Report to AASUA Council

by Ad Hoc Research Committee on UA Budget Model

April 23, 2015

Li-Kwong Cheah (APO)
Chair, Ad Hoc Research Committee
Agenda

Formation/ Mandate & Introduction of the Ad Hoc Research Committee

– 3 Slides

What is RCM at U of A

– 4 Slides (mostly from UA Townhall Meeting on RCM)

Committee Actions to date

– 4 Slides plus Appendix
Formation of the Committee

**Council Resolutions**
- November 20, 2014 - Creation of the Committee
- January 22, 2015 - Call to members to serve plus outlining Tasks

**Call to Members**
- January 26, 2015
- March 26, 2015
- April 9, 2015

**Committee Meetings**
- March 12, 2015 (1st meeting with 3 members + Ex Officio)
- April 1, 2015 (3 members + Ex Officio)
- April 15, 2015 (4 members + Ex Officio)
- April 29, 2015 (next meeting)
- *(The Committee has decided to meet every 2 weeks on Wed at 11 am)*

*Confidential to AASUA Only*
Mandate of the Committee

Council Resolutions

1. **November 20, 2014** - Creation of the Committee
   - To conduct research into the proposed U of A budget model, to collect information between members and various university bodies that represent them and to develop recommendations for AASUA in regard to any change in the university’s current budget practices.

2. **January 22, 2015** - Call to members to serve plus outlining Tasks
   - Hire a RA to collect info and liaise with CAUT to investigate & report on proposed changes to UA’s budget practices.
   - Consult with Exec Director & Advisers regarding implications for collective bargaining & conditions of work
   - Report monthly to Council on progress.
   - One written report to Council by April 2015 meeting on prelim findings & recommendations
   - Ensure all constituencies stakes in budget & mgmt reform are considered
   - Set other tasks for itself, resources permitting, such as posting updates to AASUA webpage
# Committee Members

## Committee Members by Constituency

<table>
<thead>
<tr>
<th>Constituency</th>
<th>Members</th>
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<tbody>
<tr>
<td>AFC</td>
<td>Chris Mackay, Sharon Brintnell</td>
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<tr>
<td>APO’s</td>
<td>Li-Kwong Cheah (Chair)</td>
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<tr>
<td>Librarians</td>
<td>Diane Clark</td>
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<td>CAST</td>
<td>Michael Maier</td>
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<tr>
<td>TRAS</td>
<td>Barret Weber, Kathy Belton</td>
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<tr>
<td>SOTS</td>
<td>Miki Andrejevic</td>
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<td>FSO’s</td>
<td>Vacant</td>
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## Ex-Officios

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Kevin Kane</td>
<td>President, AASUA</td>
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<tr>
<td>Brygeda Renke</td>
<td>Executive Director, AASUA</td>
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<tr>
<td>Roxanne Rowe</td>
<td>Business Manager, AASUA</td>
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<tr>
<td>Sylvain Schetagne</td>
<td>CAUT Adviser/Researcher</td>
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Summary of RCM at UofA

Overview

- RCM at U of A has been officially renamed **Resources Management Model** ("RMM")
- UA Administration has formed a Steering Committee and a Project Team to explore and report on the potential of employing RCM at U of A.
- The Steering Committee is chaired by **Phyllis Clark** (VP F&A) and **Kerry Mummery** (Dean of Physical Education & Recreation)
- 13 Committee Members, comprising 8 from Academic (4 Deans, 1 Vice Dean, 3 Professors) and 7 from Central Administration.
- Working Groups have been formed to investigate how Revenues and Central Expenses will be allocated to the Faculties.
- The intent is to provide a Report (together with pros and cons) on RCM budgeting to incoming President David Turpin in July 2015.

- **Source: UA Campus Forum on RCM Budgeting  Feb 6, 2015**
Concept of RCM at UofA

What is RCM?
• It is a method used in Universities to manage resources where:
  – Revenues are allocated to the units that generate them.
  – Faculties are responsible for financing their expenses
  – Central Administration Costs are allocated to Revenue generating units on agreed upon assessments.
  – A central pool of resources is allocated to compensate for imbalances and to support university priorities.

What does RCM do?
• Extends decision making & accountability to the faculties & other revenue generating units
• Gives more control over revenue generation and resource allocation
• Provides incentives for academic decision-makers to find new sources of revenue and strategically manage resources to support their academic goals.

• Accountability: faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.

• Source: UA Campus Forum on RCM Budgeting, Feb 6, 2015
What is RCM? (“purest” form)

Traditional Model Flows

- Grant
- Tuition and Fees
- Misc. Revenues

Central University General Fund

Faculties

Administrative Units

RCM Model Flows

- Grant
- Tuition and Fees
- Misc. Revenues

Faculties

Central University General Fund

Administrative Units

Adapted from Responsibility Centered Management: A Guide to Balancing Academic Entrepreneurship with Fiscal Responsibility, John R. Curry, Andrew L. Laws, Jon C. Strauss
Working Groups

Source: UA Campus Forum on RCM Budgeting Feb 6, 2015
Members’ Concerns

Summary

• It is the intention of University Administration to provide a Report on RCM Budgeting to President David Turpin with a description of the model and the pros and cons for his consideration when he officially starts at UofA. The University Administration has specified that it will not make a recommendation but leave it to President Turpin to make consultations and to make a decision.

• Many concerns have been expressed by members as to how the new budgeting model may impact their faculty and their work conditions, such as the following:
  – Turns Dean into a Business Manager with performance goals (including financial performance targets) as set by the RCM Budget
  – Revenue Raising assumes more importance at the expense of Academic goals
  – Impact to those “non professional” faculties that may have problems raising revenues.
  – Type of employment contracts for future and current faculty.
  – How will this initiative detract Faculty from teaching and research?
  – Will the Dean extend the performance targets to the Department Chairs?
  – How will Allocations/Charges disputes from Central Units to Faculties be resolved.

4/23/2015
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Committee Report

Overview

• The Committee is not ready to provide preliminary recommendations, given its late formation and is still considering undertaking a survey.
• We have been gathering and reviewing relevant literature, and the CAUT study has provided information as to the history of RCM Budgeting and the Canadian Universities that have undertaken RCM budgeting.

From our Minutes of April 15, 2015 Meeting

• Research to be done by the Committee will consist of 2 main thrusts:
  – A. Literature Review (see appended for list of literature obtained)
  – B. Survey of Other Institutions who had implemented or are in the midst of implementing RCM plus possibly U15 and some U.S. Institutions.
  – The list of Survey Questions from CAUT and the Discussion Questions from the Expert Panel Forum were reviewed for possible use for the Survey.

Canada Institutions who have implemented or are considering RCM:

- Lethbridge
- Toronto
- Saskatchewan
- Windsor
- Trent
- Wilfred Laurier
- York
- Kwantlen
- Queens
- CAUBO
**Committee Report (2)**

**Decision from last Meeting:**

- Kevin Kane will lead a small panel of the Committee to make a call to the President of the Academic Union of the following institutions, beginning in April – Lethbridge, Toronto, Saskatchewan, York
- The call would not be classified as a survey but as a discussion of RCM in their institution, on whether their institution had considered RCM and the potential impact that RCM had on members/faculties.
- Following this series of calls, the Committee will decide based on what has been gleaned whether to expand the discussion/survey to other institutions.
- It was decided that the Committee would issued its Report to Council by late June and if approved, Kevin as President would request a meeting with incoming President Turpin to discuss the Report.
Sources of Literature

Information Gathering

- Responsibility Center Management by Curry, Laws, Strauss 2013
- CAUT Briefing Memo –The recent evolution of Internal Budgeting & Managerial Models in Canadian Colleges & Universities
- Campus Forum RCM Powerpoint Slides - Phyllis Clark, Feb 6, 2015
- Expert Symposium (Discussion Questions )on RCM Budgeting organized by UofA April 14, 2015
- RCM and Other Models – from Laurie Adkin
- Budget Model Uof A Notes – from Laurie Adkin
- Responsibility Center Management: 25 Years of Lessons Learned by Strauss & Curry, 2002 - from Laurie Adkin
- 2008 Hanover Report on RCM -from Laurie Adkin
- Draft Questionaire on RCM from CAUT (Sylvain Schetagne)

• **Note: All of the above are posted on my Google Drive plus AASUA Portal**
Appendix

- U 15 Listing
- Slides from UA Campus Forum on RCM, Feb 6, 2015
U15 Listing

University of Alberta
University of British Columbia
University of Calgary
Dalhousie University
Universite Laval
University of Manitoba
McGill University
McMaster University
University of Ottawa
Queen’s University
University of Saskatchewan
University of Toronto
University of Waterloo
Western University
Principles

Supremacy of academic priorities — the institution’s mission and academic priorities are paramount in all decision making.

Transparency — relevant institutional resource data and decisions based on those data are available across all faculties and other units.

Accountability — faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.

Simplicity — rules and processes are understandable and actionable.

Consistency — rules apply equally across all faculties and other units.

Predictability — any changes to the model require broad consultation among all stakeholders.