

CALS Unit Head's Response to Provost's Questions on RCM function within the College.

The following text (shown in black font) was first sent from Shane Burgess to UHs and FCG on 10/24/14. The UHs note that Shane indicated consensual responses were not necessary and that multiple perspectives could be put forward with attribution of numbers pertaining to each, but the UH responses shown here (in blue font) were generated through a series of round-table discussions during CALS Head's lunch meetings over the course of fall semester 2014 and spring semester 2015 and, as such, reflect agreement among all participants.

Below are five questions that the Provost would like for us to work on within the college for our budget model implementation. You can see that these are similar to those we have discussed already for each of your groups.

1. How should unit instructional activity (especially changes in it) be funded within the college when allocating funds?

Baseline of funding is essential for maintenance of teaching programs. Fluctuations in instruction should dictate the increase or decrease in funds. Rolling average of three years should dictate allocation response. However, faculty attrition can result in diminished instructional metrics; this should not be penalized by CALS, but rather there should be a mechanism (e.g., strategic initiative) to generate the funding needed to fill those gaps.

Funding would follow SCH, degrees conferred, and majors at both the undergraduate and graduate levels. If all other RCM metrics at the UA are assumed unchanged (not likely, but just for the sake of simplicity here), increased metrics for a given unit will result in increased allocation of funds to the College, and these increases should flow at some proportionality (percentage to be determined) to the units responsible for increased SCH, without the need to decrease allocations to other CALS Schools/Departments (and indeed, these other Schools/Departments in the College might even see an increase in funding as the rising tide could lead to CALS strategic investments elsewhere). Decreases could be felt by those units that have significant decreases in the same metrics, but strategic attempts should be made to bolster programs where decreases are due to a need for resources e.g., because of loss of faculty to other institutions, tenure denials, retirement, or death.

Teaching in summer or winter terms should be incentivized by increasing the flow of revenue from tuition to the units that are doing the teaching.

2. How should unit sponsored activity (especially changes in it) be recognized within the college when allocating funds?

CALS should support units that grow in their research revenues. Units that are raising a greater proportional share of MTDC or IDC should be incentivized by receiving a larger proportion of the total IDC return to CALS. Research and teaching funds should be preferentially allocated to those units helping CALS meet ABOR metrics.

3. How should the use of space by units (especially changes in it) be handled within the college when allocating and charging for space?

The College should handle the optimal allocation of space and also cover the payment of cost for space (at the College level). CALS should distribute space in response to fluctuating needs among the units, removing space from units where it is underutilized and allocating it to units that have an increased need in response to growth. If space required by a unit decreases, it should be allocated to the CALS “*space warehouse*” where it can be more effectively applied to evolving needs. Once transferred to the CALS “*space warehouse*” the cost of that space would no longer be borne by that School or Department.

4. What proportion of the allocated revenue should be held at the college for the subvention pool and strategic investment pool?

Our level of information on the current funding flow-through is insufficient to give a specific quantitative answer to this question (and the same goes for question 5). However, we offer here principals for that decision. Subvention funds (subsidies) should be employed to support units that suffer attrition. At the same time, plans to become self-sufficient would need to become part of the long-term budget for those units.

The pool of subvention and strategic investment (SI) funds should accrue when the revenues to the College exceed those required to sustain the core programmatic activities of the departments. Taxing revenues associated with successful activities (research expenditures, summer/winter instruction, etc.) at a level that is higher than current, would make those programs unsustainable. The UHs are unanimously in favor of building a strong and robust subvention and SI pool of funds once these issues of sustainability are addressed.

5. What should we use to decide what the percentage of the reserve that will be held at the college to handle year to year changes in activity within RCM at the college level?

Our response to this question is essentially identical to that associated with question 4.

The UHs also are concerned with the assertion that a significant fraction of requisite CALS reserves are to be found within units in PI-controlled (e.g., FPC and similar) accounts. These accounts are viewed by PIs as discretionary accounts associated with their individual, distributed programs and entrepreneurial activity, and this perception is one with clear historical precedent. Evolving that perception to one that identifies those funds as controlled centrally would require a “*culture change*” in the College that would need to derive centrally (at the College level) and be implemented consistently across all units, rather than individually and differently at the unit level. Clearly there would be significant negatives to faculty morale associated with such a

move. The Dean and UHs should schedule a meeting in 2015 focused on the issue of PI-controlled funds.

Also, attached is a model from the provost that may help your group's thinking. Actually wants it a filled in by the colleges and so if each of your groups could do so, that would be very helpful.

Toward the goal of minimizing disruptions upon implementation of RCM, the UHs recommend implementing initial percentages that are identical to those currently employed for CALS reserves, and that future changes in those percentages could follow from the 'delta functions' associated with CALS and unit-level performance under RCM. We do not know specifically what those initial percentages would be because we do not have the data to assess that, but we trust that CALS does have such data, and we would be interested to understand what the current fraction of budget is that is allocated to CALS reserves.

Further discussion between the Dean's office and UHs would better enable us to fill out the numbers in this table, as discussed above.

College RCM Flow Example

