2018 - RCM Three Year Review

Key Observations & Recommendations

Executive Summary
In 2017-2018, a group of 79 faculty, staff and students participated in the planned three-year review of UArizona’s RCM model, working across 8 subcommittees. The review process was chaired by Jeff Goldberg, Acting SVP Academic Affairs and Provost, and Lisa Rulney, then serving as Interim SVP Business Affairs and CFO. The committee’s effort is well described online here: https://rcm.arizona.edu/three-year-review. The review team produced a number of observations and recommendations, which are summarized herein, unedited other than for grammatical fixes. This summary was delayed in release to campus while searches were undertaken for the SVPs for Finance, Academic Affairs and Research. However, the great majority of the observations and recommendations remain relevant today, as we consider possible adjustments to RCM, despite the delayed release.

Key Observations

O-1. Many of the goals of the RCM budget model at UArizona were achieved and we should likely continue with an RCM system in some form.

O-2. RCM has stimulated stronger interest by the Colleges in recruiting, retaining, and educating undergraduates.

O-3. We no longer have issues with insufficient General Education class seat numbers.

O-4. Some Colleges are still operating with structural deficits.

O-5. Cases of course poaching, program duplication, and incentives to slow down student transfers between majors, have emerged, highlighting the need for leadership to appropriately motivate departments and colleges to help students achieve success and to run programs effectively and efficiently.

O-6. RCM was intentionally not designed as an all-funds budgeting model, but the now-significant revenue streams from summer and online could be considered for inclusion in the RCM model.

O-7. The number of graduate interdisciplinary educational programs appears unchanged by RCM.

O-8. Class sizes are correlated with rankings and student outcomes in some cases, so care is needed to balance RCM incentives against these other priorities.

O-9. Funding for research / graduate heavy programs and programs that have small student / faculty ratios are struggling to support start-up packages, lab renovation, and research related indirect costs. This will become even more critical if the TRIF funding expires in 2020.
Managing year-to-year variations in RCM allocations has been challenging for some colleges and departments.

Recommendations

R-1. **General Education:** Defer changes to General Education funding in the RCM model until the revised General Education program has been developed.

R-2. **Graduate Education:** (a) Require that the Graduate Council produce an annual metrics report to the Provost. (b) Allow Graduate College to submit proposals to the Provost Investment Fund for incentivizing team teaching and excellence in graduate education.

R-3. **UIITS Fees / PIF / Support Centers:** (a) The Subcommittee recommends that the UITS fee, which is currently charged on an FTE basis, be eliminated as a separate process and folded into the existing support center expense recovery (SCER) tax. (b) The Provost Office should set up a system to address the Provost Investment Fund process and transparency. (c) Recommend that processes be established for reporting Support Center activity, requesting funding and an annual reporting of allocations.

R-4. **Communications Standard:** Charge a Task Force, comprised of strategic communication and business personnel, with the development of a communications standard.

R-5. **Downstream Allocations / Governance:** There are issues with transparency and predictability when dollars flow from the college to the department, which is where the majority of faculty and staff experience RCM. There is a wide variance in how each college has implemented this allocation, which the Committee cites as a primary factor in misunderstandings and dissatisfaction with RCM. Establish a formal governance process for the next cycle of RCM that can continue to refine best practices for both the institutional and downstream implementations and address stakeholder concerns in a timely fashion.

R-6. **New Construction:** Funding for new building construction should be incorporated into the RCM model so that RCUs can better plan for changes to the space usage rate. The amount allocated for new construction should be based on a historical average of building activity over the past ten years.

R-7. **F&A:** Ensure that there are corresponding investments in research development and research support services as R&D expenditures and F&A revenue grow.

R-8. **SCH Allocations:** Allocate SCH based on the Course owner (Option1) maintaining the Undergraduate split of 75% SCH and 25% Major and Graduate 25% SCH and 75% Major.