



Introduction to Responsibility Center Management

At the University of Florida



Responsibility Center Management (RCM)

- Decentralizes decisions and financial authority/responsibility to academic leadership:
 - For example, college deans and their faculty are in a better position to understand the impact of resource use and related decisions

Responsibility Center Management (RCM)

- Encourages academic units to take greater responsibility for revenue generation and spending decisions
 - Promoting “entrepreneurial thinking”
- Supports growth even when government funding is limited

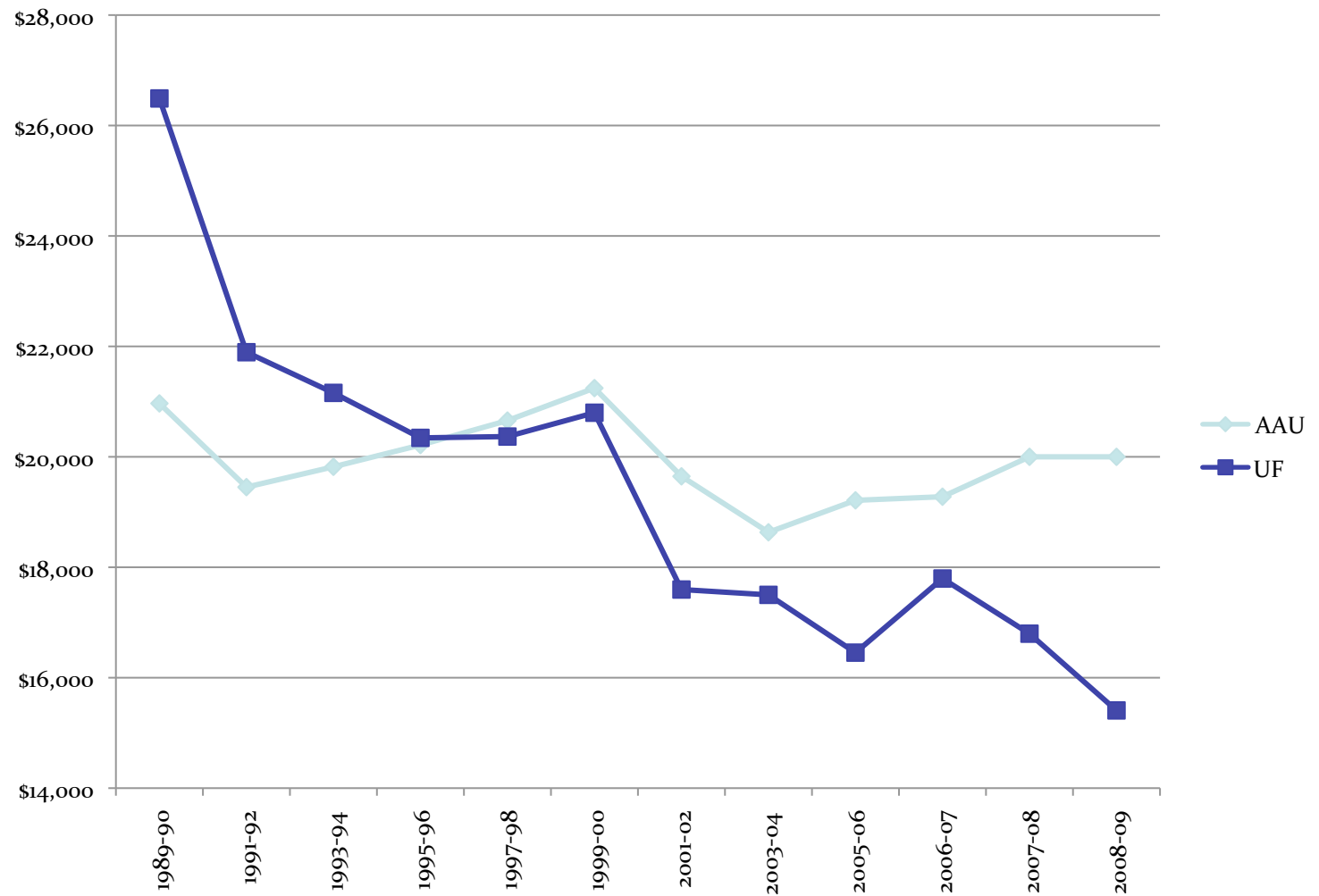
Why Change Budget Systems?

- In order to sustain standards of quality and achieve greater levels of academic excellence, we must look for ways to:
 - Increase our self-reliance
 - Promote innovative and entrepreneurial activities that are financially viable
 - Generate new revenue sources



State Appropriation and Tuition Revenue per Full-time Equivalent Student

AAU Public Average vs. UF



Why Change Budget Systems?

- Because college-level academic leadership is put in control with RCM
 - Better decisions about how the university uses its resources are expected

Why Change Budget Systems?

- Greater transparency also occurs:
 - Encourages “information-rich” discussion about budget
 - Deepens understanding of financial impacts when making decisions
 - Clarifies current maze of cross-subsidies
 - Now, colleges subsidize each other
 - Need to ask instead—
 - What does this class or program cost?
 - What is its impact?

UF Funding Structure

Instruction:
**Student Credit
Hours**

**Entrepreneurial
Activities:**
Research
**Self-Funded
Classes**
Auxiliaries, etc.

Strategic Direction

Responsibility Centers

- Revenue
 - Receive all revenue earned from their activities
 - Receive an allocation of state appropriations based on a formula using student credit hours
- Expenses
 - Responsible for all direct expenses
 - A share of Support Center costs
- RCM creates a full cost view of academic operations

Support Centers

- Support Centers, or administrative units
 - Tend to generate little or no revenue, but do incur costs
 - Managers of these areas are accountable for costs only—and value of services provided
- Support Centers will be funded via assessments to each Responsibility Center

Support Centers

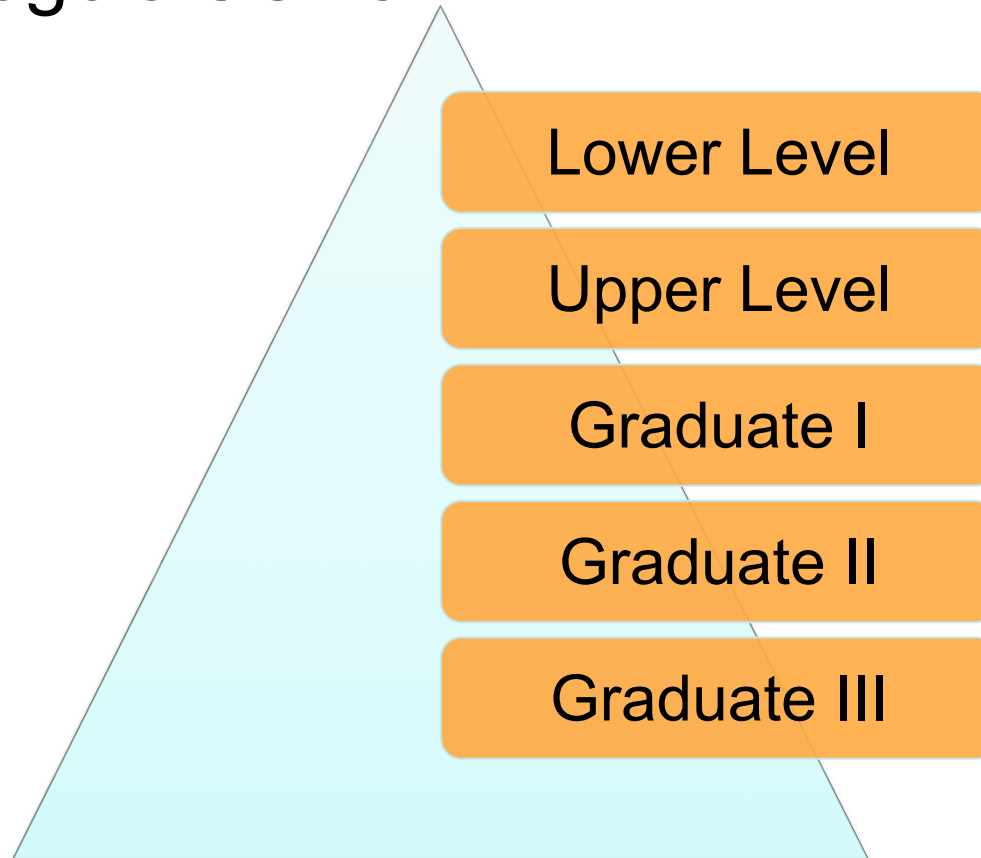
- Each year, Support Centers will explain their value and services to a Budget Review Council to justify their budget requests
- Council will be composed of reps from colleges, VP areas, faculty senate
 - 12-15, with rotating membership
- Every five to six years, each Support Center also will go through a “zero-based” budget review

Support Centers

- Support Centers to go through “zero-based” budget review will be:
 - Purchasing and Disbursement Services
 - UF Bridges
 - IT (in general)
 - UF Privacy Office
 - General Counsel Office
- Will need good measurements, benchmarking

Weighted Cost of Delivery

- Five weightings used for each college's SCHs:





Weight By College

College	Lower	Upper	Grad I	Grad II	Grad III
Fine Arts	3.135	4.404	14.578	14.594	
Design, Construction, and Planning	2.604	3.072	6.133	5.509	
Liberal Arts & Sciences	1.938	3.016	10.126	11.940	
Business Administration	1.000	1.655	7.090	22.444	
Education	.555	1.861	5.097	8.869	
Engineering	1.837	5.480	11.199	11.414	
Journalism & Communications	1.369	1.572	7.398	12.234	
Law			7.194	21.448	
Health & Human Performance	1.230	1.489	6.214	5.585	
Veterinary Medicine		6.473	3.699	11.610	22.194
Medicine		5.742	5.888	11.755	22.194
Nursing		6.473	3.699	11.610	
Pharmacy		6.473	3.699	11.610	
Public Health & Health Professions	.925	5.917	3.823	10.536	
Dentistry		6.473	3.699		16.645
DOCE	.395	1.838			
Latin American Studies	3.028	8.934	14.789	15.768	
CALS	1.325	2.254	7.954	11.044	

BSA—Base Student Allocation

- The value for one student credit hour (SCH) with a weight of 1.00
- Used to calculate how much of state appropriations the colleges will receive through RCM
- End result is the allocation of state-appropriated funds

BSA—Base Student Allocation

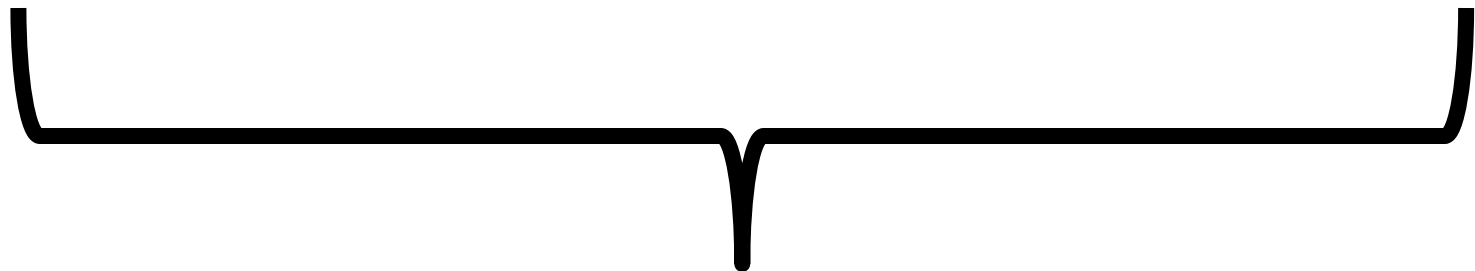
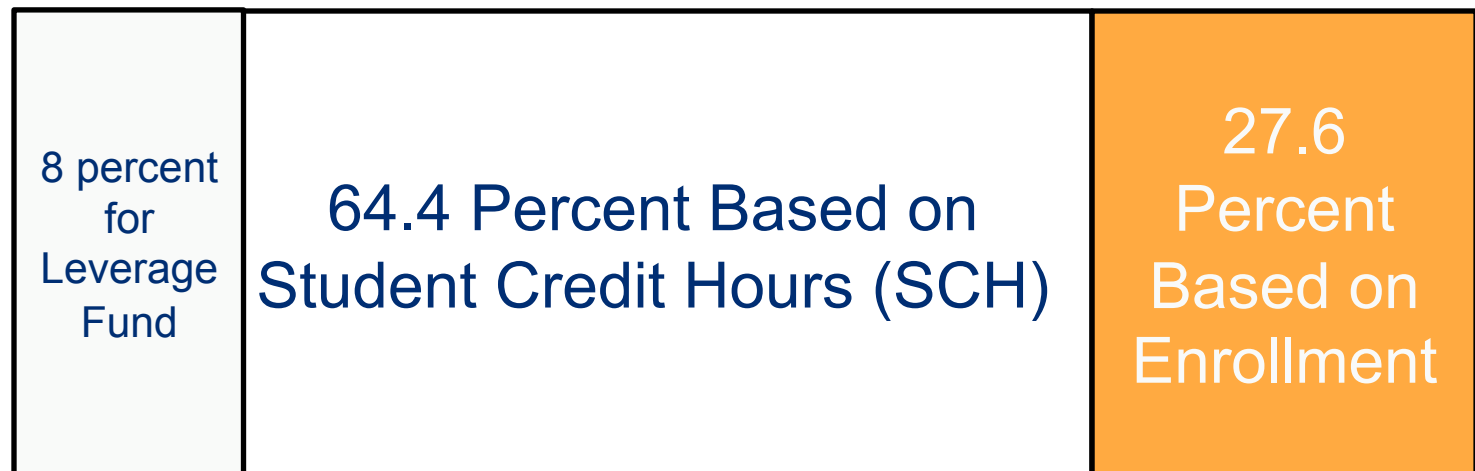
- BSA provides a baseline associated with a 1.0 weighting
 - For ex., 1 Lower Level SCH = \$37.31 (BSA)

Strategic Fund

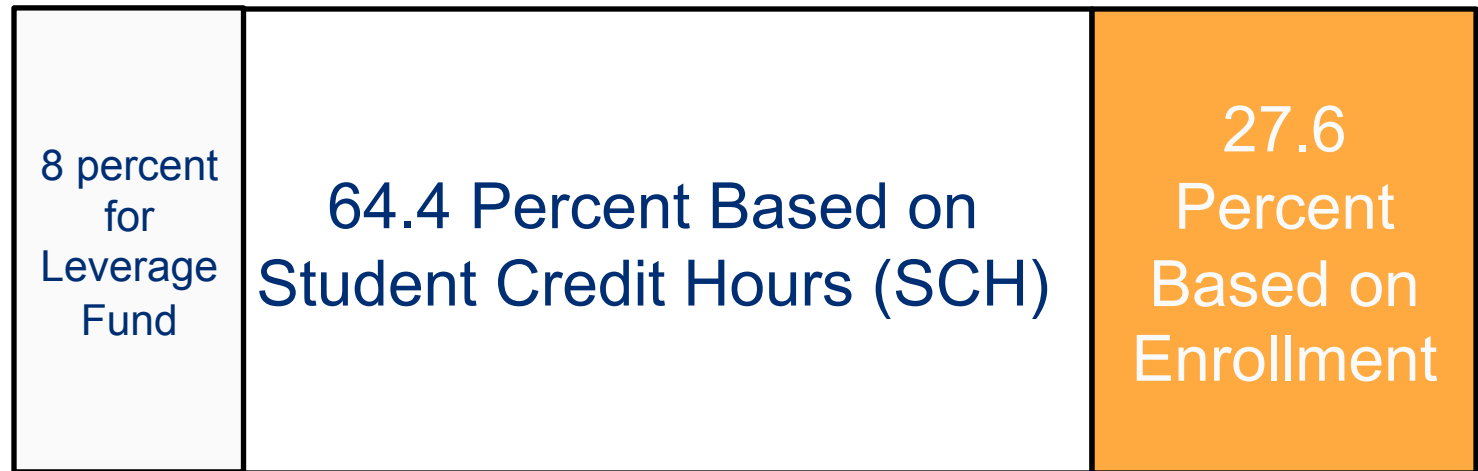
- Designed to support new or key initiatives
 - Central fund funded by tuition increases as well as Pepsi fund, logo fund, etc.
 - Used at the discretion of the President



College Revenue Components

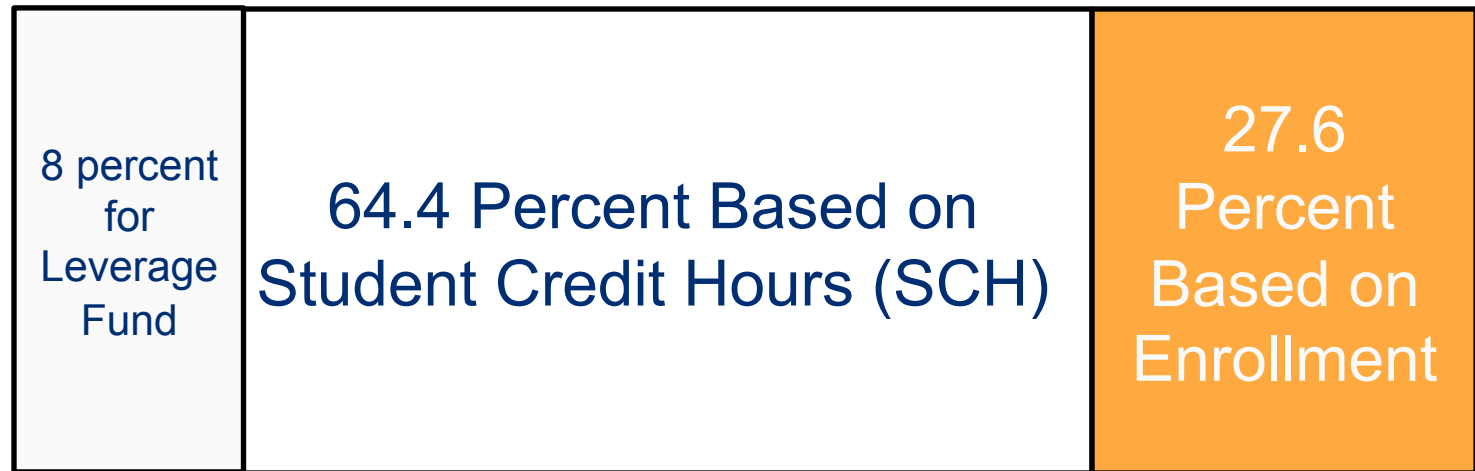


College Revenue Components



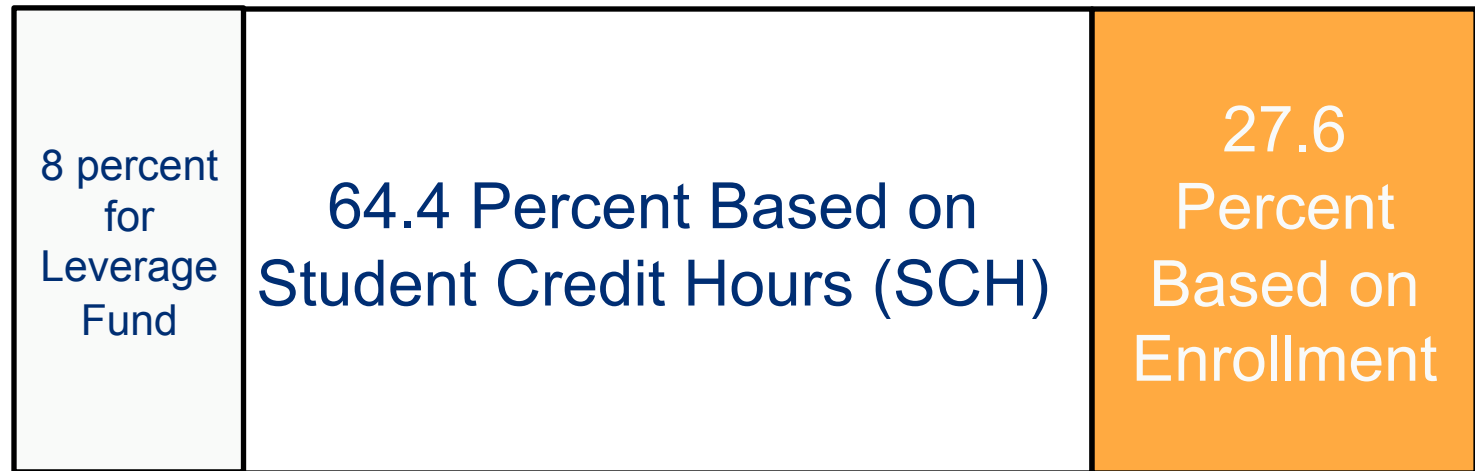
From all three sources:
General revenue, lottery, and tuition

College Revenue Components



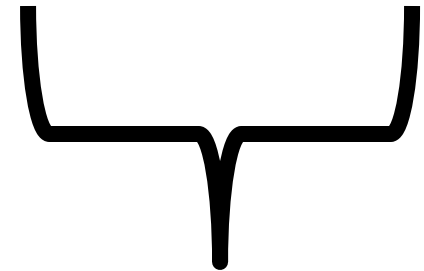
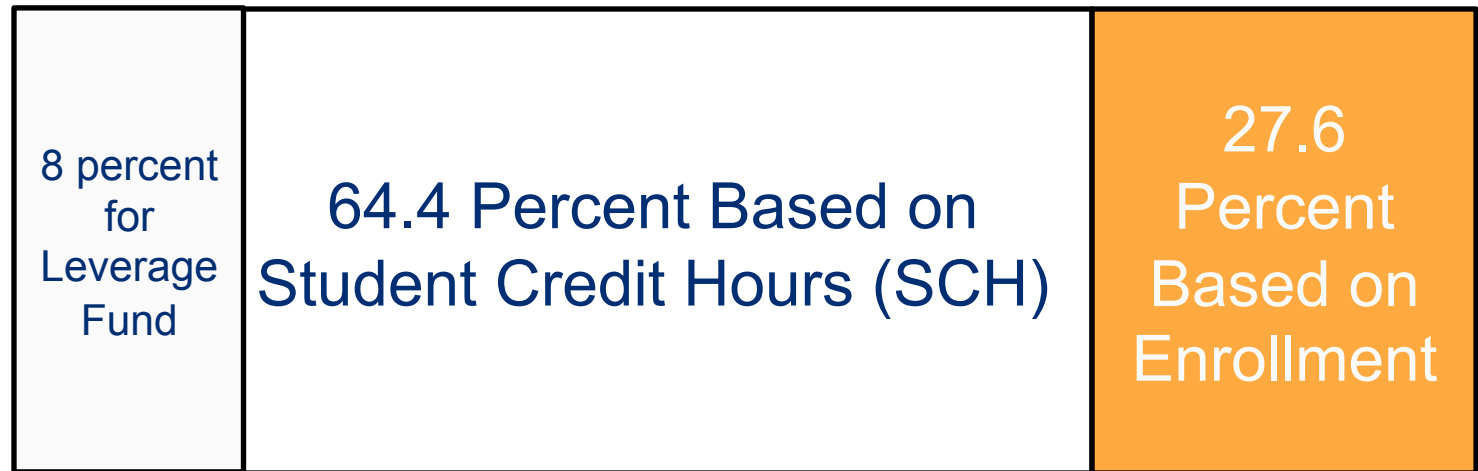
Goes to college teaching the class

College Revenue Components



SCHs are weighted based on cost of instruction of the class

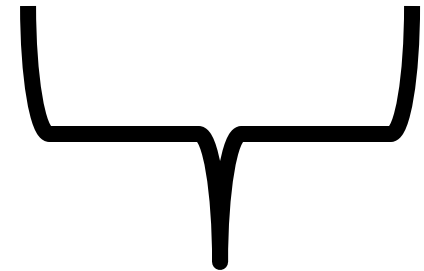
College Revenue Components



Based on number of students officially
accepted and enrolled in your college

College Revenue Components

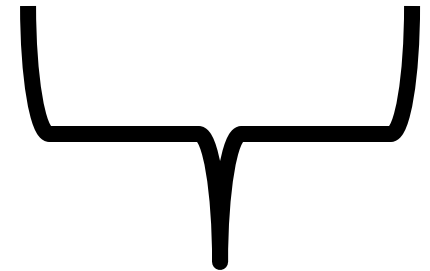
8 percent for Leverage Fund	64.4 Percent Based on Student Credit Hours (SCH)	27.6 Percent Based on Enrollment
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The portion of funding received from
general revenue and lottery will be
weighted

College Revenue Components

8 percent for Leverage Fund	64.4 Percent Based on Student Credit Hours (SCH)	27.6 Percent Based on Enrollment
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The portion from tuition will not be weighted

College Revenue Components



State Appropriations



Entrepreneurial Activities

- 100 percent of revenue returned to college

For example:

- Sales and service
- Self-funded “off book” academic programs (receive no state funding)

College Revenue Components



State Appropriations



Entrepreneurial Activities



Contracts and Grants

- Sponsored projects—
Federal and non-federal
contracts and grants
awarded typically in
support of research
activities

College Revenue Components



State Appropriations



Entrepreneurial Activities



Contracts and Grants

- 100 percent provided to college, including all Indirect Costs (funds collected to operate and support UF's sponsored research program)

College Revenue Components



State Appropriations



Entrepreneurial Activities



Contracts and Grants



Endowment Earnings and Gifts

- Spendable gifts plus endowment earnings received in a year

College Revenue Components



State Appropriations



Entrepreneurial Activities



Contracts and Grants



Endowment Earnings and Gifts



Material & Supply (M&S) &
Equipment Use Fees

College Revenue Components



State Appropriations



Entrepreneurial Activities



Contracts and Grants



Endowment Earnings and Gifts



Material & Supply (M&S) &
Equipment Use Fees

- 100 percent of revenue
returned to college

College Expense Components



Info Technology



General Admin



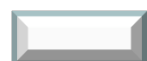
HSC Admin



Student Services Admin



Facilities



Library



Sponsored Project Admin

College Expense Components



Info Technology

- Bridges
- Information Technology
 - Covers cost of UF infrastructure and base level of services
 - Will still pay separately for equipment, software, “wall plates” (network cabling to each workstation), etc.

College Expense Components



Info Technology

- Percentage based on your direct expenditures, excluding Sponsored Research

College Expense Components



Info Technology



General Admin

College Expense Components



Info Technology



General Admin

- Audit & Compliance Review
- Board of Trustees
- Business Affairs
- Business Services
- CFO
- EH&S
- Finance & Accounting
- General Counsel

College Expense Components



Info Technology



General Admin

- Governmental Relations
- Human Resources
- Institutional Activities
- Operations Analysis
- UF Police Department
- President's Office
- Provost's Office
- University Relations
- UF International Center*

College Expense Components



Info Technology



General Admin

- Percentage based on your direct expenditures, excluding Sponsored Research

College Expense Components



Info Technology



General Admin



HSC Admin

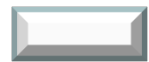
College Expense Components



Info Technology



General Admin



HSC Admin

- VP Health Affairs
- Only applies to Health Science Center (HSC) colleges

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin

- Admissions
- Financial Aid Admin
- Graduate School
- Registrar
- Student Affairs
- UF International Center*

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin

- Amount paid will be based on number of students
- Distinction made for graduate vs. undergraduate students

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

- Construction and Planning
- Physical Plant Division

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

- Cost of utilities, custodial services, and building maintenance

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

- Based on square feet of what you “own” as reflected in UF’s Space Tracking and Reporting System (STARS)

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

- Different amounts will be charged for office, lab, classroom, and “other”

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

•Shared space will be paid for by area to which it is assigned

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities

- No charge for off-campus facilities if already responsible for own utilities, custodial services, etc.

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities



Library

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities



Library

- Charge based on number of students and faculty

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities



Library

- Three weights: Lower vs. upper undergraduate vs. graduate students/faculty

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities



Library



Sponsored Project Admin

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities



Library



Sponsored Project Admin

- Contracts and Grants
- DSR
- Cost Analysis

College Expense Components



Info Technology



General Admin



HSC Admin



Student Services Admin



Facilities










Library



Sponsored Project Admin

- Percentage charged based on Sponsored Research expenditures

College Expense Components

	Info Technology
	General Admin
	HSC Admin
	Student Services Admin
	Facilities
	Library
	Sponsored Project Admin
	Total Assessments

Timeline

- July 1, 2009
 - Incremental budget process
 - Parallel RCM budget system
- July 1, 2010
 - Refinement of RCM budget system
 - Implementation of RCM budget system
 - Begin amortization of historical cross-subsidies