

## RCM 5 Year Review: Initial Hearings

Hearing 8: EOS

January 11, 2005

**Administrative Representatives:** John Aber, Tammy Goldberg, Leigh Anne Melanson, Bruce Mallory, David Proulx, P.T. Vasudevan,

**Participants:** EOS Executive Committee, comprised of David Bartlett, Janet Campbell, Steve Froking, Bob Talbot, Roy Torbert, Charles Vorosmarty; and Jeanne Bartlett and Karen Bushold.

**Background, context, and RCM basics:** Provost Mallory and Dave Proulx provided information on context and format of the hearing, as well as the current status of RCM.

### Questions and comments from participants:

- Asked about which RCM principles have been addressed or **themes raised** in the hearings to date. Dave P. reviewed some of the issues that have arisen repeatedly.
- Provided an **overview of EOS' experience with RCM**, noting that the Institute has operated in an RCM-like environment from the beginning, so it hasn't been a major change. Before RCM, EOS was able to carry over funds in a quasi-reserve because former VPR Morrison had recognized the volatility of research funding and had secured for EOS carryforward ability. Also, even before RCM, EOS received a portion of indirect cost revenue calculated by formula. Additional formulae were used to flow the IDC revenue to the centers within the Institute. For 15 years this method worked well. When RCM was implemented EOS administration built on this experience and determined to make RCM **transparent to EOS faculty**. Much the same methodology is used today to allocate IDC revenue to the centers – roughly 40% of the IDC is passed on. This contains the PI 13%. Some centers give more than 13% to PI's, but any "overage" comes from the center's share of IDC. Remaining funds are allocated to EOS administration. So, centers and faculty see little difference under RCM.
- The method works well also because EOS faculty are so productive.
- Maybe RCM was designed as it was based on the positive experience EOS had with its long-time allocation methods.
- RCM's impact is felt much more by Institute administration.
- Even more, the primary impact of RCM is felt in the Institute's **interactions with other RC units**.
- Asked about the reliability of data generated by Banner. Dave P. confirmed that the data is indeed accurate. VPFA staff do numerous reconciliations and cross-checks and there have been little or no concerns about basic functioning in the last couple years. There may be a need to be careful in the treatment of historic data, but he is confident in the reliability of current Banner data.
- Noted that whereas Dave P. had said the university's goal is to accumulate **reserves** equal to 5% of its operating budget, even 5% is not very much for a research institute dependent upon competitively-won funds. He worries that EOS' reserve is insufficient, and is concerned that budget surplus falls to reserves and is **not easily accessed**. He pointed out that the Institute and the centers must support a specialized technical staff, even when there are gaps in contracts, etc.
- Stated that the EOS reserve is actually at about 5% of total budget (not just the general fund portion) and it has been at that level since the beginning of FY05.
- He noted that the significant size of the reserve is **vulnerable to misinterpretation**.
- Funding in a research unit can fluctuate significantly and rapidly. It is an **unpredictable environment** and revenue streams are very uncertain.
- Since RCM implementation many central offices have been streamlining their operations. Although this could be seen as offloading work to the BSC's, in some cases efficiencies can be gained, and **local control of processes is positive**. OSR long ago delegated a number of

research administration tasks to EOS, including budget changes on restricted funds, oversight of foreign travel, equipment purchase authorizations. OSR would like to make the same delegation to the academic BSC's, but these BSC's have not geared up such that they are able to take on these **delegated authorities**. Due to the commitment to neither advantage nor disadvantage units during RCM implementation, no new net **IDC revenue** was provided to colleges (related to the hold harmless). However, since then IDC has grown, but the colleges have not used it to enhance the **BSC's ability to handle grant activity**. Since OSR cannot delegate any other tasks to academic BSC's, OSR staff spend more time on college research administration, taking time away from EOS business. A move to a **more consistent level of research administration expertise** among BSC's would be a worthy goal in this review.