

RESPONSIBILITY CENTER MANAGEMENT:

COMMUNICATING INCENTIVES TO THE RESEARCH ENTERPRISE (INTENT)

ESTABLISHING AVENUES TO INFLUENCE THE MODEL (OUTCOME)

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RLA Capstone Project Presentation

April 19, 2017

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

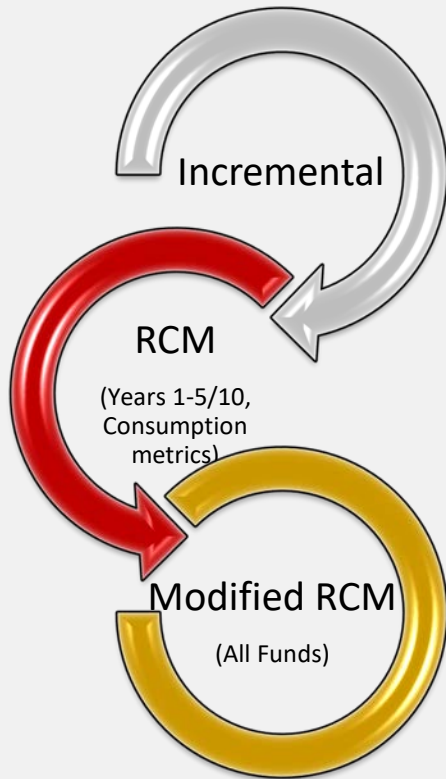
- Mature RCM institutions simplify metrics from consumption to modified RCM (all-funds). Each contact cited consumption tax too difficult for planning.
- Working committees and periodic reviews beyond cost center reviews including impact assessment, goal setting, and solutions to unintended consequences
- 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

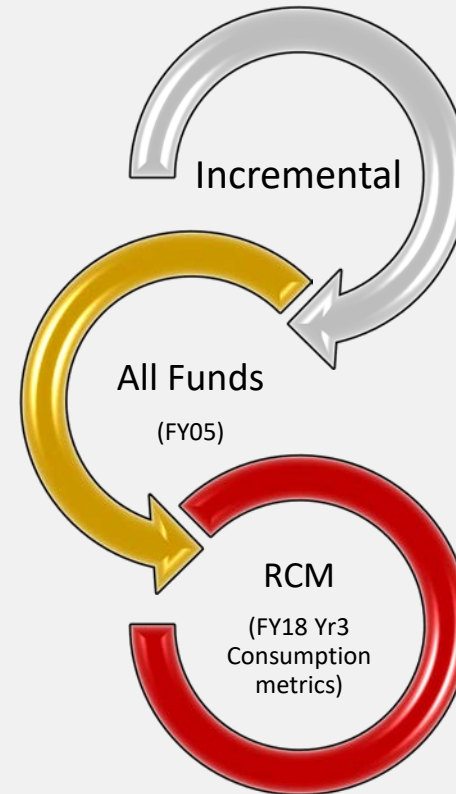
- Please improve perspective and communication
- What's strategic, what's mission critical?
- Please improve systems to foster constructive and timely analysis
- We can't manage in "this environment"
- Many know of it, but have no real sense of what it is or think it's best for someone else to worry 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 tha[aaa]t."

Budget Model Life Cycle

◆ RCM Publics*



◆ Rutgers



*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