

## RCM Roll-out Presentation to Faculty Senate

April 23, 2010

Notes taken by Senator Sandy River

If you missed the presentation, it will be given again at a campus town hall meeting in Human Sciences 169 on Tuesday, May 4. The time of the meeting is 3:30. Dr. Ron Mitchell will be there to talk about RCM. If you are unable to attend the town hall, the RCM portion of the presentation can be found on the RCM web site: <http://www.ttu.edu/administration/president/rcm/docs/RCMrollout.html>.

Following Friday's presentation by President Bailey, Ron Mitchell, and Jon Strauss, the floor was opened for questions.

Q: Is there a place where we can find the weighted student credit hour matrix?

A: Dr. Bailey's office will post it online. Dr. Smith believes that it is in the Strategic Plan.

Q: About transparency – currently the entire budget is only available on reserve. Will this all be available to everyone?

A: Dr. Bailey responded that he didn't think we should have salaries online. Dr. Strauss commented that the centers' budgets would be online.

Q: It seems that you could carry this process all the way down to the individual faculty member using faculty annual reports. Is that true?

A: Dr. Strauss answered that yes, it could be done, but it shouldn't be. The university's finances are not the goal; we won't use the term "profit." The goal is achieving the objectives of the strategic plan. Dr. Bailey commented that deans may decide to apply the model to the departments.

Q: Is there an element of zero sum with subvention? There will be winners and losers.

A: What is important is how much money is needed to produce excellence. Subvention money will be allocated for historical reasons (to support important programs that cannot support themselves), tactically (to get new programs/projects off the ground), and strategically (in pursuit of strategic plan goals.)

Q: So, if a college generates \$100 in revenue, gives 20% as participation, and has \$60 in expenses, will it get to keep the remaining \$20?

A: Yes, but the goal isn't to accumulate money but to use it to benefit academic programs.

Q: Will the colleges get along?

A: There will be healthy and unhealthy competition. There will have to be strong academic management.

Q: The subvention system leaves room for discretion in the allocation of the money.

A: Yes, but both the numbers and negotiations will be public.

Q: How far does this go? – to the college or to the departments?

A: The deans will set up the system for the departments – using RCM or not.

Q: Back to WSCH. Those are set by the state? When you talk about student mix, that's what you're talking about, right? Is there a sense that the state has the weightings right?

A: Dr. Bailey responded that the numbers are very close to right. They are figured as averages across institutions. He doesn't know how you could do it better.

Q: This is the Texas Tech RCM. What institution is it close to?

A: Dr. Strauss answered that it is closest to Indiana. You can't compare it to private institutions because they don't get a state appropriation. A problem here at Tech is what he calls "the color of money." While we show it all as unrestricted revenue, there are all kinds of rules regarding what some money can be spent on, and that has to be kept track of in Banner. How we do that is part of what we'll be looking at next year. Dr. Bailey remarked that we couldn't use another institution's model of RCM because appropriations in states work differently. Dr. Mitchell commented that the benchmarking done last year by the REA Task Force taught us some problems to avoid. For instance, we must guard against incentives that are outside the RCM system. The role of the RCM Council will be to keep things stable – not to make policy but to keep the playing field even.

Q: Will colleges be able to carry money over? Will they be penalized at subvention time?

A: Dr. Strauss replied that we hope to encourage colleges not to accumulate money. Dr. Bailey said that the provost would ask for the college's plan for spending the carry over. Provost Smith remarked that the legislature would not be happy to see large amounts of money accumulate over time. He said that there are ways of committing fund balances for particular uses that take them off the books.

Q: When you charge the same across the board for utilities you don't take into account that some buildings are much easier to heat / cool.

A: That is a problem, but until we can assign costs more accurately, we'll have to base utility charges by space.

Q: It seems like the university endowment would be a place to put carry over money.

A: Dr. Bailey said that it might be a good idea, though there are restrictions. He repeated that we aren't interested in increasing revenue in order to build fund balances. Rather, we want to expend those extra dollars on students and research.