

Review schedule and material/major recommendations regarding the RCM model were summarized. Other recommendations, especially those around communications and governance issues, were not presented here but will be acted upon.

Summary of open discussion:

Participants' questions in blue; presenters' responses on black.

- **How was academic quality measured?**

Evidence examined was mostly qualitative. Deans, faculty senate representatives, and others were asked to describe incidents or issues that in their opinion served as evidence of RCM impact on academic quality. Quantitative evidence included data made available to all RCM subcommittees, including statistics on grade distribution, class size, faculty/student ratios, etc. Academic program reviews have also served as sources of information. No evidence was found that RCM has impacted academic quality, i.e., no direct correlation could be made and no causal relationship could be proven. For example, class size data was examined for the 5 years before RCM implementation and the 5 years subsequent, and the data show average class size to be flat over the ten year period.

- **Inclusion of incentives in the RCM model is a very positive aspect of the model. There is a concern that the combination of a single assessment applied to all research activity and the lowering of the percentage of state appropriations directed to research faculty could provide significant disincentives for funded research. The combination could be a "double whammy." Research vitality is a goal of the academic plan as much as academic endeavors, it's also one of the few expandable revenue streams.**

- The Assessments Subcommittee focused on the positive behaviors that could be encouraged by the model.
- The Steering Committee views all missions as being equally important.
- Having additional eyes look at the recommendations and anticipate outcomes of any proposed combination of changes is one of the primary reasons for these hearings.

- **What was the logic behind the decision to reduce the state appropriations drawn by research faculty salaries to .5? ERG pays both the Academic Affairs and general assessments now and the center is teetering financially – it's possible that further disincentives for research could lead to disappearance of the center.**

- The State Appropriations Subcommittee looked at many different models. The majority, but not all, of the group seemed to feel that teaching faculty deserved more state allocation [statement by subcommittee member].
- The subcommittee debated this issue over four or five meetings and based their rationale on what they saw as the reason the state allocates the money: although the state provides the funding somewhat in support of a comprehensive university, the main focus is to subsidize in-state tuition, and since those who benefit from this are mostly undergraduates taught by tenure-track faculty, providing the highest percentage of state allocation to instructional faculty is a reflection of the purpose of the allocation. The discounting of the percentage allocated to research and clinical faculty was not meant to devalue the contributions of these faculty groups but to recognize the primary reason for the allocation. Also, there was no magic to the choice of .5.

Returning to the comments on the impact of the proposed changes on research centers, a **single assessment** might actually help research centers within colleges, because this new methodology would spread the cost of Academic Affairs to a wider group than just the schools and colleges that now absorb the cost. Of course, the cut in **state appropriations due to research faculty salaries** may not help the center.

This might be offset by the inclusion of **graduate stipends in the state appropriation allocation**.

There could also be benefit if some of the **PI IDC return** is provided to departments.

- **Removing the academic assessment from funded research in the schools and colleges could be a huge incentive for research.**

Many ideas for “leveling the playing field” are being explored. Steering will take up the issue of assessments again tomorrow (12/14).

One could say that the field is less level now than it was at the beginning of RCM due to the extensive growth in funded research. One could argue whether this is good or bad . . .

- **If research is seen as a secondary activity, as reflected in the reduced rate of state appropriations directed to research faculty, then wouldn't it be consistent to reduce the assessments applied to research activity accordingly?**

The reduction of state appropriations to .5 for research and clinical faculty was not meant to indicate that those faculty are secondary. Dollars from state appropriations should go toward instruction. One principle of RCM is to link the source of funds with the intended coverage of related costs. There is no intended hierarchy of value, only a reflection of the state's main interest in educating its citizens. The fact that UNH receives only 14% of its funding from the state puts a great deal of pressure on its other sources of revenue.

- **The state subsidizes the research mission very minimally. The actual percentage of the total pool of state appropriation allocated based on faculty salaries that has been directed to research faculty is very small. Reducing the appropriation to research faculty sends a message.**

As in the decision to weight credit hours differently for the various schools and colleges, there is no value statement made in the decision to reduce the state appropriation to research and clinical faculty; it's just a reflection of the relative cost to the institution.

- **Although these changes are to take effect for FY07, changes are now being made to the NSF charges.**

This particular issue does not reflect a change to the RCM model, but rather is an isolated agreement between a unit and Facilities.

- **Can you review the credit hour weightings and explain the logic behind the recommendation to maintain the original weightings?**

The original subcommittee charged with examining this in FY99 tried to obtain a measure of instructional costs. Department profiles were used and national data was examined. An average cost was determined for each school and college, with FY99 data serving as the basis – COLA costs were lowest, CEPS were highest, and the other units were in the middle. COLSA costs are complicated by use of federal Agricultural Experiment Station funding, but the subcommittee calculated the costs both including and excluding this money. When the AES funding was excluded, the costs looked very similar to those seen in SHHS and WSBE. In 2001 the original subcommittee was reconvened, looked at the issue and the data again, and unanimously recommended the original weightings be maintained. The most recent Undergraduate Tuition Subcommittee again examined each year of cost data and saw that the pattern is virtually identical – costs are up overall, but the relativity between schools and

colleges has held true. No value statement was made in assignment of the relative weightings. 90% or more of the instructional costs is due to faculty salaries. The subcommittee's charge was to reflect reality. Delaware study data was also used to reconstruct the costs for UNH departments and the results showed that UNH's relative costs reflect national averages.

- A set of comments offered by one participant (see complete document at conclusion of forum notes):
 - Faculty members and leaders must be active in this process.
 - The Research Subcommittee included disproportionate representation from research institutes and centers, therefore some of the committee's conclusions do not balance research with the full academic mission of the university.
 - Applauds uniform assessments on grants, limitations on subsidized hiring of research faculty, pro-rating assessments and PI return on low-IDC grants, exploration of sharing PI return with home departments.
 - Alarmed by the proposal to remove grant funds from the assessment base because Academic Affairs is very involved in the education and research structure of the university. Academic Affairs and the colleges are struggling to fund the Discovery program.
- The operations of the VPR&PS are dangerously dependent on earmark programs.
 - This puts the OVPR&PS in direct and unhealthy competition with the colleges and leads to build-up of some programs even as other equally good or better programs struggle.
 - There is no consultation with the colleges regarding prioritization or planning for these programs and no annual report to the deans or Academic Affairs.
 - IDC from earmarks could be directed to fund the Discovery program, the honors program, faculty start-ups and other programs that would ease the financial burdens on Academic Affairs, the colleges, and the departments.
- An independent outside examination should have been part of the RCM review.
- State support for research faculty should not be an emotional issue and does not indicate a lack of support for research faculty or research in general.
 - Research faculty members are a valuable resource at UNH and committed research faculty should be incorporated as much as possible into academic programs.
 - State allocations based on faculty salaries have been directed to the research faculty themselves but to their home RC units; is the university receiving a fair return from RC units on this investment? This distribution formula has been exploited at the expense of the colleges.
 - The IDC sharing defaults for research faculty did not anticipate these faculty would be PI's on multi-million dollar research programs.
 - Campus dialogue to better integrate the activities of and foster mutual understanding between academic and research faculty members is needed.
- Have models been run that reflect the total impact of the proposed changes?

Because there are some important issues still to be resolved (such as assessments), no models have been run showing total impacts. This will be done as soon as recommendations are finalized. Changes to the model will interact with each other. In some cases net impacts may offset each other. The hold harmless adjusting mechanism will be used to mitigate the initial effect of any changes. Hold harmless will prevent a sudden disjuncture from occurring at the beginning of FY07. Details of how the hold harmless will be applied are among the topics still to be discussed.
- Models can clearly show the short term effects of proposed changes; it would be interesting to model the long term effects of the changes. For instance, could one model the long term effects of embedding incentives for funded research?

It's difficult to isolate the effect of changes to the RCM model from the many other factors at work, such as decisions made within the NSF or other sponsors.

- If the principle behind the decision to direct state appropriation to support instruction is to reflect the perceived purpose of the funds, is the same principle applied to indirect cost revenue – is it directed to support research?

Many rules surround development of the indirect cost rate. IDC is a reimbursement of costs already incurred. The biggest component is space costs, then administration, the library, etc. Our costs are calculated using prior year actual expense data, a rate is developed from this, and then the calculated rate is negotiated with the federal government. Once the indirect cost revenue is brought into the university the dollars are unrestricted. There is no need to explain to anyone how it was used; the institution can use it as it wants to. The original/current RCM IDC distribution formula directed 2/3rds of this revenue to RC units to recognize the space and administrative costs associated with research. Another portion of IDC was directed to the VP Research office to cover the costs of the Office of Sponsored Research, and a portion was directed to the library to recognize research-related costs. The only part of the distribution not related to calculated costs is the PI share. This was instituted before RCM to provide incentive for funded research, seed money, a rainy day fund for researchers, etc. Most agree this has contributed to the growth in sponsored research, and the Research Subcommittee recommended that the bulk of this allotment be retained by the PI.

Presenters reminded everyone that the entire slate of recommendations is posted on the RCM Review website.

Written Comments Submitted at Forum I:

BRIEF COMMENTS AT RCM OPEN HEARING December 13, 2005 MUB Theatre II

I want to express my respect for the efforts of the UNH administration that carefully consulted other universities with RCM experiences and modeled it for at least one year prior to its implementation in FY 01. I also want to express gratitude and respect to those colleagues who chaired and served on these committees during an intense Fall, 2005 semester.

It is vital that faculty members and faculty leaders immerse themselves in these reports and provide serious input to the RCM Steering Committee both before and after they make their recommendations. The stakes are huge- much larger than those associated with the proposed *Discovery* General Studies program. This is about money, the scarcest resource at UNH. Moreover, "happiness" and "misery" are in the "margins" of the budgets- a \$750K deficit in an annual \$40 million college budget means not filling needed faculty positions; a \$750K surplus means filling faculty positions, providing adequate faculty start-ups, making investments and "saving for a rainy day."

In the very brief time allotted to me I will focus on the RCM Research Subcommittee Report and Recommendations. This is a critical area from a financial perspective for all colleges, but particularly CEPS and COLSA. The committee members were chosen during summer, 2005 with, I believe, very little serious consultation with the colleges. The fraction of committee members who have appointments and leadership positions in research institutes and centers far exceeds their proportion on the faculty. These are good colleagues and include some personal friends. However, I believe some of the committee's conclusions reflect perspectives that do not balance research with the full academic mission of this university. I am confident

that Dean Hoskin, the committee chair, provided a degree of balance since she fully understands all aspects of the UNH operation and is fully committed to increasing quality in all aspects of our mission.

There are some welcome recommendations: uniform assessments for all grants, limitations on the subsidized hiring of research faculty, pro-rating assessments and PI shares on grants and contracts with low overhead, and at least some discussion of sharing PI overhead return with their home departments. However, I am alarmed by some of the recommendations. One such example is Question 3, Remedy B: "Remove the grant funds from the academic affairs base for all units," apparently favored by most members of the committee. When one considers the broad involvement of Academic Affairs in the education and research structure of the university (the Graduate School, the academic colleges), this recommendation is a strange one indeed. Academic Affairs and the colleges are already struggling to fund the *Discovery* program.

I now come to a major structural issue not explicitly addressed in the RCM review. One of the key principles of RCM is that its purpose is to facilitate academic decision making and not be its "driver." I have become firmly convinced that the current formula for funding the Vice President for Research Office and associated operations runs counter to this principle. It is an artifact of RCM that approximately forty percent of the VPR budget is derived from a few major federal earmarks and plus-ups simply because they are administered by that office. Reading the RCM committee reports, I perceive that federal earmarks were not considered to be an item for discussion in this review. If that is so, I can only disagree strongly since these earmarks and their associated overhead have major RCM impacts. There are at least four very major problems with the structure we have now:

1. *The very vital operations directed by the VPR rest on "mined" foundations; a change in an influential legislator's assignment or an economic crisis that suddenly tightens the reins on federal earmarks places this vital operation at risk;*
2. *The effect of dependence on federal earmarks to support the VPR office, puts that office in direct and unhealthy competition with the colleges. That competition is not merely for a given year's earmarks. It may also lead to efforts to build these selective operations in order to maintain their strength so that they can continue to attract such funding in order to keep this vital operation functioning;*
3. *Most states fund competitive research initiatives that advance the public good. New Hampshire does not fund such programs. However, the gap seems to be filled at UNH by federal earmarks and plus-ups. The magnitude of these earmarks exceeds \$20 million per year, putting UNH in or close to the top ten annually, and they include millions of overhead dollars. The magnitude roughly equals the tuition and fees paid by 2,000 in-state students per year and it has dramatic effects on campus, building up some research and academic programs even as other equally good or better programs struggle. There has been almost no consultation with the colleges concerning priorities or planning for this type of federal support and no annual report to the deans or, for that matter, Academic Affairs, on the year's accomplishments and new proposed earmark priorities. While many of the earmark activities are truly "high bar" in quality, some are less so. Moreover, there are plenty of other "high bar" activities on campus that could also be priorities and practical targets for federal support.*
4. *One quirk of the RCM model is that most of the overhead from federal earmarks goes to the RC unit administering it. That, of course, relates to my point about the "mined" financial foundation of the VPR office. Certainly CEPS has derived some direct benefit. While I very much support the principle that RC units, PIs (and hopefully academic departments) should benefit from their initiative and success in competitive grantsmanship, I view federal earmarks very differently. I will not go into details at present, but it must be obvious that they are different in nature, relying upon the university's relationship with its congressional delegation. Furthermore, I believe that a significant part of the overhead could help university-wide in funding the *Discovery* program, the *Honors* program, faculty start-ups and other programs that would ease the financial burdens on Academic Affairs, the colleges and the departments.*

I believe that these four concerns would be obvious to any knowledgeable “outsider” who reviewed the RCM program. Frankly, I wish that some independent outside review and advice was part, if only a small part, of our current review process since we are all a bit “too close” to it.

I will very briefly address one last issue: the impact of research faculty. Some have made this into an emotional issue. Raising questions about the financial implications of subsidizing RC units for the research faculty they hire frequently draws the retort from some quarters that the questioner is “anti-research faculty” or “anti-research.” That is not a helpful response. Research faculty members are a valuable resource at UNH. Many are very interested and involved with the full range of academic activities on campus while others prefer to concentrate fully on research. I believe that we should incorporate committed research faculty as much as possible into the academic programs on this campus. The RCM problems that I focus on relate to money: the sizeable subsidies which do not go to the research faculty members but to the RC units that employ them. The question is whether the university at large is getting fair return on investment from these RC units. I believe that the RCM subsidy of research faculty has been exploited, on occasion, with negative consequences for the colleges. I also do not believe that when overhead sharing, ostensibly negotiable but not really so, was set at 61.5 percent and 5 percent for research faculty shared between a college and an institute, that it was anticipated that research faculty would be PIs on multi-million dollar grants, contracts and earmarks.

When I arrived at UNH in 2000, I heard the phrase “One faculty with no differentiation based on funding source” as a desired goal. This is a laudable concept but, as it was in 2000, “the devil is in the details.” I do think that campus dialogue to better integrate the activities of and foster mutual understanding between our academic and our research faculty members remains a very essential need on our campus, is highly desirable and a good substitute for simplistic and provocative declarations.

In conclusion, let me return to a point made earlier: that the quality of academic life is largely determined in the “margins” of the colleges’ budgets: plus-or-minus a few hundred thousand dollars making the difference between “happiness” and “misery”. I end with a quote from that expert on university financial models, Mr. Wilkins Micawber, a comic, but decent, perceptive and ultimately heroic figure in *David Copperfield*:

Annual income twenty pounds, annual expenditure nineteen nineteen and six, result happiness. Annual income twenty pounds, annual expenditure twenty pounds ought and six, result misery.

Thank you for your attention and patience.

Written Comments Received Subsequent to Forum I:

Support for Recommendations:

The public comments at the meeting today were largely in opposition to one or more of the subcommittee recommendations, but likely there is a large, less vocal, majority of the University community that supports the recommendations and sees them as creating an incentive structure that is better aligned with the Academic Plan. In other words, the subcommittees have done their job well and have delivered recommendations that are supported by a balanced cross-section of the University community so it’s hoped they will be implemented.

Assessments and Grants:

Equalizing the playing field with respect to assessments and grants will encourage a stronger research incentive within the colleges and give the colleges more flexibility to grow out of their budget problems.

State Appropriations Distributed on the Basis of Faculty Salaries:

Adopt the recommended re-weighting of faculty and graduate students with respect to the State Appropriation because it will encourage the recruitment of graduate students which is more aligned with the Academic Plan and the goals of the legislators and citizens who provide the appropriation. During the meeting today, the point was made that Research Faculty are already de-weighted because there are so few of them, but this is not factual. Comparisons suggest that UNH has a higher proportion of Research Faculty than its peer institutions. Steering Committee should make a rigorous comparison with our peer institutions on this question before final deliberations.

Reduction of PI IDC Share for Redirection to Other Purposes:

Supports the idea of allocating a small part (e.g. 3%) of the PI share of Indirect Cost Return to the departments to use for research related activities. This would provide departments more financial flexibility to support new research initiatives and student research. The majority of PIs would be supportive of this since all are aware of constraints on departmental budgets.
