

Question and Answer from RCM Feedback

1. What is the decision-making process for RCM and what is the timeline for implementation?

After receiving feedback from various campus groups, the Budget Review Committee will make its recommendation to President Lefton following spring break. The President will make a decision before the end of spring semester. It is anticipated that July 2008 will be the earliest implementation date, and the changes are likely to be in phases, possibly taking two to three years to fully implement. Consultation will occur throughout the process if the decision to implement RCM moves forward.

2. Will future decisions be driven more by financial than academic considerations?

Academic values will continue to drive the university's mission and its strategic planning efforts. The RCM budget model is intended to better inform decision-makers and not replace their decision-making. If units do not have a clear sense of their mission and academic priorities, they are more likely to make less effective financial and other decisions that can negatively impact the entire university. As a part of a move to RCM, academic planning throughout the university will need to improve. Academic goals and financial considerations need to be integrated more effectively to enable better decision-making.

3. How will shared governance be impacted by RCM?

The RCM model offers the potential for strengthened shared decision-making because more responsibility for resource choices exists with colleges and campuses than under the current, centralized approach to budgeting. Deans and chairs will need to discuss with faculty advisory bodies early in the implementation process the academic goals and values that will inform resource decisions. As a result, faculty also will have the opportunity to have a better understanding and a greater role in budget issues. More academic and financial information also will be distributed making the decision-making process more transparent and encouraging more discussion of financial issues in colleges and departments. In addition, at the level of the University there will need to be new, or restructured, advisory bodies to recommend how the subvention pool funds will be allocated, and also what the "ground rules" for RCM implementation will be university-wide.

4. What will be considered a center under RCM?

Academic colleges and campuses are likely to be treated as centers in the RCM budget approach. Because each college is very different in its size and complexity, different approaches likely will evolve about how schools and departments are treated within the centers. Each college will have a role in making this determination.

5. Will college and/or department baseline budgets change as we move into RCM?

Changes, if any, will be implemented gradually. The committee is in the process of developing several models for calculating revenues and costs for each academic college.

These models will be analyzed to determine the potential financial impact such decisions could have on future budgets. There may be a need to make some baseline adjustments in college budgets over time as a result of past enrollment shifts or changes in academic priorities. The primary objective of the RCM approach is not to reallocate budgets but to encourage decisions that can increase the financial resources available to academic units.

6. How will the new Provost and other leaders be involved in the RCM decisions?

The new Provost will play a key role in the implementation of any changes in the University's approach to budgeting. The RCM model has been discussed with all of the provost candidates. Once selected, the new provost will be involved in both the decision-making and planning process for RCM. Critical to the successful implementation of RCM is a strong academic plan developed by the provost, academic leaders and faculty that will provide guidance to academic units in making their financial resource decisions.

The committee also recognizes that different leadership and decision-making skills will be required in an RCM environment. The committee is discussing professional development needs and staffing requirements for the RCM environment and will provide recommendations regarding these issues later in the process.

7. How will Regional Campuses operate under RCM?

In many ways the Regional Campuses are already operating under a RCM model. The RCM implementation process may raise questions about how the administrative fee for Regional Campuses should be set going forward. There are representatives of the Regional Campuses on the Budget Review Committee. The regional campus deans also have been asked to consult with their campuses to determine the best way to provide feedback from their campus community. RCM presentations have also been scheduled on some of the regional campuses.

8. Will RCM encourage the development of new academic programs and new student markets?

Compared to incremental budgeting, RCM has greater potential to encourage and support the development of new academic programs. In the past, resources were slow to be moved to programs with enrollment growth, if at all, creating a disincentive for program expansion and new program development. The RCM model provides incentives for entrepreneurial activities such as new programs that attract additional students. Such rewards are also provided for improved student retention so new student markets are not always necessary for an academic program to grow its financial resources.

9. How much latitude will centers have to create new faculty lines and set faculty salaries?

Under incremental budgeting, units must wait until the University as a whole recognizes and is able to support growth in their staffing. RCM allows units to retain much of the new revenue they generate. If enough new revenue can be sustained to cover the cost of additional faculty lines, it is expected that these academic units will have the authority to add new faculty positions. With regard to setting faculty salaries, including merit pay, the

university will continue to operate under the terms of its collective bargaining agreements. Under RCM, the University will need to consult with the leadership of centers in order to determine the appropriate amounts for future salary increases and other adjustments, prior to collective bargaining.

10. Will units be able to determine their own tuition? Will tuition charges decrease under this model?

Tuition rates cannot be different by program, but program and course-specific fees can be adjusted. Approximately 75% of the University's expenditures are associated with salaries and benefits, so lowering tuition is unlikely. We do need to find ways to slow the increasing cost of tuition and this approach could help, but there are many factors affecting the rising cost of a college education.

11. How will this model impact collaboration between areas?

Even with incremental budgeting, there are issues that hinder greater collaboration and interdisciplinary program development. Some universities have used subvention funding to encourage collaboration and cross disciplinary activities. Some universities have found that the revenue-sharing arrangements negotiated under RCM, because they are explicit, have actually encouraged greater collaboration. However, the potential for increased competition will also need to be monitored. The committee will work with academic leaders to determine how Kent State's approach to RCM might be structured so there are incentives that encourage individual, disciplinary, and campus collaborations.

12. How will the need for increased data by colleges and departments under RCM be addressed?

Data and information needs for colleges, schools and departments under RCM will increase and be even more important than today. While the new ERP may eventually help to address these needs, efforts are currently being undertaken by RPIE to determine how to improve access to information and data by colleges, schools, departments and campuses.

13. How will subvention decisions be made?

Financial information will help inform these decisions, but the final decisions will need to be made based upon academic priorities and values. Subvention could, theoretically, occur in two ways. One way is to provide ongoing funding to areas that are critical to the university but may not be financially self-sufficient in the new model. Another way is to provide temporary "start-up" funds for new programs or initiatives until they are financially self-sufficient.

14. Will space and construction be treated differently under the RCM model?

There are several possible approaches to space and facilities costs under RCM. A framework still needs to be developed for making decisions about how space will be controlled. Kent State is a public university and as such, needs to follow the rules set forth by the State of Ohio. One of the primary objectives of RCM is to increase the control over resources like

space by academic units but it must be done within the guidelines the university is required to follow.

15. How would funding be provided for academic and other support units? Would an “opt out” provision be available to centers?

Support units likely would be funded through a service fee that would be charged to all revenue producing centers. The service fee would be based upon the necessary expenses incurred by each of the support units and assessed to the units based upon a yet-to-be-determined formula, e.g., student headcount, student credit hours, unit revenues, etc.

A university-wide budget advisory committee will need to be established to deliberate on the RCM parameters and to discuss the benefits and consequences of an opt-out provision for these services. Some services may be less essential and an opt-out may be appropriate. No decisions have been made regarding these issues, and there will be further community discussion before final decisions are made.

16. Will state funding eventually be restored to previous levels negating the need for new approaches like RCM?

University leaders will continue to work to increase state and federal support to the university and students. However, even if the resource picture brightens, University resource needs will always exceed the funds available. The RCM approach offers the potential to better match available resources with academic priorities because resource decisions are made closest to the units most affected by the decisions.

RCM is also more consistent with current realities within the state of Ohio. As the Ohio economy has declined over the last three decades, the State has increasingly directed a greater share of its funding to services like Medicaid, nursing homes, schools and prisons, and less to higher education. There is a long-held fundamental belief in Ohio that students who benefit from their education need to be responsible for a substantial portion of its cost. This downward trend of state support may be more prominent in recent years but it has been occurring for over 30 years. While the University continues to advocate for more funding, the current Ohio economy is such that increased funding at the level needed by higher education is probably unlikely for the foreseeable future.

17. What other schools have implemented RCM and have you consulted with them?

RCM was first introduced in the 1970s at private universities but has been adopted by several public universities in recent years. Ohio State University adopted the RCM approach a few years ago and the committee will be speaking with representatives from Ohio State on April 5. Seven of the Big 10 conference universities are using some form of RCM. The institutions that have adopted RCM have largely been more successful following its implementation. At this time, there are no instances of universities moving back to a centralized model after RCM has been implemented.

18. How will the success of the model be evaluated and over what time period?

The planning committee needs to clearly articulate measures of success for the new budget model. University performance measures are regularly tracked such as enrollment, retention, graduation, finances, etc. However, more detailed performance measures for each unit will have to be developed, tracked and shared with unit leaders.