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Budget & Accounting Committee Joint Meeting

 Admin Cost Ratio Definition revision Jan 2019.docx
16 KB

****TASSCUBO Accounting Principles Team****

We are scheduled to have a joint meeting with the budget and accounting team at 7:15 am to 8:30 am on Monday January 28th in Palm Park (7th Floor). We will be discussing the two items listed below; the goal is to discuss methodologies and reach a consensus amongst the institutions. This issue is mainly an institution issue; agencies are invited if they would like to attend.

LBB Performance Measure 'Amount Expended for Administrative Costs'

Attached is the latest draft which has been edited several times since the Summer. If there are additional edits, please let us know. Otherwise, this revised definition is ready to be submitted to the LBB. Thank you for all the input on this topic.

THECB General Academic Institution Expenditure Study

This data begins with the THECB Sources & Uses report as a starting point, then the cost study allocates the costs down to a program/level for the purposes of coming up with a weighted semester credit hour. Here is a link to the THECB site [THECB Expenditure Study](#).

We are recommending each institution have a representative present to discuss these two items. We will be discussing each institutions current methodology. If there is additional documentation your team would like to share, please feel free to reply to the attendees above.

Again, appreciate every one's time and expertise.

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THE TEXAS A&M UNIVERSITY SYSTEM

Current LBB Definition for Administrative Cost Ratio:

Efficiency 1: Amount Expended for Administrative Costs as a Percent of Operating Budget.

Short Definition: The percentage of funds expended for administrative costs as a percent of operating budget. Administrative costs are Institutional Support expenses as designated in the institution's annual financial reports included in the following subcategories: executive management, fiscal operations, general administration and logistical services, administrative computing support, and public relations/development.

Purpose/Importance: This measure provides an indicator of the proportion of the operating budget being spent on administrative costs.

Source/Collection of Data: Institution Annual Financial Report.

Method of Calculation: The amount of Institutional Support Expenses divided by the Total Expenses, excluding auxiliary enterprises and the results of service department operations. For system offices, the measure should be based on the combined financial statements of the system office and all system components.

Data Limitations: None.

Calculation Type: Non-cumulative, annual

Proposed Revision of the LBB Definition for Administrative Cost Ratio:

Efficiency 1: Amount Expended for Administrative Costs as a Percent of Total Operating Expenses.

Short Definition: The percentage of funds expended for administrative costs as a percent of total operating expenses. Administrative costs are being defined as costs on the NACUBO function Institutional Support expenses which are reported on the institution's annual financial reports. Institutional support expenses are defined in the NACUBO guidelines.

Purpose/Importance: This measure provides an indicator of the proportion of the operating expenses being spent on administrative costs.

Source/Collection of Data: Institution Annual Financial Report

Method of Calculation:

Numerator - The amount of Institutional Support Expenses (all funds) less Net Service Department Expenses

Denominator - Total Operating Expenses (all funds), less auxiliary enterprise expenses less net service department expenses

Exclude Pension expenses and Other Post-Employment Benefits (OPEB) expenses from the numerator (Institutional Support) and the denominator (all functions). For System Offices, the measure should be based on the combined financial statements of the system office and all system components.

Data Limitations: None.

Calculation Type: Non-cumulative, annual