



**Report on
The Impact of RBB on Academic
Mission and Faculty Governance**

October 7, 2013

Members of RBB Committee

- Martha Buell, Senate Vice-President
- John Courtright, Senator
- Prasad Dhurjati, Senate Secretary
- Alan Fox, Former Faculty Senate President
- Deni Galileo, Senate President (*ex. officio*)
- Jackson Gillespie, Former Member, Undergraduate Studies Committee of Senate
- James Morrison, Senator, Chair of Committee
- Sheldon Pollack, Past Senate President

- I. To determine the impacts that RBB is having and may have in the future on academic quality and faculty governance at the University as it follows the Path to Prominence**

- II. To make recommendations to enhance its implementation**

- Supports Achievement of the Highest Academic Priorities
- Decentralizes Decision-making
- Aligns Accountability for Both Revenues and Expenses
- Decision-makers (Faculty) Rewarded Through Incentives

• **Interviews with:**

- Senior Administrators/Budget Office
- Deans
- Chairs

Surveys:

- Chairs/Unit Directors (39)
- Faculty (486 Completed)

Other:

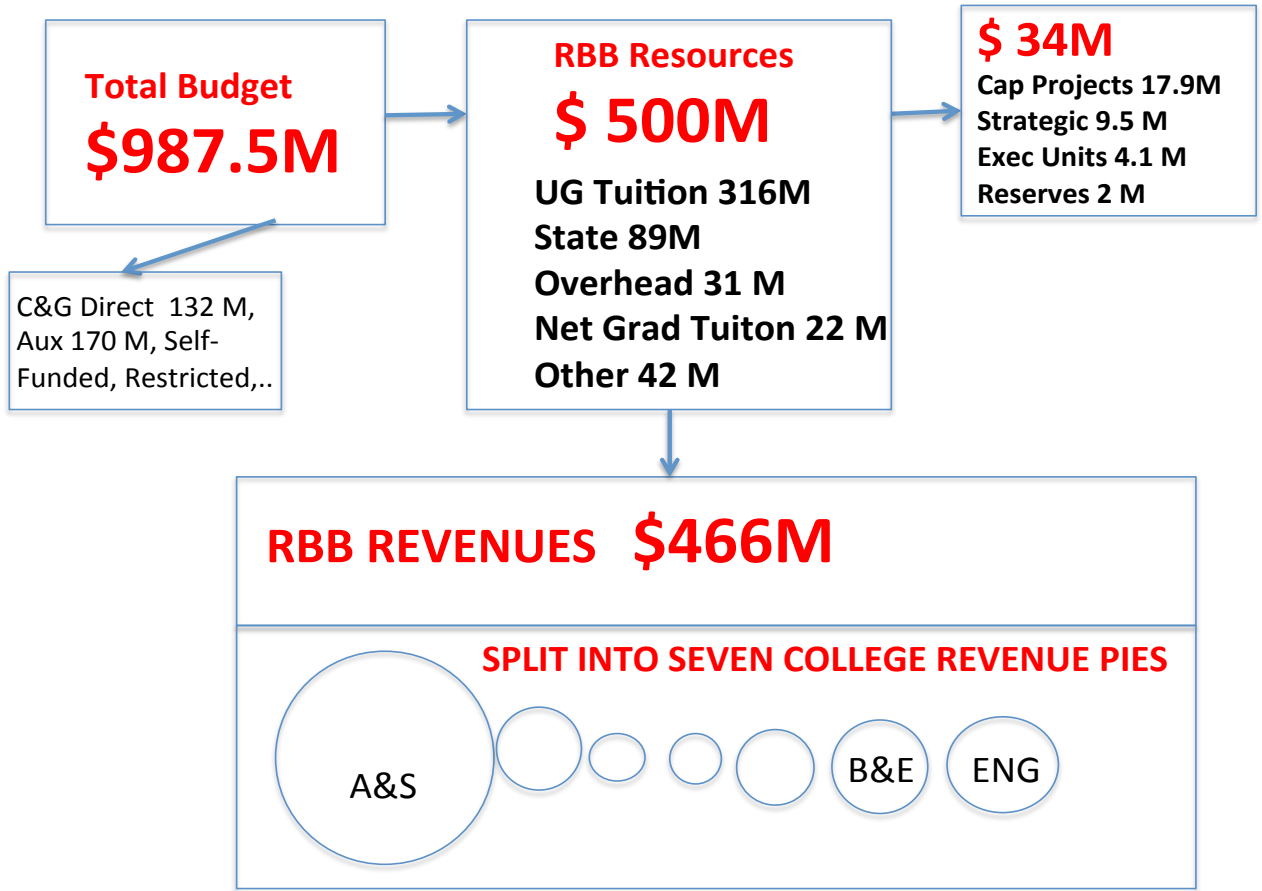
- Office of Institutional Research and Effectiveness
- RBB at Other Universities

BUDGETS AND ACADEMIC VALUES

*“DON’T TELL ME WHAT YOU VALUE.
SHOW ME YOUR BUDGET
AND I WILL TELL YOU WHAT YOU VALUE”*

Vice President Joe Biden

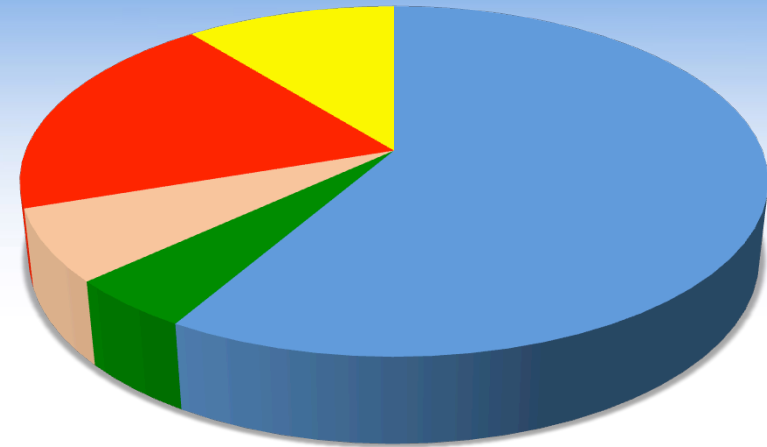
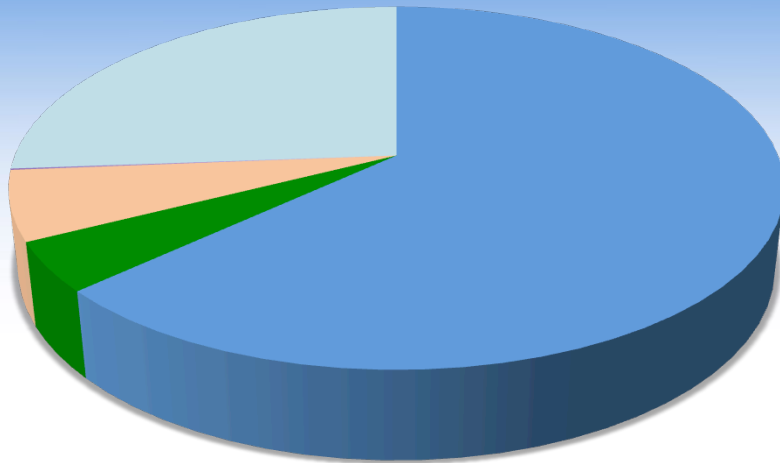
OVERALL REVENUE FLOW FY 2013



Splitting of Revenue among Colleges is determined by Rules called Algorithms (1, 3, 4, 5)

RBB REVENUE FY2013

UNIVERSITY VIEW vs COLLEGE VIEW



REVENUE SOURCES FOR UNIVERSITY FY 2013 (987.5 million)	Amount	Percent
Undergrad Tuition (net)	316	63.2
Grad Tuition (net)	22	4.4
Sponsored Activity Overhead	31	6.2
College Generated	0.6	0.1
State-TII-Endow-Other	131	26.2
Total Unrestricted Revenues (in millions)	500	100.0
Restricted Revenue Sources (not included in budget)	487	

RBB-INTERNAL REVENUE SOURCES FOR COLLEGES (466M)	Amount	Percent
Undergrad Tuition (net), other Alg-1	271.5	58.3
Grad Tuition (Net)	22	4.7
Sponsored Activity Overhead	31	6.7
Research Subvention/Incentive	90.5	19.4
Provost Subvention	50	10.7
	466	100.0

Note: College-generated Revenue of 0.6M small, not shown above or in any pie chart

Based on Net Grad Tuition and Total RBB Revenue of \$466 Million

RBB: REVENUE DISTRIBUTION TO COLLEGES BASED ON RULES (or ALGORITHMS)

- **CENTRAL CONTROL OF REVENUE DISTRIBUTION (\$174 M)**
 - Step 2 Algorithm 1: Exec. Units, Cap Projects, Reserves, Strategic,... **\$34 M**
 - Step 1 Algorithm 1: “Provost Subvention” **\$50 M**
 - **Algorithm 1c: “Sponsored Activity Incentive” (Subvention) \$90 M**
 - Actual Sponsored Activity (SA) Overhead (31 M) matched centrally by Algorithm (90 M)
 - Based on the College SA expenses averaged over three years (relative fraction of the total)
- **REVENUE EARNED OR CONTROLLED BY COLLEGES (\$326 M)**
 - Algorithm 1a: Based on Teaching of Courses (ICOR) (75%) **\$203 M**
 - Algorithm 1 b: Based on Student’s Home College (25%) **\$68 M**
 - Algorithm 3: Net Graduate Tuition Revenue **\$22 M**
 - Algorithm 4: Indirect Cost Recovery (Overhead) **\$31 M**
 - Algorithm 5: College-Generated **\$0.6 M**

Algorithms 3, 4 and 5 allow Colleges to keep almost 100% of the Revenues for themselves

RBB: EXPENSES SPLIT BY RULES

\$ 466 M FY 2013

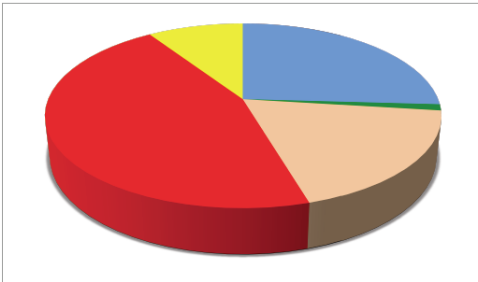
- COLLEGE SPECIFIC EXPENSES \$ 259 M
- COMMON (OR ALLOCATED) EXPENSES \$ 207 M
 - NON ACADEMIC SUPPORT \$ 84 M
 - ACADEMIC SUPPORT \$ 91 M
 - UTILITIES/CAP. MAINT. \$32 M

Algorithms 6 through 12 are
Rules to split Expenses among Colleges
Based on Head Count, Space Occupied, etc.

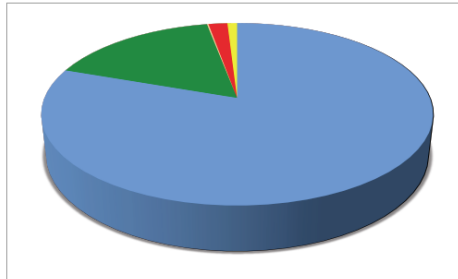
EACH COLLEGE HAS TO BALANCE REVENUE AND EXPENSE

THE 7 COLLEGE REVENUE PIES

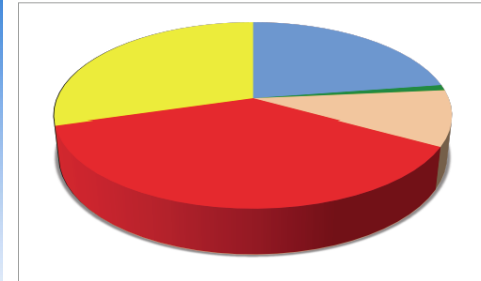
REVENUE SOURCES FOR ENGINEERING (75M)



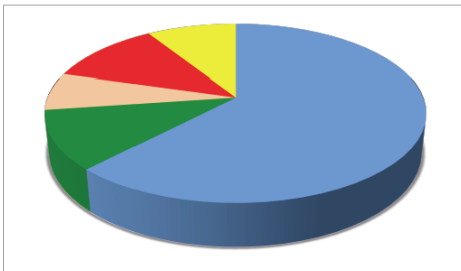
REVENUE SOURCES FOR BUSINESS & ECONOMICS (53M)



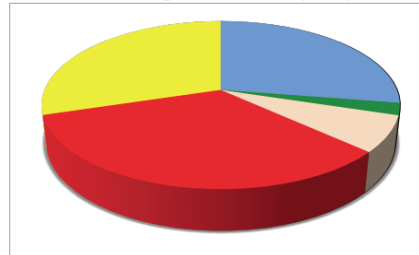
REVENUE SOURCES FOR EOE (26.3M)



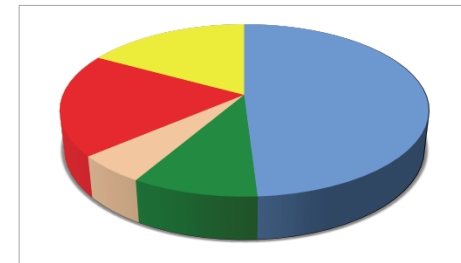
REVENUE SOURCES FOR HEALTH SCIENCES (38.2M)



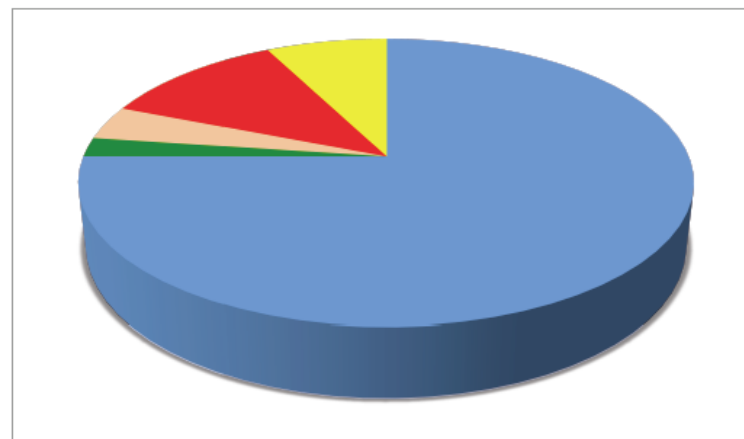
REVENUE SOURCES FOR Ag. & Natural Resources (34.5 M)



REVENUE SOURCES FOR EHD (32.1M)



REVENUE SOURCES FOR ARTS & SCIENCE (207M)



Legend:

Blue: UG Tuition/Alg1

Green: Grad Tuition

Brown: SA Overhead/ ICR

Legend:

Red: SA Incentive/Subvention

Yellow: Provost Subvention

OPTIONS TO BALANCE COLLEGE BUDGET

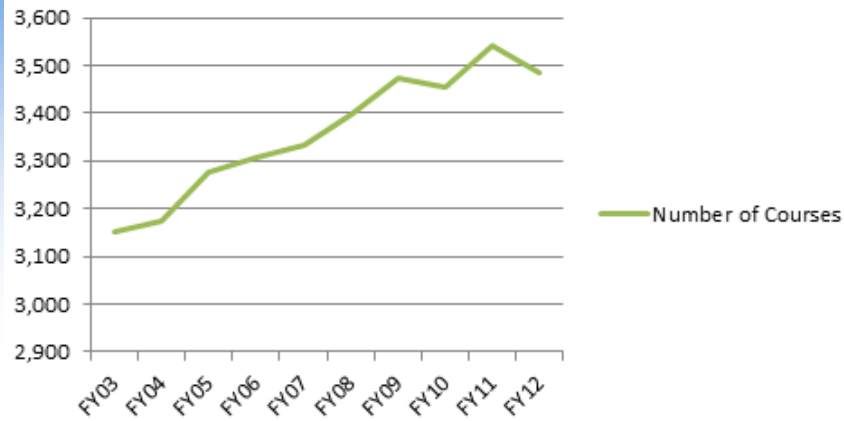
ACADEMIC IMPACTS

- **INCREASE REVENUE**
 - INCREASE UNDERGRADUATE TUITION REVENUE (ZERO-SUM GAME)
 - Teach courses that duplicate other college courses
 - INCREASE SPONSORED ACTIVITY & GET TRIPLE MATCH INCENTIVE
 - Incentive Limited to 25% of net UG Tuition Revenue
 - INCREASE “REAL” GRADUATE TUITION REVENUE
 - Increase number of Masters motivated by Revenue
 - COLLEGE-GENERATED REVENUE

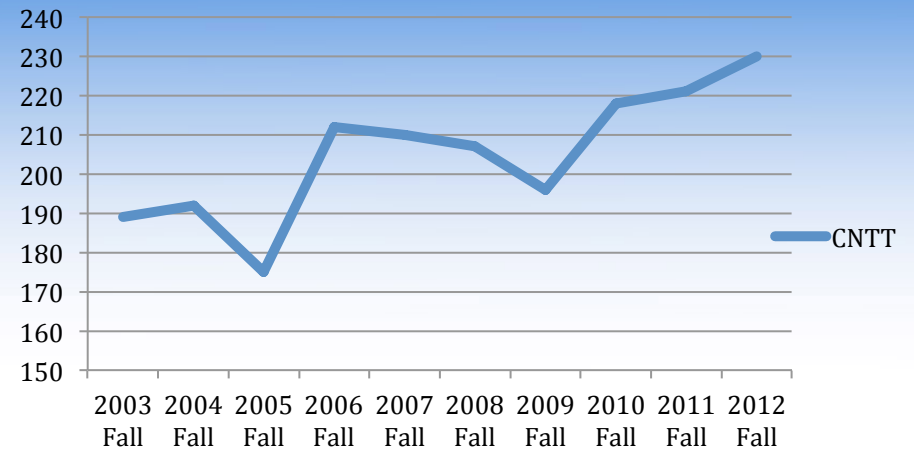
- **DECREASE EXPENSES**
 - Decrease COLLEGE-SPECIFIC EXPENSES
 - Hire less expensive teachers (CNTT, Adjunct, etc.)
 - Teach larger classes and reduce instructors expense per student
 - Teach On-line Courses
 - Decrease COMMON or ALLOCATED EXPENSES
 - Space Footprint, Headcount, Regulate Common Expenses

ACADEMIC IMPACTS: COURSES, CLASS SIZE, CNTT, SECTIONS

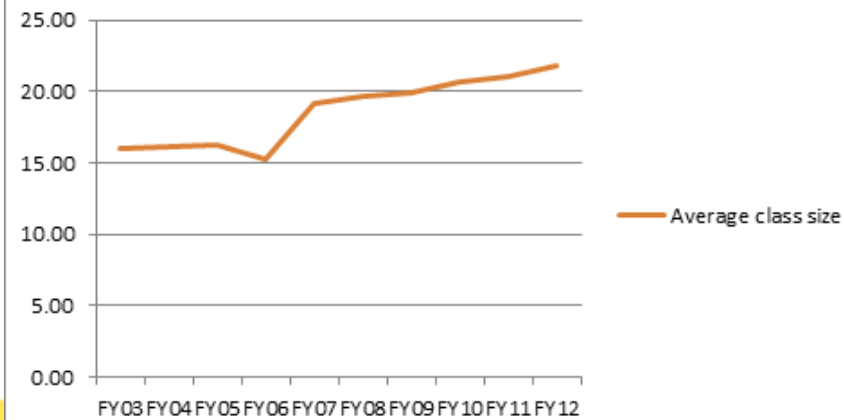
Number of Courses



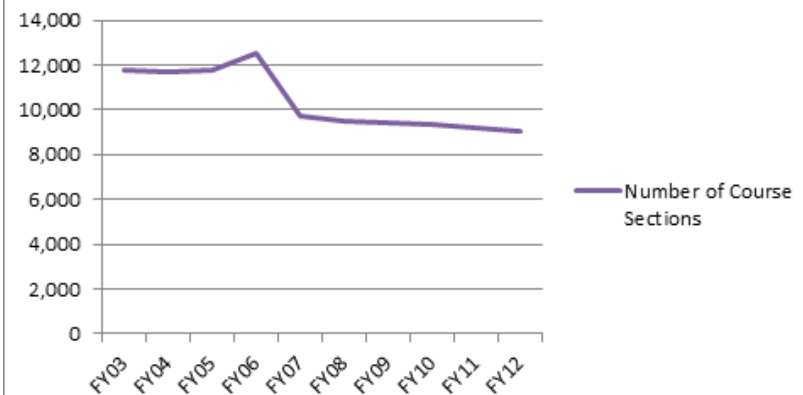
CNTT



Average class size



Number of Course Sections



- **Adverse Effects Upon Academic Quality**
- **Notable Increases in Class Size**
- **Decrease in Number of Class Sections Offered**
- **Reliance More on CNTT Faculty**
- **Redirected Funds from Study Abroad Programs**
- **Lack of Incentives to Offer Honor's Courses**
- **Long-Term Planning for Academic Programs Difficult**

- **Adverse Effects on Faculty Governance**
- **Lack of Transparency**
- **Budget Recentralized to Deans rather than Decentralized to Faculty**
- **Survey: Faculty Morale Low attributed to RBB**
- **Lack of Faculty Senate Involvement to Assess Academic Impacts**
- **Faculty Commitment to Service Less Important**
- **Faculty Input/Decision-making Related to Setting Priorities Confusing**
- **Very Little Appears to Carry Through to Department Level**

- 1. University Budgeting System (RBB) not truly decentralized, counter to its original intent.**
- 2. Very little, if anything, carries through to the department level in terms of making decisions related to allocation of resources.**
- 3. Although promoted as being incentive-based for faculty, no incentives exist in regards to teaching and service.**
- 4. Non-funded research is totally ignored.**
- 5. Money for college budgets allocated after other university expenses actually paid.**

- 1. Greater Decentralization of Incentive Structure in RBB**
- 2. Additional Transparency of Budget System for Faculty**
- 3. Re-examination of Research Incentives and Current Subvention Process**
- 4. Initiation of Incentives for Teaching and Service, and for enhancing University Flagship Programs**
- 5. Reconstitute Faculty Senate Standing Budget Committee**
- 6. Ensure academic program development systems are not unduly influenced by the budget model**