The Annual Merit Compensation Process will be earlier as salary increases will be effective September 1st rather than October 1st beginning in 2012. This will push the review period for performance reviews forward one month to June from July. Managers will need to plan completion of performance evaluations for the end of fiscal year while still in current fiscal year. On a positive note, the new performance management tool has shifted the workload for performance reviews to coaching sessions throughout the year rather than all the effort at the end of the year.

Technology Commercialization

Involving students in every step of the commercialization process is a top priority for the Technology Commercialization and Knowledge Transfer office (TCO) and the new academic calendar allows students even greater access to commercialization opportunities and initiatives. The conversion from an academic quarter system to a semester creates an advantage for students to participate in more streamlined and cohesive programs. For example, we are working with our Mechanical Engineering group to develop a 2 course program in rapid prototyping and product development. The semester framework allows a much easier transition from one course to the next and immerses the students in real world projects. The semester schedule enhances and deepens the student experience by allowing them to take a full series of classes covering all aspects of innovation without quarter break interruptions. In the previous academic system a series of commercialization classes would require four quarters, an entire academic year, to execute.
Impact of Semester Conversion to B&F

Scheduling a four course series in four consecutive quarters is a challenge for many students. With the new academic semester schedule launch, the commercialization courses are much more streamlined and in-depth when compared to the material presented in a ten week quarter. Students will have more time for projects that involve detailed analysis, building prototypes, and gaining startup experience. Some new courses in development range from design, commercialization, prototyping and start-up creation.