RU University Senate Charge S-2010-1

Evaluation of the RCM Implementation at Rutgers

"Evaluate the implementation of the RCM budget model at Rutgers University. Specify recommendations where improvements should be considered."

Summary:

Comprehensive investigations have previously revealed widespread dissatisfaction with the implementation of RCM at Rutgers, including reports that RCM:

- distorts priorities in teaching and research
- excludes elected stakeholders in planning
- is not transparent
- does not achieve or clarify priorities
- does not contribute to a beloved community
- does not build excellence

This dissatisfaction is expressed by majorities of all ranks: staff, faculty, deans, directors and chancellors.

Additionally, quantitative analysis shows that:

- all teaching and research units generate net revenue
- transfers from these units to Central and elsewhere lead to austerity budgets
- non-revenue producing units control RCM decision making.

Recommendations:

Be it resolved that the Senate recommends:

- The University shall provide transparency in budget preparation and reporting needed to ensure that RCM reflects University priorities.
- Central and other non-revenue generating units provide important services, but should not be exempt from responsibility for revenues and expenses.
- Shared governance of fund transfers should be introduced, involving revenue generating (teaching and research) as well as non-revenue generating (service) units.
- All units should have the same access to budgetary information: requests for relevant nonconfidential data should not be delayed or denied.

Abbreviated history:

Rutgers' current budget model, "Responsibility Centered Management" (RCM)" is a plan that has been promoted at numerous universities by the private consultancy company, EAB Global, Inc. (formerly The Advisory Board Company). As of August 2021, Rutgers had spent over $6 million in fees to EAB, which provides presentations to Rutgers and our peer institutions promoting such things as increasing class sizes, limiting faculty lines, and reallocating faculty lines from departments to deans or provosts. A representative EAB presentation available on the web is included in Ref. [1]; also EAB recommendations, Ref. [8].

The stated intent of RCM has been described as providing a mechanism by which[2] "revenue-generating units are wholly responsible for managing their own revenues and expenditures." Reported benefits of doing this include[3]

1) incentivize revenue growth,
2) improve transparency,
3) control costs, and
4) increase the strategic fund.

Prior reports:

The performance of RCM at Rutgers has been examined in two Rutgers' reports, first a 2014 University Senate Budget & Finance Committee (BFC) report, and second a survey and analysis[4], completed by a 27 member multi-campus, multi-school, multi-level RCM Review Committee in June 2021. The outcomes of these reports are summarized below.

Implementation of Responsibility Center Management, *RU Senate BFC report (2014)*

Summary: This report expressed concern that "budgeting pressures would overwhelm the true mission and purpose of the university … incentives for increased class size and grant funding may distort priorities in both teaching and research."

This report yielded 11 recommendations in 4 areas: 1) Relation of budget to mission, 2) Shared governance, 3) Transparency, and 4) Budget surplus & deficit. A synopsis of recommendations in each area follows.

Budget & mission:

1) Academic excellence should be explicitly included in RCM
2) RCM plans should detail contributions to academic mission
3) The administration should be explicit about priorities

Shared governance:

4) ***Elected*** stakeholders should be integral to RCM planning (emphasis in report)
5) Elected stakeholders should consider
   - appropriate sharing algorithms
   - needs and allocations of overhead expenses and associated sharing algorithm
   - public description of needs and justifications for subventions

Transparency:

6) Faculty & staff should be fully aware of planning & implementation of RCM
7) Department heads should have access to realtime information & projections of their budgetary standing
8) Accessibility to budget information should be improved
   - Stakeholder groups should have access to detailed budgetary information for prior years
9) Budget transparency outside the university should be improved

Budget surplus & deficit:

10) Units should be encouraged to accrue savings for future strategic plans
11) Differences in revenue-generating capabilities among schools & departments should be considered in RCM implementation

RCM at Rutgers: A Five-Year Review, *RCM Review Committee (2021)*

Summary: A wide range of participants extending from faculty to chancellors agreed that the implementation of RCM does not help to achieve institutional priorities, does not aid strategic clarity, does not contribute to a beloved community, does not achieve adequate transparency, and does not build excellence.

This report identified "areas where the design of the current budget model appears to discourage desired behaviors or impede mission-critical programs and initiatives, including those that relate to Ph.D. education, arts and humanities, diversity, equity, and inclusion, and those that support students or further the University's public mission."

The report is highly readable, but is 121 pages in length, so we summarize highlights, quantitative survey findings, and subcommittee conclusions here.

Highlights:

p13: "The current budget model appears to *prioritize revenue generation over academic excellence* and the public mission."

p14: "The budget model is *not perceived to reflect institutional priorities or create appropriate incentives* for behaviors related to those priorities, particularly as it relates to facilitating appropriate levels of support for programs and initiatives that are deemed critical to the University's mission and the pursuit of academic excellence."

p15: "The current budget model and related policies and practices can be *significant barriers to fostering teaching and learning*, which are inherently interdisciplinary and involve collaboration across programs, departments, schools, and campuses."

p16: "The current budget model and related policies and practices are perceived to *discourage pursuit of certain types of grants and hinder collaboration with interdisciplinary or inter-unit research centers*. The current model does not fully or appropriately account for the diversity of grant-funding at Rutgers."

p17: "Current structures for managing central costs and engaging with central service providers *lack clarity, creating concern about the existing mechanisms for oversight* and quality control."

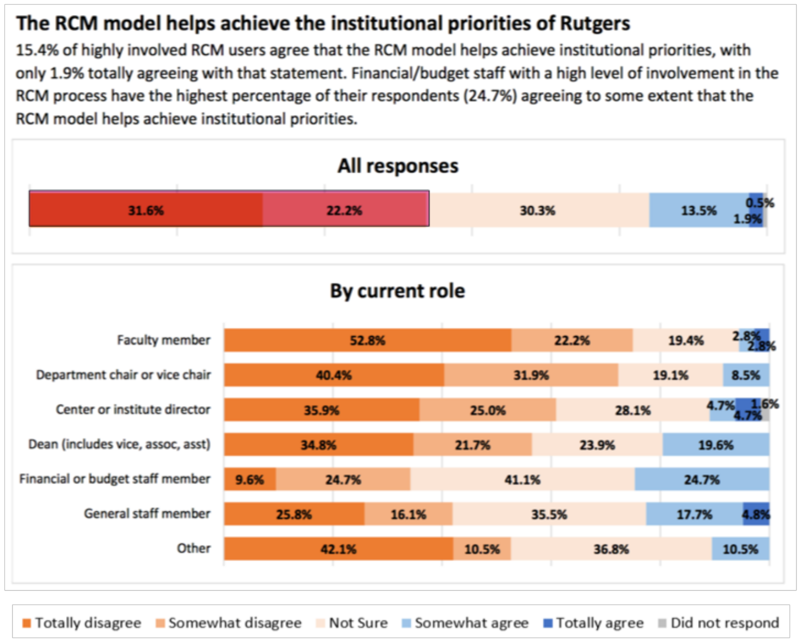
p18: "Lack of centralized information and resources, regular communications, and precision in terminology all contribute to *confusion about the budget model* and an increased likelihood of misinterpretation of how certain aspects of the model are employed."

p18: "Governance and design of the budget model are *removed from university stakeholders who feel they are best positioned to offer guidance about the impact of decisions*."

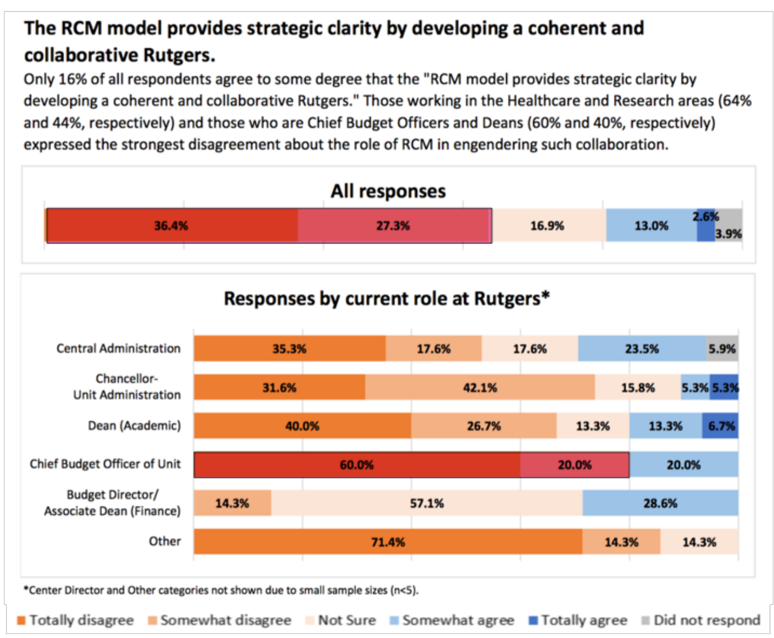
p20: Debt service is generally allocated to the occupants of the respective building financed by that debt. In some cases, this practice has created *inequities* between the units and in other cases, occupants in partially-occupied buildings are bearing a *disproportionate share of debt service*.

Overview of quantitative polls:

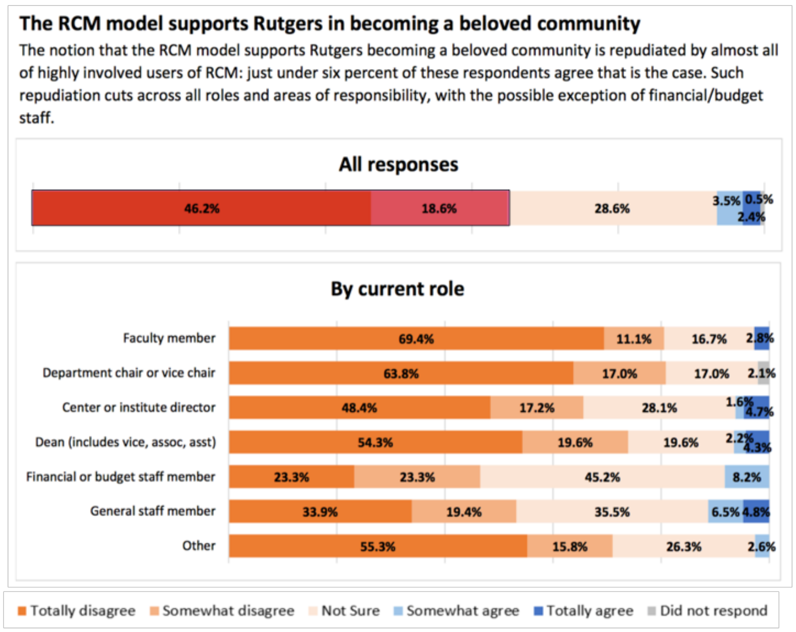
- 54% of those polled found that *RCM does not help to achieve institutional priorities*. This included faculty chairs, directors and deans (all graphics in this section from 5 year review[4]):



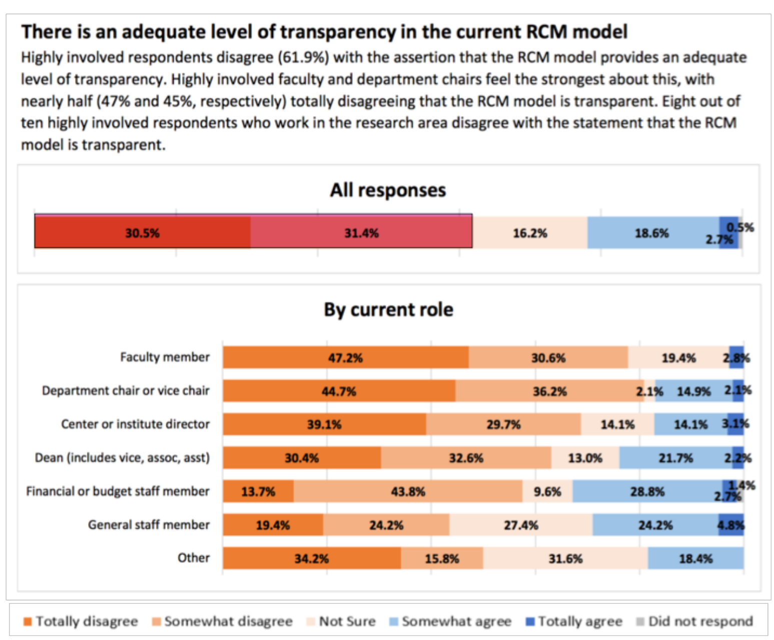
- 64% found that *RCM does not aid strategic clarity*: this included chancellors, deans and chief budget officers:



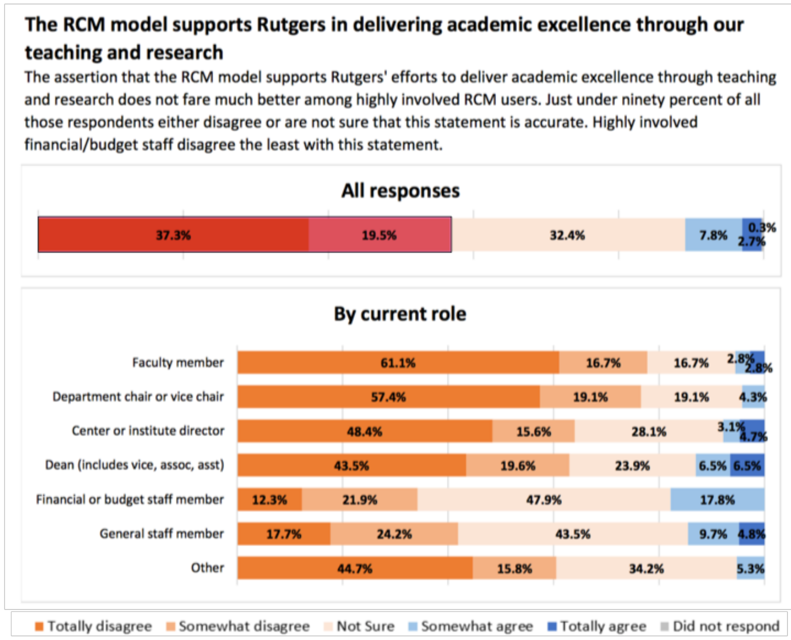
• 65% found that RCM *__does not support building a beloved community__*. This included faculty, chairs, directors and deans:



• 62% found that *__RCM is not transparent__*. This included faculty, chairs, directors and deans:



• 57%: found that <u>*RCM does not build excellence*</u> in teaching & research:



<u>*Subcommittee conclusions:*</u>

The 5 year report had four subcommittees, which found:

GRADUATE EDUCATION subcommittee:

p31: RCM Model Does Not Recognize Mission-Critical Programs and Programming

p31: RCM Does Not Foster Inter-disciplinary/Inter-Unit Doctoral Education and Research

p32: RCM Does Not Foster Academic Excellence

HEALTH CARE subcommittee:

p33: RCM is a budgetary model which can be very effective, (however) health care is a business which is very different from the research and education missions.

RESEARCH subcommittee:

p35: In its current form, the RCM model discourages collaboration between responsibility centers (RCs).

p36: In its current form, the RCM model discourages RCs from pursuing training grants, equipment grants, and grants from funding agencies with low ICRs.

p36: Although the general formulas used to assign RCM taxes to RCs are simple, there are additional ad hoc taxes and exceptions such as grants exempt from RCM taxes.

p36: Under the current RCM model, there is little or no user input in cost pools, what services they offer, whether we can afford them, and whether they meet the changing needs of a sizable proportion of users.

p37: Core facilities are treated differently under the current RCM model depending on whether they are part of ORED or not. There is little transparency in the decisions about which cores are incorporated into and subsidized by ORED.

p37: Currently, there is no strategy for the development and maintenance of research infrastructure.

p38: To most administrators and researchers, the RCM model is opaque. Moreover, if they face problems, they do not know where to report them.

UNDERGRADUATE EDUCATION subcommittee:

p39: Existing distribution of “tuition-sharing” mechanism is perceived as dis-incentivizing or discouraging interdisciplinary, cross-campus and cross-chancellor unit collaborations.

p40: Service to the mission is very challenging to sustain using RCM methodology that heavily focuses on headcount.

p41: RCM model does not account for quality of space or usability of space.

p42: There are many cost pool related concerns that require review.

Analysis:

Quantitative analysis of the Rutgers FY 2022 budget[5] under RCM shows that:

1) All teaching and research units generate net revenue
2) RCM diverts the lion's share of this revenue to fund Central units.
3) Reported deficits in revenue-producing units arise when RCM levies taxes that exceed a unit's net revenue.
4) Non-revenue producing units, chiefly Central, Finance, Operations and Chancellors, are funded by subsidies from RCM. Some of these units appear to have end of year overages, however the disposition of these overages is not clear due to a lack of transparency commented on in other reports.
5) The University carries a net debt, which is heavily weighted toward funding Athletics.
6) Non-revenue units control RCM taxes and subsidies, and these same units show disproportionate growth in both salaries and numbers. This occurs at the same time that RCM taxes impose deficits on revenue-producing units.

RCM is an approach to allocate budgets across multiple units. The allocations are termed "cost pool transfers," meaning funds taxed from one unit and used to subsidize another. On the other hand, each unit's net financial balance is the difference between revenue and expense. This too can be negative (for a loss) or positive (for a profit). Across the university the cost pool transfers (tax or subsidy) should equal the net financial balance (profit or loss): any difference represents an end of year surplus or deficit.

The FY 2022 budget can be visualized by displaying the net financial balance (revenue – expense) of units across the university beside cost pool transfers, as shown in Fig. 1. The cost pool transfers are plotted alongside net financial balances so that they can be directly compared. Unavoidably this means that a positive transfer (red) is a tax, and a negative transfer is a subsidy.

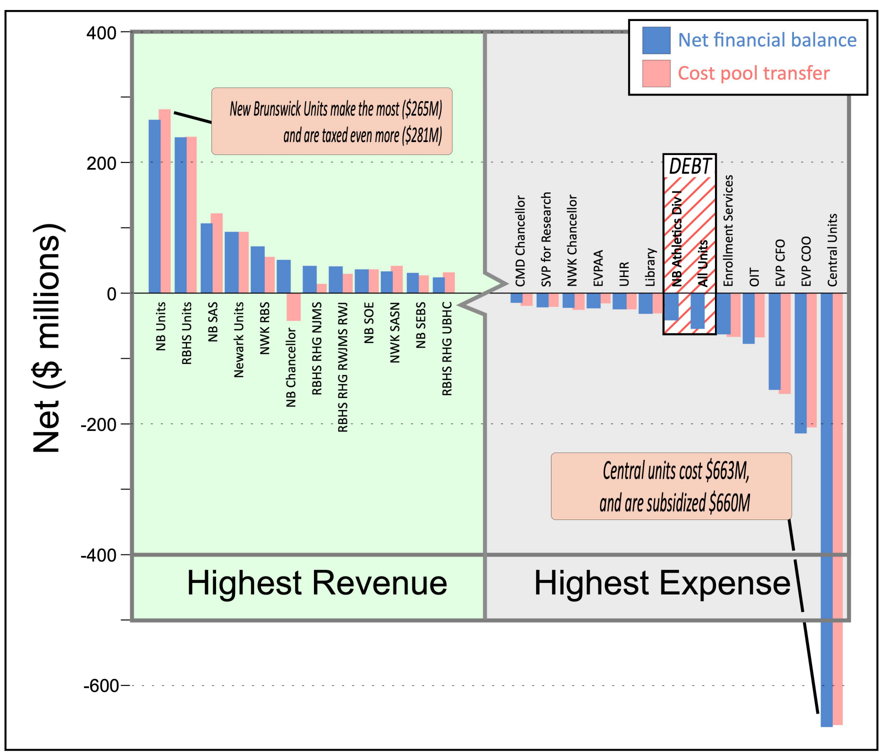


Figure 1 – RCM financial summary. Largest financial balances (blue) and subsidies or taxes (red: "cost pool transfer") for FY 2022[5]. Note that all teaching and research units produce net revenue, most of which goes to fund expenses of Central. Note also that overall debt ($54.3M) largely goes to Athletics ($41.4M).

Fig. 1 plots the leading revenue producers (left, in green shading), and cost centers (gray shading). Key points from this plot are:

1) NWK, SAS, NB and other teaching and research units are the economic engines that fund the university. Every teaching unit generates net revenue.

2) Far and away the largest single expense of the university is Central administration, which paid its $663M costs through a $660M subsidy from RCM.

3) NWK, SAS, NB etc. both pay into RCM from their net and are taxed additionally, in some cases above and beyond what they bring in. So for example in FY2022, NB units are scheduled to bring in $265 million, and to pay out $282 million to RCM. As part of this total, SAS will bring in $107 million and will pay out $122 million; likewise NWK units will bring in $93.7 million, and pay out $94.1 million.

   - This means that NB and SAS and NWK bring in the money that runs the university, and reports of deficits and needs for cost cutting arise because under RCM the tax levied against these units exceeds their net revenue.

Let's drill down a little further: the Chancellors, the President, the CFO and to a lesser degree a few other units, gain substantially by RCM. The NB Chancellor makes a net revenue of $51 million, and gets a subsidy of $42 million. Similarly the RBHS Chancellor brings in $14 million and gets $20 million in subsidy. The NWK Chancellor is in a different situation, costing $22 million, offset by a $25 million subsidy; likewise Camden's Chancellor loses $15 million but is subsidized $19 million.

4) RCM appears to chiefly benefit Central, and to a lesser degree the CFO and COO, but also gives bonus awards to Chancellors. Two caveats: first we are working with limited data, so it is not certain to what extent the Chancellors overage could be an accounting artifact due to the fact that state appropriations are allocated to the Chancellors as revenue, some of which goes to other units. Second, due to the lack of transparency commented on in more detailed reports, it is not clear where any overages go. They may go into quasi-endowments (endowments whose principal can be spent), they could be transferred to the Foundation, or they may be held elsewhere. As far as can be determined from published budgetary figures, over the past few years the Chancellors and others seem to have received millions in transfers beyond their net costs.

Continuing to drill down to look at two further data points in Fig. 1, "All units" and "Athletics" are out of balance due to debt: Athletics is projected to lose $41.4 million in 2021-2, and to be taxed $1.9 million, while All Units will lose $54.3 million, and will get zero from RCM.

5) These data indicate that Athletics and the entire university will be funded by debt. Out of the total $54.3 million in university debt for FY2021-2, $41.4 million will go to Athletics.

RCM decision making:

As mentioned at the outset, RCM is billed as making[6] *revenue-generating units* responsible for managing their own revenues and expenditures. The operant term here is "revenue-generating units." Units that do not generate revenue (Central, Operations, Finance, Athletics and a few others) provide important services, but do not balance their own budgets, and RCM does not make them responsible for managing revenues or expenditures. Their net cost is transferred from revenue-generating units. Crucially, the amount transferred is set by these very units: revenue-generating units have no say over either the amount they are taxed or of the amounts that non-revenue-generating units spend.

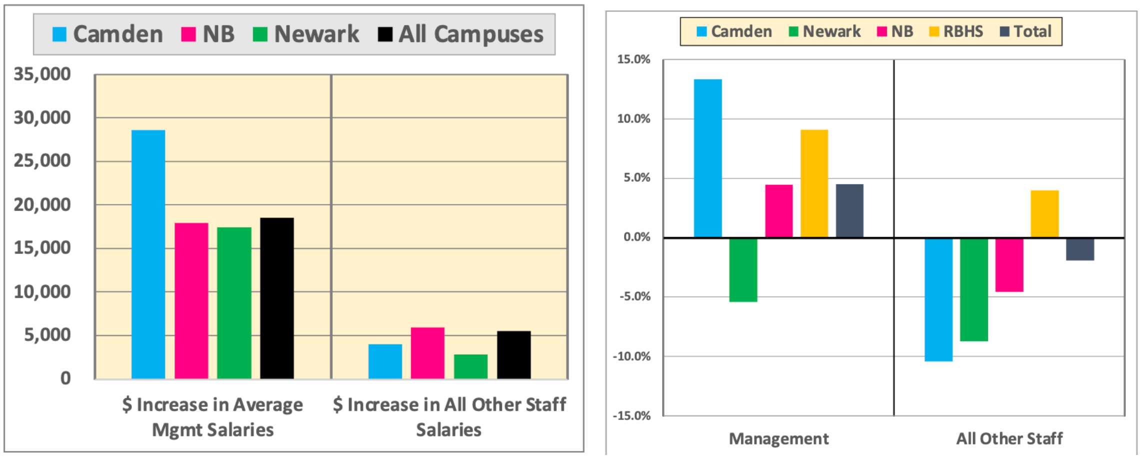


Figure 2 – (a) Salary increases by management employees between 2018 and 2021 are about four times as large as by all other staff employees. Note that these are IPEDS data for staff only. (b) Numbers of management employees over the same period grow (excepting NWK), while numbers of all other staff decrease (excepting RBHS)[7]. Figure credit: H. Bunsis, E. Mich. Univ.

Arguably this has influenced the situation described in Fig. 2, where we plot from Rutgers' audited financial statements the recent (2018-2021) change in numbers and salaries of staff employees[7]. Fig. 2(a) shows that salary increases by management employees grew on all campuses by close to $20,000, while increases by other staff were about a quarter this amount. Likewise Fig. 2(b) shows that total numbers of management employees have grown by 4%, while numbers of all other staff have decreased by 2% (with outliers at Newark, where 2 managers left Rutgers, and at RBHS, where staff as well as managers grew).

6) Thus a final key conclusion is that management units make budgetary decisions that transfer funds from revenue-generating (teaching and research) units to themselves. Revenue-generating units have no say in these decisions. At the same time there has been a disproportionate growth in salaries and numbers among the same management ranks.

Finance office's presentations & websites:

A final source of information is the Rutgers Finance Office, which has provided two websites containing materials dealing with changes, planned and completed, to address RCM issues. These are https://finance.rutgers.edu/rcm-review-implementation, summarizing these changes, and https://finance.rutgers.edu/inside-ufa/finance-town-halls, containing slides and recordings of town halls on these issues. No members of the Rutgers community outside of vice presidential-vice chancellor-director circles are included in the RCM review teams.

Much of the material in the websites is not substantive: I have included these in gray text. Material dealing with concrete changes are in black text.

RCM Review Implementation website:

In detail, gray represents non-substantive material such as cosmetic or semantic changes (e.g. modifying and surveying website design, changing names, defining terms), credit claimed for actions that cannot be attributed to the Finance Office or things that occur anyway, independent of RCM review (e.g. meetings between president & his cabinet, the Master Plan, Research Incubator, Scarlet Promise), or vague goals (e.g. encourage collaboration, or provide greater stability). Black represents tangible actions to modify RCM.

Strategic funding & mission alignment:

Members:

J. Michael Gower, Executive Vice President-Chief Financial Officer & University Treasurer
Brian Ballentine, Senior Vice President, Strategy
Romayne Botti, Vice Chancellor for Finance, New Brunswick
Kathy Bramwell, Senior Vice Chancellor Finance and Administration, RBHS
Larry Gaines, Senior Vice Chancellor for Administration and Finance, Camden
Amber Randolph, Senior Vice Chancellor for Admin., Economic Development, & CFO Newark
Stephanie K. Reed, Senior Director, UFA Culture and Communications
M.K. Tsui, Associate Director of Project Management, UFA Project Management Office
Erin Johnson, Assistant Vice President, Strategy
Matthew Spinale, UFA Project Management Office Change Management
Terry Fronckowiak, Assistant Vice Chancellor, Camden

Goals:

Create clear funding distribution mechanisms
Establish incentives for academic excellence
Reserve funding for student support
Encourage interdisciplinary collaboration
Communicate leadership priorities

Completed:

The President and the Executive Vice President - Chief Financial Officer and University Treasurer “institute[d] a practice of regular communication by university leadership about priorities that drive decisions related to the allocation of funds...” by establishing the tradition of the annual budget address

Universitywide definition for “strategic funding” established (“dedicated discretionary funds that are used to support key priorities and mission-critical initiatives”)

New academic program review process will help standardize the assessment of programs and move the institution toward the RCM recommendation to “explore ways to account for mission-centered outcomes”

Implementation of a new *Sponsored Programs Facilities and Administrative (F&A) Costs Policy* (Policy Library, Section 90.1.1) “ensures consistent application of F&A across the University, appropriate F&A charges to sponsored projects per Rutgers' federally negotiated rate agreement, and consistent sharing of F&A for collaborative programs within Rutgers”

Launch of conversations amongst university leaders and chancellors about strategic funding and about the need for leadership communications aligning budget and planning with the university mission

Student-focused financial support initiatives, including the recently-established Scarlet Promise Grants, help connect institutional funding decisions to the university's public mission.

In progress:

Quarterly meetings are now occurring between the President, Executive Vice President - Chief Financial Officer and University Treasurer, and Chancellors to improve coordination and allocation of “strategic funding”

Discussions with Chancellor unit business officers about increasing transparency around multi-year strategic funding commitments are underway

New university initiatives such as Rutgers University-New Brunswick’s Academic Master Plan and Rutgers Research’s new incubator are designing efforts to foster increased interdisciplinary activity

Budget & Budget Advisory Process:

Members:

J. Michael Gower, Executive Vice President-Chief Financial Officer & University Treasurer
Brian Ballentine, Senior Vice President, Strategy
David Moore, Associate Vice President and Chief Budget Officer
Gene Simon, Associate Vice President, University Ethics and Compliance
Henry Velez, Vice President, Institutional Planning & Operations
M.K. Tsui, Associate Director of Project Management, UFA Project Management Office
Erin Johnson, Assistant Vice President, Strategy

Goals:

Improve effectiveness of advisory model
Synchronize advisory process with budget cycle
Provide greater stability in financial planning
Develop framework for tuition split review

Completed:

Established clear timelines, purposes, and descriptions of roles and responsibilities to improve the effectiveness of Budget Advisory Committees (formerly, "Cost Pool Advisory Committees")

Initiated an improved BAC schedule that includes an earlier start during the calendar years, and additional Spring meetings

In progress:

Development of an assessment process for the Budget Advisory Committee process is underway and an initial assessment is expected to take place in December 2022

Communication & Education:

Members:

Brian Ballentine, Senior Vice President, Strategy
David Moore, Associate Vice President and Chief Budget Officer
Stephanie K. Reed, Senior Director, UFA Culture and Communications
Henry Velez, Vice President, Institutional Planning & Operations
M.K. Tsui, Project Manager, UFA Project Management Office
Erin Johnson, Assistant Vice President, Strategy

Goals:

Revise current terminology
Create educational infrastructure for RCM
Provide debt portfolio details
Increase transparency about debt service
Establish a catalog of services for cost centers
Create effective mechanisms for input
Improve understanding of the budget model

Completed:

Peer reviews of budget websites for content, style, and terminology

Initial update of the University Budget Office content on the UFA website to include new sections about the budget process and the budget model was completed in early 2022 (https://finance.rutgers.edu/financial-services/budget)

In progress:

Development of enhancements to the Budget section of the UFA website, including the addition of dedicated information about the 2021 RCM Review and work related to the implementation of RCM Review recommendations

Cost Allocation:

Members:

Romayne Botti, Vice Chancellor for Finance, New Brunswick
Kathy Bramwell, Senior Vice Chancellor Finance and Administration, RBHS
Larry Gaines, Senior Vice Chancellor for Administration and Finance, Camden
Amber Randolph, Senior Vice Chancellor for Admin., Economic Development & CFO Newark
M.K. Tsui, Associate Director of Project Management, UFA Project Management Office
Erin Johnson, Assistant Vice President, Strategy
Kyle Aaronson, Associate Vice Chancellor, Rutgers Biomedical and Health Sciences
Terry Fronckowiak, Assistant Vice Chancellor, Camden
Anne Lu-Wong, Assistant Director, Budget, New Brunswick
Lamar Oglesby, Executive Director, Research Financial Services
Mary Tamasco, Assistant Vice Chancellor, Budget, Newark

Goals:

Ensure Research Administration support costs include proportional grant expenditures and Facilities and Administration rates
Exclude training grant expense from cost allocation
Exclude equipment grant expenditures without acquisition costs or ongoing support requirements

Completed:

Subgroup completed initial assessments to identify necessary data sources in partnership with OIT and the University Controller's Office Financial Information Systems teams

In progress:

Subgroup is evaluating technical and functional feasibilities of implementing the recommendations in this area

Finance Town Hall Website

As with the previous website, there are extensive discussions of non-substantive matters not related to RCM financing. These items are not included.

Nov. 10, 2022 presentation:

Concrete actions described consist of:

F&A cost policy revision 90.1.1 (slide 8)
Benchmark research on peer budget websites (slide 9)
Timelines, roles, responsibilities for Budget Advisory Committees (BACs)

Other presentations have not been reviewed.

Conclusion:

The raison d'être for RCM is to require revenue-generating units to be responsible for their own revenues and expenses. In principle, this could be a rational accounting plan, however non-revenue-generating units are exempted from the process. These units, termed cost centers, set their own revenues and expenses. On the revenue side, this results in cost centers transferring funds from revenue-generating units, which are put into austerity or even deficit conditions. On the expense side, cost center numbers and salaries and other benefits – including unsupervised credit card and other expenses – have grown disproportionately.

Cost centers provide essential services, ranging from libraries and operations to recruitment and investment management. Nevertheless, exempting cost centers from RCM while imposing it on revenue generators has inevitably bred resentment, hostility, and an environment characterized by an us vs. them atmosphere: the antithesis of a beloved community. All of the issues raised in prior detailed reports stem from, and contribute to, this atmosphere. Interference with the academic mission, poor strategic clarity, difficulties in collaboration, failures to build excellence, and lack of transparency all are symptoms of RCM being implemented by one group at Rutgers – cost centers – to make decisions in isolation about another group – teachers and researchers. This arrangement cannot fail to lead to conflict.

To restore balance and fairness and build the beloved community that we all seek, we therefore recommend the following.

1) <u>All</u> units, revenue generating or not, should operate under the same conditions, namely responsibility for revenues and expenses.

2) To achieve this, budgetary allocations must be made through shared governance, specifically:
   a) Budget advisory committees that determine cost center transfers must involve all units, both those that generate revenues and those that provide services.
   b) Revenue generating units should have the same access to budgetary information as cost centers. It is a well-recognized fact that selected information is provided a few times a year, while direct requests for relevant and nonconfidential information are ignored, leading to a backlog of hundreds of OPRA requests that take months to process – and are often ultimately ignored as well.

We note that these recommendations recapitulate points made by the Senate Budget & Finance Committee (BFC) in its 2014 study described earlier. The recommendations also mirror advice given in 2016 on implementing RCM by consultants, EAB, also mentioned earlier[8]:

> ***"…administrators must … proactively build trust: faculty and administrators will need to work together. …***
>
> ***Unfortunately, at many universities, institutional leaders lack truly 'shared' governance. The central administration develops strategic plans internally and although faculty leaders are informed of initiatives, their role is more operational than consultative. The lack of transparency in these communications creates a feeling of 'top-down' leadership, which does not cultivate cooperation."***

Members of the BFC were again surveyed during the 2020-1 academic year, generating the following additional specific recommendations.

Cost centers & services	Consider a full review of services offered by cost centers in order to validate the need for services, determine and address areas of duplication, and ensure alignment with institutional priorities and budgetary affordability.
	Explore ways to improve the way the model helps contain costs in relation to revenue by evaluating the feasibility of using the revenue sources of responsibility centers to pay for some central services instead of continuing the current method of allocating central costs. Alternatively, consider a hybrid approach.
	Clarify type of cost variances and establish parameters for actual increases in costs, shift of costs, or changes that result in increased costs. Since the expense-to-total algorithm does not necessarily correlate to increase in services, it should be re-evaluated particularly for the health care enterprise so that the unique attributes and needs of the health care business and its support by external entities can be taken into consideration.
	Create more stability and facilitate planning by adjusting the budget process from 1-year planning to 2- to 3-year planning wherever feasible. Similarly, move to rolling 3-year averages to revise certain cost pool metrics and methodologies.
	Explore reducing the number of central costs pools or cost centers to simplify the budget structure and reduce confusion.
	Explore the creation of a cost pool for deferred maintenance, especially for units that require central support.
Communication	Offer budget model training to leaders, department chairs, program directors, deans, and any other staff with budget responsibility.
	Create an informational website with FAQs, budget model visualizations, common terminology and nomenclature, and other materials deemed beneficial to educating the university community on the budget and the budget model.
	Revise current terminology, like "subvention," "cost center," "responsibility center," that implies a broad focus on accounting rather than the academic mission.
Shared governance	Institute a practice of regular communication by university leadership about the priorities that drive decisions related to the allocation of funds, and ensure that there are clear mechanisms for academic and shared governance leaders to offer feedback and guidance for funding priorities.
Transparency & debt	Create more transparency about university debt service as it is unclear to some schools, departments, and units what they are paying for and how capital projects and acquisitions are prioritized.
	Review the current methodology to assess whether the allocation of direct debt service to building occupants creates a fair and equitable distribution of the cost of debt and if it creates incentives to fully utilize vacant university-owned space, or whether debt service costs should instead be allocated more broadly or through a different algorithm.
	Provide more details on the university's existing debt portfolio and debt capacity to ensure a broader understanding of these costs and implications on future investment in capital projects.
Space	Create a universitywide "space marketplace" that allows units to give up space at any time. There would need to be a central funding source to cover the costs associated with any unassigned space being held in the central marketplace.
	Conduct a complete review of university space to identify opportunities to reduce the overall footprint. Reallocating space among units only shifts costs from one unit to another whereas reducing total space usage would reduce the university's total costs associated with maintaining physical space.
	Consider opportunities to monetize university-owned space where and when possible. Selling or leasing university-owned spaces could provide new revenue streams to invest in other priorities. So, the university should explore these options fully to understand what is possible.
	Explore the use of a weighting factor associated with space classifications in the Archibus system and, consequently, how space is used in the RCM allocation methodology. The weighting factor should consider on campus versus off campus space and the level of services required to maintain the space as a Rutgers asset. For example, off-campus space that receives no Rutgers services should be allocated costs through the RCM model at a much lower rate than an on-campus lab.

Approved by Rutgers Senate Budget & Finance Committee, 12/23/22:

Consuella Askew
Joseph Barone
Jessey Choo
Peter Cole
Tyrone Davidson
Siatta Davis
Antoinette Farmer
Thomas Farris
Thomas Figueira
Kevin Kolben
Ronald Ladell
Lei Lei
Kenneth McKeever
Pragun Mittal
David B. Moore
Stephanie Nolan
James O'Connor
Priya Patel
John Pintar
Timothy Pistell
Monica Roth
Troy Shinbrot
Lilly Todorinova
Thomas Tsakalakos
Sean Valverde
Carolyne White

Citations:

1 Enfranchising Faculty in the New Budget Reality (Georgia State University, 2016)

2 https://drexel.edu/provost/priorities/initiatives/rcm/ (Drexel University, 2022)

3 Enfranchising Faculty in the New Budget Reality slide 12

4 June 2021 five year RCM review,

5 https://finance.rutgers.edu/resource-library/universitywide/financial-statements

6 https://Drexel.edu/provost/priorities/initiatives/rcm

7 Source: https://oirap.rutgers.edu/FacultyandStaff.html

8 https://eab.com/research/academic-affairs/whitepaper/enfranchising-faculty-in-the-new-budget-reality