RESPONSIBILITY CENTER MANAGEMENT:

COMMUNICATING INCENTIVES TO THE RESEARCH ENTERPRISE (INTENT)

ESTABLISHING AVENUES TO INFLUENCE THE MODEL (OUTCOME)

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Why This?

◆ **University/Campus Communication**
  - “Why now?” never explained
  - Perception of Research Enterprise went from flush to deficit
  - Competing activities
  - RU-RCM steering committee seemingly focused on university/campus level issues

◆ **Academic Unit Responsibility**
  - RCM Technical Committee member
  - The model was predetermined
  - Entering Year 3, and Deans have just begun to participate on cost center advisory groups
  - Difficulty managing the model as it has been constructed with additional challenges resulting from systems implementation
  - Deferred maintenance as direct cost
RU Stakeholder Engagement

- University & NB Campus
  - VP Budgeting
  - Past Players
  - Chancellor
  - Vice Chancellor, Finance
  - VP Acad. Affairs/Admin
  - VP - Research, ORED

- Academic Units
  - Deans
  - Associate Deans
  - Center Directors (f/s)
  - Faculty
  - Staff, various levels
  - State Grant/Contract Working Group

RCM Institution Research & Engagement

Front loaded effort here:

- Articles & University Web Pages
  - NACUBO
  - Education Advisory Board
  - Chronicle of HE
  - Web material
  - B1G-AA Member Institutions
  - Other RCM Institutions

Should have front loaded here:

- Finding/Engaging
  - RCM Institution Contacts
    - Campus and academic unit perspective
  - Former RU Leaders
  - RU Senior Leaders
    - VP Academic Affairs/Admin
    - Vice Chancellor Finance/Admin - NB
Challenges...not just a Rutgers Experience

◆ Communication
  – Benefits?
  – Subvent Research?
  – *Consumption* based?
  – Committees?
  – Governance?
  – Cost/Service Centers?
  – Responsibility Centers?

◆ Implementation
  – Incentives?
  – Transparency?
  – Data Systems?
  – Metrics?
  – Entrepreneurship?
  – Strategic Alignment?
  – Best Practices?
Summary

RCM Institution Best Practices

- Mature RCM institutions simplify metrics from consumption to modified RCM (all-funds). Each contact cited consumption tax too difficult for planning.
- Working committees and periodic reviews beyond cost center reviews including impact assessment, goal setting, and solutions to unintended consequences.
- Annual Budget Planning calendars.
- Major changes to metrics slowly implemented.
- Standardized systems to evaluate trend and forecasting.
- Research incentives: foster multi-disciplinary research and prevent silo-ing.
- Employ strategically engaged financial officers at all levels.

Rutgers Academic Unit Voices

- Please improve perspective and communication.
- What's strategic, what's mission critical?
- Please improve systems to foster constructive and timely analysis.
- We can't manage in “this environment.”
- Many know of it, but have no real sense of what it is or think it's best for someone else to worry about.
- “If the university did a better job providing service to say, improve grounds, facilities, and visibility of all schools and departments, perhaps we wouldn’t mind how much our research has to be subsidized.”
- “Good luck with that.”
Budget Model Life Cycle

RCM Publics*

- Incremental
- RCM (Years 1-5/10, Consumption metrics)
- Modified RCM (All Funds)

Rutgers

- Incremental
- All Funds (FY05)
- RCM (FY18 Yr3 Consumption metrics)

*greater attention given to experience of public universities with years under RCM model (approx. 20):
Indiana University at Bloomington; University of New Hampshire; University of Illinois (Urbana & Chicago)
University New Hampshire Periodic Review*

◆ Goals

- Align RCM incentive with institutional goals
- Identify source of central strategic funds
- Simplify RCM as much as possible
- Develop greater financial accountability for all RC units including central service units
- Establish criteria and process for strategic initiatives
- Implement strong incentives for net revenue growth

◆ Changes to Model

- Elimination of the revenue/personnel general assessment and move to funding central administration from direct % of the following revenue streams: undergraduate, graduate and continuing education net tuition; mandatory fees, room and board; facilities & administrative cost recovery, state appropriations, other revenue
- Adjust credit hour weightings for undergraduate net tuition
- Adjust F&A cost recovery % split between RC unit, Central Admin and PI and eliminated VP for Research allocation
- Allocate state appropriations to financial aid to cover some portion of resident financial aid
- Allow RC units to spend up to 20% of their reserves without additional approval as long as minimum reserve balance is met on an all funds basis

*excerpt from University of New Hampshire’s Central Budget Committee (CBC) 2009/10 recommendations. The CBC is, “charged to serve as a representative of the campus community as a whole and to avoid behaving as a partisan advocate.”
Indiana University*

- Multi-disciplinary incentives provided at both campus and unit level (normally matching $)
- Moved assessment drivers from consumption based to fixed % and $
  - $/sq ft
  - $/credit hour
  - $/FTE
  - % revenue to strategic pools (Chancellor = 1.5% state approp. & 0.2% of expenditures)
  - Other one-time considerations
- Clear manuals, guidelines and systems across institution for operating with framework (restricted to IU staff)
- Periodic RCM Review (every 5 years)
- Annual Budget Calendar
  - Academic units required to have budget advisory groups
  - Strategic Alignment meetings w/ campus and academic unit
  - Significant lead time provided for making “technical adjustments” and for increases to cost center budgets

*per phone conversations with campus and academic unit leaders at Indiana University. IU was a school used to determine best practices by Rutgers RCM Steering Committee.
Opportunities & Risks

◆ Opportunities

– New NB Chancellor
– New VP Budgeting w/ RCM experience
– Strategic *opinions* a plenty
– Increasing campus level attention to academic unit needs
– Potential for Strategic Funds to emphasize interdisciplinary research, etc. (silo prevention)
– Some observed service delivery improvements
– Every contact noted 3 – 5 years to fully adopt/understand. RU entering year 3 w/ FY18
– More attention toward net revenue growth
– Academic Units willingness to participate in RCM governance

◆ Risks

– New NB Chancellor
– New VP Budgeting
– *Opinions* a plenty
– Significant planning constraints using “consumption” metrics
– Unclear service delivery (cost center base level services undefined)
– Concurrent failures of Administrative system implementation and staff/faculty burnout
– Silos?
– Unclear governance structure
Status…

◆ Expectation of Project

– Solve mysteries of RCM
– Determine Best Practices for *incentivizing* research activities
– Clearly define incentives
– Engage stakeholders for input and understanding
– Positively affect morale of faculty/staff conducting sponsored research

◆ Next Steps

– Continue discussion to solve mysteries of RCM
– Influence the model
– Following Chancellor Edwards’ advice to await new Chancellor, I plan to:
  • Rally NB Associate Deans (and their Deans) to encourage campus leadership to push for participatory governance beyond cost center advisory committees and develop comprehensive annual budgeting process
  • Continue discussions for providing incentives within the current model
Leadership Lessons Learned

◆ New:
  – Do your research…
  – …but don’t get lost in it
  – “Don’t hide the bones”
  – Realistic self awareness
  – Transcription is important

◆ Reinforced:
  – Don’t fear being noticed
  – Seek the experts
  – Listen
  – “Lean In” and speak up
  – Work-life balancing *act*
  – Relationships matter (personal and professional)
THANK YOU ALL FOR THE OPPORTUNITY!
THANK YOU ALL FOR SHARING!!!!!!!!!!!!!!!

◆ RLA
  – FELLOW FELLOWS!
  – Brent Ruben
  – Richard DeLisi
  – Ralph Gigliotti
  – Brittany Hudson
  – Hayley Todd

◆ BLOUSTEIN SCHOOL
  – James Hughes, Nominator
  – Clinton Andrews, Mentor
  – Dorothea Berkhout, Mentor
  – Faculty and staff

◆ VARIOUS OTHERS
  – Richard Edwards
  – Karen R. Stubaus
  – Mary Lou Ortiz
  – Kathy Dettloff
  – Terri Goss-Kinzy
  – Many Faculty & Staff Members
  – RCM Institution Contacts

◆ SCHOOL OF SOCIAL WORK
  – Cathryn Potter, Dean