

## **SYNOPSIS OF RESPONSES TO UF SENATE BUDGET COUNCIL SURVEY OF COLLEGE DEANS REGARDING RCM IMPACTS, FEBRUARY, 2012 (April 23, 2012)**

The University of Florida Faculty Senate Budget Council is “charged with making policy recommendations and facilitating faculty participation in shared governance” within the area of “budget and fiscal matters as they involve the academic mission of the University.” Beginning in the academic year 2010-11, the Budget Council has been tasked with reviewing the implementation of Responsibility Center Management (RCM) with particular attention to: (1) its implementation and impact on budgeting and planning and (2) initial monitoring as to whether the allocation of resources is consistent with Faculty Senate actions and UF’s long term and short term strategic plans.

Our initial deliberations were guided by review of documents outlining the background and implementation of Responsibility Center Management at UF (commencing 2010-11), interviews with nine unit/Responsibility and Support Center deans and administrators, input gained from UF faculty through a joint meeting with the Senate Council on Research and Scholarship and Budget Council and web submissions to the UF Senate Blog, and discussions with the Provost, the Chief Financial Officer, and the Vice President for Business Affairs.

During the current year (2011-12) we sought more specific information on impacts and potential impacts of RCM on interdisciplinary academic activities and programs at the unit-level. We initially met with two Responsibility Center administrators, one mixed Responsibility/Support Center administrator, and one Support Center administrator with strong records of interdisciplinary programs to identify specific issues and concerns. Their major challenges have been related to activities supported by State allocations. Externally-funded interdisciplinary programs are affected differently than internally-funded (State and tuition allocation) interdisciplinary programs because the State funding under RCM is based on student credit hours. While externally-funded programs are still subjected to RCM taxes, the budget allocations for these interdisciplinary efforts are clearly established in grant development.

Based on these initial meetings, we concluded that the impacts of “the RCM transition” have been influenced by two major issues. First, since the implementation of RCM has coincided with reduced State support, there is a misplaced belief that the declining college/unit budgets have largely resulted from the RCM model. Second, because the RCM budget is based on SCH, inter-college interdisciplinary programs reduce the revenue for participant colleges (Responsibility Centers). Although the subventory pool (“Strategic pot”) in the RCM model provides a potential mechanism to make up this shortfall, the continuing State reductions have limited the funding for this reserve.

Pursuant to our charge and continuing role, we next sought the input and comments from the UF Deans (in a February 1, 2012 e-mail message) related to our

recommendations from the “University of Florida Budget Council Report on Responsibility Center Management” (<http://fora.aa.ufl.edu/docs/73//SharedGovernance//finalizedbudgetcouncilrcmreport4252011.pdf>) on the following three questions:

1. Has RCM affected current or planned interdisciplinary teaching or research programs in your college? Please provide examples and, if possible, provide suggestions how RCM modifications would better support these activities.
2. Has RCM affected administrative decision-making in your college, including, but not limited to, staffing, hiring, and space allocation and assignment?
3. Has RCM increased transparency at the university level? At the college level?

Fourteen of sixteen deans responded to our request for information. In general, college-level (Deans’) assessments of RCM are that it is a “work in progress.” The assessments of RCM impacts have been muddled by the overriding gloomy State economy and UF Budget rather than the RCM model, per se. A second issue is that “interdisciplinary” means several different things intellectually and organizationally. For example, some colleges which participate in programs and activities in consort with at least one other college (“intercollege interdisciplinary programs”) and those which view these activities as collaborations among departments and units within a (their) college (“intracollege interdisciplinary programs”) face different financial challenges. Since the RCM model is grounded in an SCH funding basis, it is not surprising that deans engaged in intercollege activities have acknowledged greater impacts than the others because, in these cases, the SCH-funding is shared among colleges. The following quote from a dean whose college participates in intercollege programs best captures the current impact of RCM on interdisciplinary activities at UF: “I think it fair to say that all of our decision-making on interdisciplinary programs has been unaffected by RCM, although this is not the same thing as saying that RCM has no impact on interdisciplinary programs. We continue to pursue interdisciplinary opportunities where these make sense and add value to the educational experience of our students and research goals of the university.”

The following sections summarize the Deans’ responses to each of the three questions.

- 1. Has RCM affected current or planned interdisciplinary teaching or research programs in your college? Please provide examples and, if possible, provide suggestions how RCM modifications would better support these activities.**

The majority of deans indicated that interdisciplinary teaching and research programs in their units have not been affected. Among those who identified problems, several felt that there are problems with SCH weightings and weighting-variations across colleges. This was especially important when considering the support of students with double

majors, although the actual financial impacts were likely small. There is some concern that the perceived inconsistencies in SCH weighting might force deans to consider possibly transferring content and/or the home departments of that content to other colleges.

**2. Has RCM affected administrative decision-making in your college, including, but not limited to, staffing, hiring, and space allocation and assignment?**

The most common concerns are that RCM has raised awareness of the cost of space. Most deans either wish to reduce their current inventory of space or are cautious about considering expansion of their current allocation. Several respondents recognized that the RCM budget allocations, which are based on student credit hours for academic units, do not fund support units as formulaically as the educational units and that this difference might invariably decrease services rendered by these support units. Further, when there are external funding sources for service (for example, State-funded clinical service contracts), the indirect cost returns for that funding are typically minimal (e.g., <10%) and do not capture the cost (support unit taxes) of those grants and contracts because the estimated cost of support services for externally-funded activities (in aggregate) is 20% of expenditures. Finally, there was a recognition, but to this date no action taken, that this approach might result in decisions to reduce the number of course sections offered or provide thresholds for minimal course enrollment for courses.

**3. Has RCM increased transparency at the university level? At the college level?**

At the University-level, RCM has increased the Deans' understanding of the costs of Support Unit activities (infrastructure and operational costs) and the budgets of other colleges. Yet, likely related to the declines in State funding, it is difficult to anticipate future college revenue (quote from a respondent, "Hindsight is transparent ... Foresight is still a black box."). While, in general, there is an increased understanding of Support Units' costs, several Deans had little understanding of how the baseline budgets of those Units were developed and how college-level decreases in funding related to Support Unit funding.

At the college-level, most Deans indicated that they have increased transparency within units; however, this activity is not driven by RCM. Of note, examples of increased college-level transparency did not mirror that of the UF central administration transparency that enumerates costs associated with the UF-wide Support Units (i.e., colleges do not provide budgets for non-SCH producing and non-revenue-generating units within an individual college).