

RCM 5 Year Review: Initial Hearings

Hearing 7: Finance and Administrative Council

December 21, 2004

Administrative Representatives: Candace Corvey, Tammy Goldberg, Leigh Anne Melanson, David Proulx, Chris Shea.

Background: Candace Corvey provided background, context, and described the format of the hearing.

Questions and Comments from Participants:

- Noted that the **net square footage rate** does not address **quality of space** issues, nor recognizes varying levels of **energy conservation**.
- Facilities now spends a great deal of time **answering questions about charges**.
- Perceives a lack of understanding regarding what services are **baseline vs. incremental**.
- Would like to see the buildings **metered**.
- There is **complexity** in the model.
- Budgets are built on an annual basis, yet it is difficult to predict such things as **energy costs**.
- Facilities purchased a new software package to provide management reporting and to facilitate operations within RCM – need to be able to provide customers with believable numbers.
- **Service level agreements** are necessary.
- Likes the **consistency** provided by RCM.
- Values the ability it provides to make financial **projections**.
- RCM facilitates **long term planning**. Some of her departments do extensive modeling within RCM.
- RCM **works well**, even if it requires her to provide a lot of **explaining and reminding** to her units, it works – even if her departments don't always like the numbers they're seeing.
- It is **understandable** and a **fair** model.
- NHPTV has always functioned in an RCM-like model – their budget must balance.
- RCM has made more people **conscious of costs** and conscious of the **need to generate revenue**.
- Would like to know why the **administrative fee** is so high.
- NHPTV considered ceding from UNH like Vermont and Maine public TV did from their respective institutions, but he's glad they decided not to.
- Generally **likes the RCM model** and sees no problem with it.
- Thinks RCM has caused administrative units to be **charge-happy**, which does not help the university.
- RCM has locked in **haphazard historic decisions** about charges – what is or is not charged for. He estimates about \$1M in irrational charge processes are now built in. There is little rationality to it, but it would be very difficult to overhaul.
- Service groups are constantly preparing to answer **questions about the cost of services** and how they could generate revenue.
- Likes the **accountability** built into RCM.
- Sometimes the directors he works with are upset over charges and frustrated over the **fairness of charges**.
- He wonders if the **NSF** was the way to go.
- Noted that having **control over a unit's finances** is better than begging for every dollar (as in the old system).
- **Likes RCM**. WSBE has done well under the system.

- Is sometimes frustrated at components out of her control, such as **net tuition**. Wonders if this could be improved through additional or different **communications** with central offices.
- Likes having the cushion of **reserve** RCM allows.
- Needs more/better **SIS reporting** – RC units are responsible for managing this expense/revenue but the tools with which to do that have not kept pace.
- Use of the NSF space charge provides **no incentive to conserve energy**, nor does it address the **quality of space** issue. Noted that the condition of some classrooms in her building are deficient, but WSBE does not control them, the registrar does (so there is little incentive or ability of the college to make improvements).
- The UNHM budget functions in “real time,” which is **difficult when introducing new programs** – it limits growth ideas.
- RCM supports the concept that **UNHM is part of UNH** rather than an outpost.
- RCM works. She likes the **control** it provides over the college’s destiny.
- RCM **removed the secrecy** around the budget process.
- Not everyone wants to invest the time to understand RCM, but those who do are rewarded with comprehension.
- RCM formulas make clear **what’s important and what’s not** – for a college the important financial components are **tuition and faculty salaries**. Noted, however, that these are mostly **out of the college’s control**.
- **Contract lecturers** have been squeezed and this is unfortunate, since they have been longstanding contributors to the university.
- **Tools** to deal with tuition and financial aid are not sufficient – the information is not timely enough.
- Research vs. or supporting the academic mission.
- RCM allows **informed discussion**.
- Recommends addressing some of the little issues that have come to light, such as the application of **assessments to transfers** in grants.
- Noted there is no definitive check-back on the **impact of grants** – i.e., no way to check or ensure that the grant budget has been spent as described on the “grant analyzer.” Of course, there could well be good reasons why the budget was spent differently than how first presented to the dean’s office.
- There needs to be dialogue with faculty, some of whom are practicing **gamesmanship** now that they know how the system works.
- **Hold harmless** needs to be examined.
- **Assessments** needs to be looked at.
- Was an initial proponent of RCM because of **unfairness in old system**.
- Likes that RCM allows units to be responsible for their own house.
- RCM is not static – it provides a **solid foundation** and is **flexible**.
- Sometimes RCM is **difficult to explain to external stakeholders**.
- Mentioned **hold harmless, space, and administrative charges**.
- Coop Ext aims to bring in 50% of their budget from competitive grants in the future. At some point, however, extension educators will be at maximum capacity and he will need to forecast the impact of that situation.
- He’s very **happy with RCM**.
- Mostly concerned from the perspective of the **research** enterprise.
- Is **indirect cost revenue distributed equitably?**
- Noted the issue of faculty budgeting for **subcontractors vs. service providers** – one is subject to assessments, the other is not. Assessments are not the basis on which this decision (how to budget for this) should be based.
- New OSR personnel need a basic understanding of RCM. [Kate seconded this and Dave P. said he would be happy to provide the training.](#)

In response to a question on charge rates, Candace reviewed the ground rules on rates – established rates cannot be increased beyond inflation as defined by the VPFA office; the CBC controls charge rates. Noted that this is another illustration of the fact that more information about the CBC and its activities needs to be disseminated.

- Reiterated that he **values RCM's incentive approach**, citing the example of **indirect cost revenue sharing**. RCM allows units to reap the rewards of their efforts. Coop Ext is exploring the idea of providing bonuses to extension faculty/staff for grantsmanship. He believes the **PI 13%** should be preserved.
- Cost of buildings; data **reporting** ; **IDC rates**.