

# ***Senate Council on Research and Scholarship***

## Statement on Implementation of the RCM Budget Model

The Senate Council on Research and Scholarships (SCoRS) has met with Matt Fajack (University CFO) and discussed various aspects of the RCM model (Resource Centered Management), including the timetable for implementation. In general, SCoRS members had serious reservations about the RCM model from various perspectives, including: 1) its focus on expenditures without quality indicators, 2) its revenue sequestration potential through variable “tax rates”, and 3) the current implementation timetable. Although there was considerable discussion about the implications of the model for individual units, there were several overarching concerns expressed that we believe transcend disciplinary and administrative boundaries at UF. Six of the more salient issues are briefly described below:

1. The model has not received sufficient input from a shared governance perspective. SCoRS recommends that implementation be delayed until sufficiently broad input has been received by the CFO through more interactions with faculty who do not hold administrative positions such as the Senate Budget Council, SCoRS, and College Assemblies. There seems to be no pressing need to complete this transition in a time when primary attention is being given to addressing gubernatorially mandated budget reduction exercises. The lack of faculty input on the new taxes on auxiliary accounts and fringe benefit rates demonstrate reflect policy chances, RCM-derived or not, that have been developed outside of a shared governance approach, but are critical issues for many faculty.
2. SCoRS members also were very concerned about how the new model would address research and scholarship across disciplines. Disciplines and their budgetary units that have access to larger national funding opportunities appear to be favored over those with substantial components of non- or smaller revenue generating aspects of scholarship. The FTE associated with about \$50M is to be set aside as time allocated to non-revenue-related research and scholarship and its allocation will be tied to SCH production. We are concerned that this approach will not end up incentivizing all faculty, but only select groups with access to large external funding and hence greatly alter the research and educational profile of the University to its detriment.
3. The initial goal of the RCM project is to identify models that cause minimal upheaval by not mandating major budgetary changes in the short term. A potential unintended consequence is that implementation will then codify budget allocations during a period of numerous fiscal challenges. It seems unlikely that such a plan will serve the University well in the long term as new resources (should they become available) will be distributed formulaically from an historically unrepresentative period during which short-term survival decisions may have distorted unit support. This is likely to be a particular hardship on smaller units who will have a particularly difficult challenge “earning” their way back to financial viability.

4. The taxes on auxiliary accounts will be uniformly applied rather than the tiered approach being utilized today. This means that sponsored research dollars expended inside UF through auxiliaries will pay an additional 8% for each transaction or reimbursement (e.g., instrument recharge). SCoRS view this change as one that reduces our research competitiveness and reduces the ability of grants to support graduate education.
5. Current plans to tax all revenue (research, SCH, etc.) to provide the President with a discretionary fund of ~\$50M seems ill advised at this time. Removing \$50M (~10% of the general university state revenue allocation) from unit operating budgets is similar to the budget reductions currently being addressed across the University. There is considerable concern about both the magnitude of this fund and the timing of its establishment.
6. Much of the budget modeling currently underway involves testing models against models of other universities, both peers and all in state universities, by CIP number. This is another aspect that appears to have had inadequate faculty input because the relationship of CIP numbers to UF budget entities is not one-to-one. We suggest the administration review its CIP assignments with individual budget units as soon as possible.

In summary, we are very concerned about the impact of RCM on the future development of the University. Although we recognize the need for an improved financial awareness on the part the BOT and central administration, we are apprehensive that the detailed accounting included in RCM models discussed to date will be harmful to the University's primary mission of fostering faculty-led development of new knowledge and the dissemination of that knowledge through formal and informal educational activities conducted by faculty. In particular, accounting systems that attempt to track funds and assign cost in detail and in real time ultimately sets boundaries for competition for resources between units and, ultimately, individuals (silo mentality). It is hard to envisage a RCM model fostering more inter-unit cooperation, more cross-disciplinary initiatives, improving the current sponsored research model, or initiation of risk-taking research. In these aspects, we believe the model has significant potential for leading us away from the strategic initiatives outlined in the President Strategic Work Plan, which was vetted by numerous stakeholders on and off-campus. Though apparently inevitable at this point, we encourage the senate through its budget council or other group to be more proactive in seeking a seat at the RCM table in order to fairly represent the faculty's interest.