



THE UNIVERSITY OF ARIZONA

College of Medicine

Tucson



Responsibility Centered Management and the College of Medicine - Tucson

**David Elmer, Deputy Dean for Finance and
Business Affairs, COM-T**

General Faculty Meeting

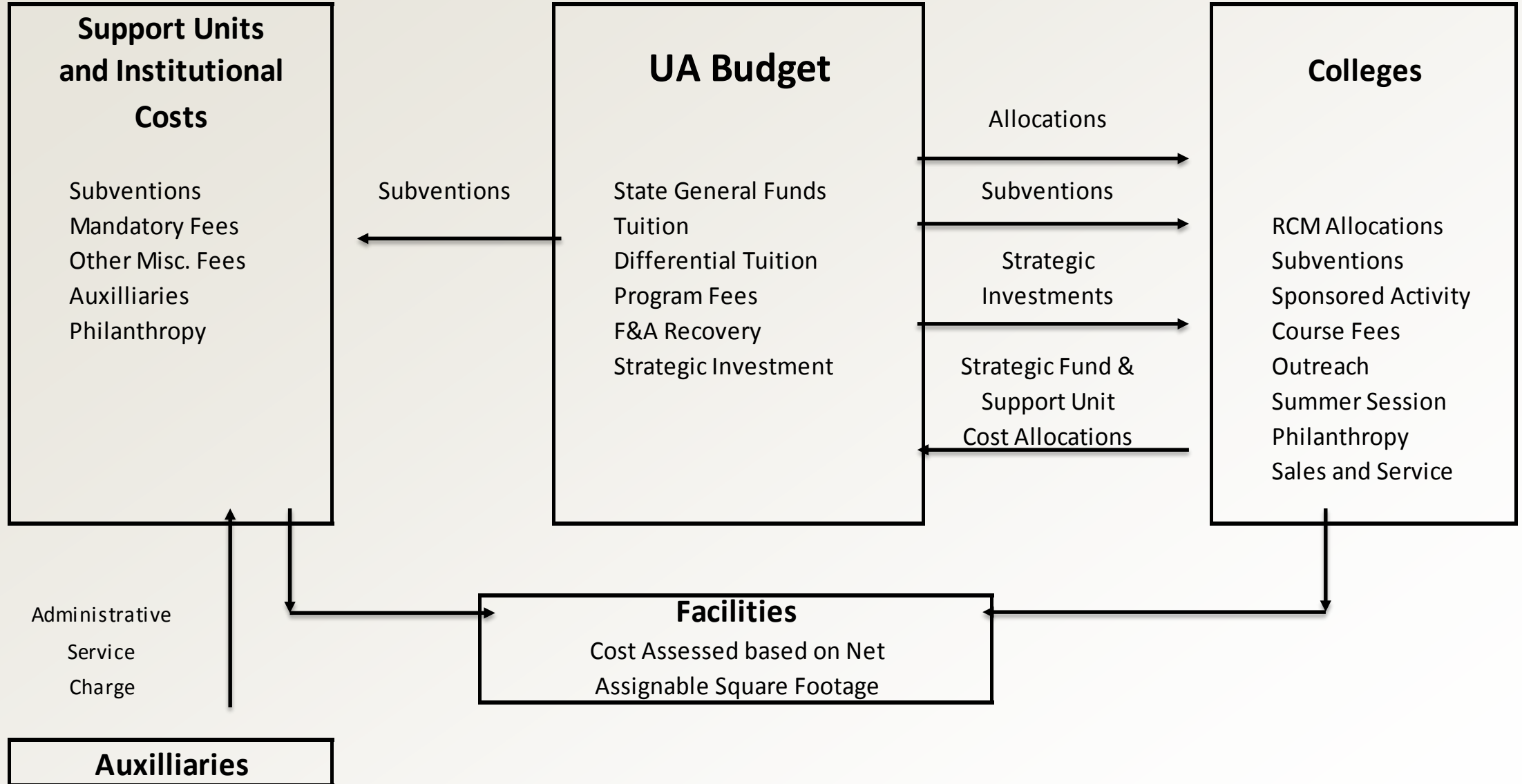
11/7/2018




Objectives

- Review the UA fund and cost allocation methodologies under Responsibility Centered Management (RCM).
- Explain how RCM differs for colleges in UA Health Sciences in comparison to other UA colleges.


The following chart illustrates how funds flow in RCM.




What Is Subvention?

- Base Year is 2015
 - Overall level of funding did not change within any of the Responsibility Center Units (RCUs) as historical budgets are maintained consistent with previous levels.
 - Revenues are attributed to each of the college RCUs along with a calculated share of the support and facility costs.
 - State funds (subventions) are provided to each of the RCUs, that, when combined with the allocated revenue, are sufficient to cover the RCU's historical budget and their share of the allocated support and facility costs.
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RCM Revenue Allocation Methodology

- **Operational Base Budget**
 - Change is marginal from year to year based on prior year activity.
 - Student Credit Hours (SCH) and Major dollar values may change based on overall enrollment.
 - **Undergraduate Tuition**
 - Funds are pooled, reduced by institutional aid, then distributed to RCUs @ 75% SCH and 25% Major.
 - **Graduate Tuition**
 - Allocated individually to RCUs @ 25% SCH and 75% Major.
 - **Program Fees and Differential Tuition**
 - Allocated 100% based on the college who owns the fee/tuition.
 - **Facilities and Administration Cost Recovery (IDC)**
 - Allocated 100% based on the F&A distribution associated with the grant award.
 - **Summer and Winter Sessions / Online and Distance Programs**
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RCM Cost Allocation Methodology

- Funds units that support the primary missions of the university including:
 - Institutional administration
 - Student support
 - Research support
 - Public services
 - Facilities
 - Utilizes a tax based approach applied to RCU revenue
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RCM Cost Allocation Methodology continued...

■ Undergraduate Tuition

- 30.96% for Support costs
- 2.75% for Strategic Investment Fund (increases to 3.5% in FY19 and 5% in FY20)

■ Graduate Tuition

- 12.38% for Support costs
- 2.75% for Strategic Investment Fund (increases as above)

■ Program Fees, Differential Tuition and Medical Student Tuition

- 12.38% for Support costs
- 2.75% for Strategic Investment Fund (increases as above)

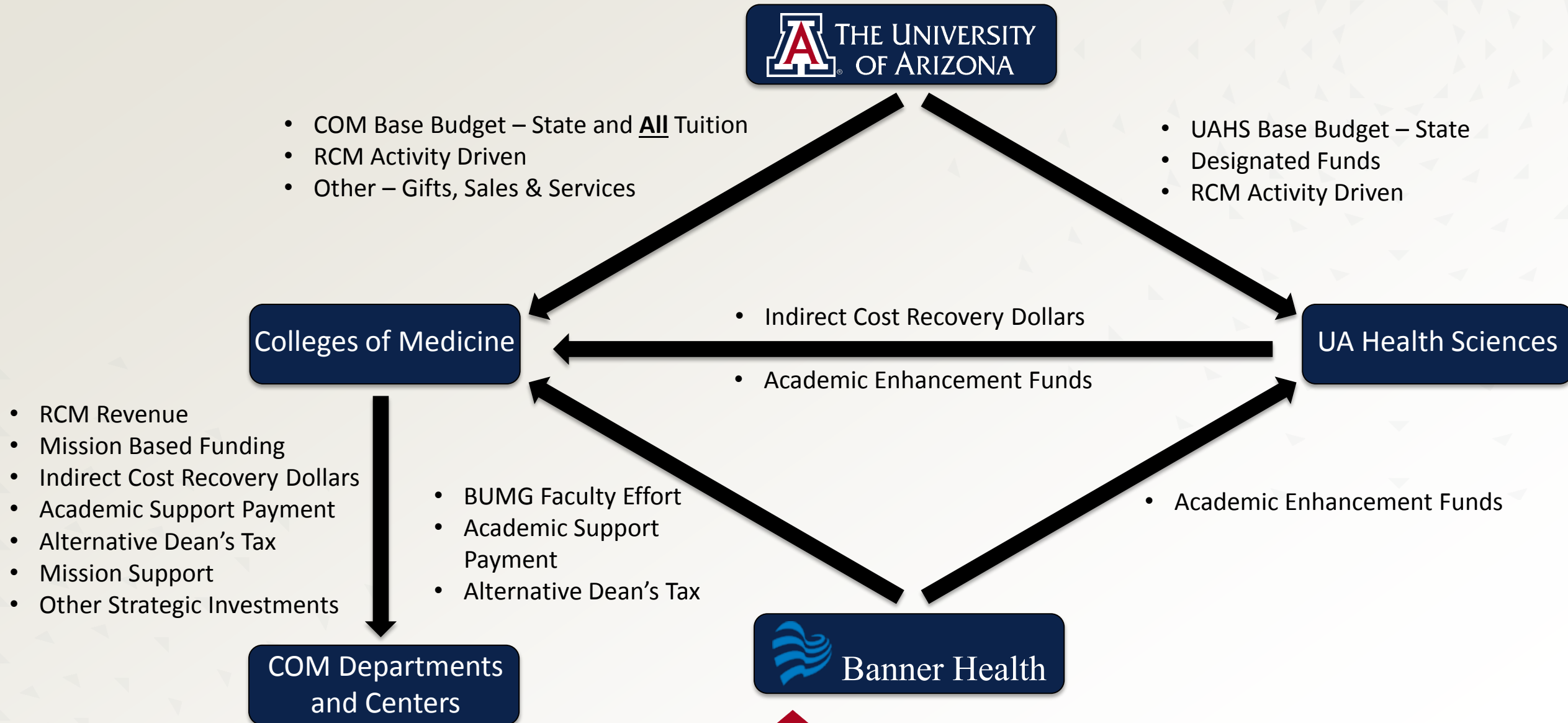
■ F&A Cost Recovery / Indirect Cost Recovery (IDC)

- 12.38% for Support costs


■ Facilities Costs

- \$25.19 per Net Assignable Square Foot
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How Does RCM Work at UAHS and COM-T?




How does the RCM model differ for COM-T?

- The University allocation of Facilities Costs for all Health Science colleges is absorbed by UAHS.
 - Any funding reconciliation (subvention) in the RCM base year related to IDC Revenue and Facilities Cost is retained by UAHS to cover the shortfall between revenues distributed and Facilities costs.
 - Initially, under the UAHS model, COM-T received a fixed IDC distribution dollar amount based on the highest of a defined 3 year period. In FY18, the IDC distribution to COM-T was changed to 25% of total IDC specific to COM-T under the RCM model. Tax is absorbed by UAHS.
 - In FY19 UAHS began distributing all IDC dollars in excess of Facilities Costs to the colleges.
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How does RCM work for Departments and Centers?

- Departments and Centers continue to maintain base budgets at pre-RCM levels.
 - The F&A (IDC) distribution model continues the use of an allocation methodology based on a MTDC (modified total direct cost) per sq. ft., rewarding efficient use of research space while providing funds for research investment.
 - Additional IDC revenues received from the FY19 distribution policy change will be distributed consistent with the methodology above.
 - Tuition associated with existing teaching activity (with the exception of summer session) is not directly distributed to the activity generating unit.
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What About New Course Revenue?

- The College has an interest in strategic development of new degree and certificate programs, on-line courses and micro-campuses.
 - A process for internal review and approval is being developed.
 - The College would like to minimize financial risk to the departments and encourage innovation by providing start-up funding for new programs. Funding from the Provost Strategic Investment Funds also will be leveraged to cover initial costs.
 - Tuition received specific to these new programs, less taxes, will be split 50/50 between the College and the Department(s).
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Questions?

