

## RCM 5 Year Review: Initial Hearings

Hearing 3: CEPS

December 10, 2004

**Administrative Representatives:** Steve Bolander, Tammy Goldberg, Bruce Mallory, Leigh Anne Melanson, Dave Proulx, Mark Rubinstein, John Aber

**Speakers:** Tom Ballestero, Chris Bauer, Kent Chamberlin, Matt Davis, Steve Fan, Kevin Gardner, Art Greenberg, Phil Hatcher, Bob Henry, John LaCourse, Roy Torbert

### Questions and Comments from Participants:

- Suggested that if RCM was designed in times of budget surplus; **maybe it should be redesigned to function in times of financial constraint**, since this is UNH's usual situation.
- **Units dependent on state appropriations are penalized in times of scarcity** and will experience large swings in support level. Financial difficulties of these units will be passed on to other units.
- Institutional Effectiveness Committee recommended that the budget allocations be integrated with the Academic Plan..
- Representatives of all other RCM institutions visited advised not to use a **square foot charge**, but UNH did anyway. Is this working the way it was intended?
- **UNH's financial contribution to the System** should not be held sacred during times of financial difficulty.
- Since RCM has not been passed on to the department level and all department year-end surpluses are collected at the unit level, units may be tempted to use department surpluses. It **should be easier for departments to lend and borrow reserves**.
- RCM has caused no real change at the department level; **need to pass on rewards** to this level.
- Asked about **reserves** and whether both reserves and carryforwards are analyzed. Dave P. replied yes.
- **Carryforwards are not easily accessed** – requests must be justified and at the department level there is still risk of losing them; little flexibility in use of carryforwards.
- There is little support within a college for ideas that may benefit other colleges, and no investment capital for such ideas. This situation is **not supportive of interdisciplinary work**.
- Seems to him that academic units are now **required to have a profit motive**.
- Benefits produced by departments with positive income are absorbed by departments in financial difficulty.
- Doesn't see any better **services being provided to students**.
- Auxiliary enterprises such as **CIS** and **Facilities** enjoy a monopoly. Under RCM, Chemistry will be charged for use of NMR's in the Instrumentation Center.
- In light of seemingly unmonitored rates imposed by **auxiliaries**, thinks perhaps faculty should charge for their time. Noted that faculty do a lot of work for non-academic units and do not charge for their services.
- Sees a **leadership void**. Leaders are deferring too much to the model. Leaders should be securing increased funding.
- UNH seems to operate in an atmosphere of permanent fiscal crisis – HHS, WSBE, COLSA, CEPS have all been or are now in difficulty. Seems like we're **just passing the ball around**.
- Believes academic quality and engagement will suffer.
- Financial incentive now is to offer **large sections of general education courses at student-friendly times of the day**. The middle of the day will be packed with classes. Seems contrary to the institution's desire to maximize use of the buildings.
- Those in the trenches are grabbing for dollars.

- Made the same comments 5 years ago and not much has changed. Might there be a better system than RCM? Something between the old and new system.
- The financial incentive is huge to offer **popular gen ed classes at popular times**.
- Would like to know if there is **demonstrable proof of the effects of RCM** on units, departments, and individual faculty.
- Would like to see examination of the link between **state appropriations and faculty salaries**.
- While there is defensible rationale for the **13% share of IDC revenue to PI's**, would like to know if the cost is worth the benefit.
- **Athletic scholarships** – do non-academic units contribute to cost? Mark Rubinstein replied that the cost comes from gross tuition. Non-academic units do not contribute.
- **Grad programs**- cost of maintaining graduate programs is large. Funding falls to undergraduate tuition and IDC.
- Sees many advantages to RCM.
- Major **decisions made centrally** have a large impact on units.
- **Curriculum governance** seems to have functioned very harmoniously so far, but wonders what will happen as financial stress increases. Cited the example of the **Discovery Program**.
- Departments are in a weak position. **Passing down incentives** should be explored.
- Indirect cost sharing with research institutes needs to be examined.
- Need to also examine **IDC revenue from earmark programs** and the impact of these programs on curricula. IDC revenue from earmarks disappears into **institute reserves**.
- No central source for **start-up funds** exists, so colleges must use their funds for this. CEPS and COLSA have frequent occurrences of large start-ups while the other schools and colleges do not.
- Need to examine **auxiliary rates** and the pre/post RCM assumptions underlying them.
- No budgeting system is perfect.
- Leaders are supposed to ameliorate financial pressures.
- RCM provides **needed transparency**.
- Recommends against **flowing RCM to departments**, as this would impose artificial pressures on depts.
- **Reserves** need to be accessible.
- It is inevitable that RCM be passed to departments. At his former institution this was done informally. Inevitable that units will look to high performing departments to help solve problems. This isn't necessarily desirable, but is inevitable – something to guard against.
- Noted that RCM is a very quantitative model with **emphasis on large classes** of "service courses" with a small number of faculty teaching these. There is a danger of losing sight of quality **graduate programs**, which is an important part of the institutional mission.
- Cautioned against **flowing formulas to departments** or individuals.
- Asked at the beginning, when the concept of RCM was being explored, and asks again now, is RCM an **appropriate budget system** for an institution that is not adequately funded.
- Noted that **auxiliaries** can respond quickly to changes in the financial environment, whereas academic departments cannot. Academic units need to make long term investments which require time before there are any results to examine. Currently decisions are being forced by financial concerns.
- Schools and colleges can increase undergraduate enrollments but the share of credit hours goes down due to **competition among units**.
- Asked about oversight process for **auxiliary charge rates**. Dave P. described CBC oversight and process.
- Stated that customers are not at the **auxiliary rate** meetings. Provost Mallory noted that representatives of the CBC push back hard on proposed rate increases.
- Suggested that **auxiliaries** are passing on costs; example, increase in parking permit charges, such as the \$1K cost of a guest space.

- Brought up issue of **chargeback's**, and noted that while the share of department budgets going to auxiliaries such as Facilities Services has increased, the overall amount of his department's budget has not changed much since the 80's. This leaves little investment capital.
- Faculty develop new ideas for increased revenue – such as distance learning -- but there is a lack of incentive to pursue these, since there is no **incentive at the department** level. Need to incentivize departments by flowing rewards down.
- Any proposed changes [to the model] would need to be fully publicized to the entire university community.
- Asked again about the sharing of **tuition as if state appropriation**. Leigh Anne and Dave noted that tuition increase to cover the state appropriation reduction is a flat dollar amount flowed to the units each year.
- I would like to see some **estimate of the cost or savings that RCM has produced**. Is the University running more efficiently as a result of RCM and if so, is there an actual savings that can be attributed to it? I know this is hard to measure but it seems like an integral piece of information.
- When RCM was implemented, much of the budget and planning work in the University was passed down to the units. Were **budget and planning resources** that had previously supported the central budgeting system passed down to the units also? My sense is that they didn't and I never understood the rationale for that. This is particularly important in the context of the academic units since they all seem to be having trouble adjusting to the new system.