

# Why Not Responsibility Center Management Budgeting?



Principles and Concepts

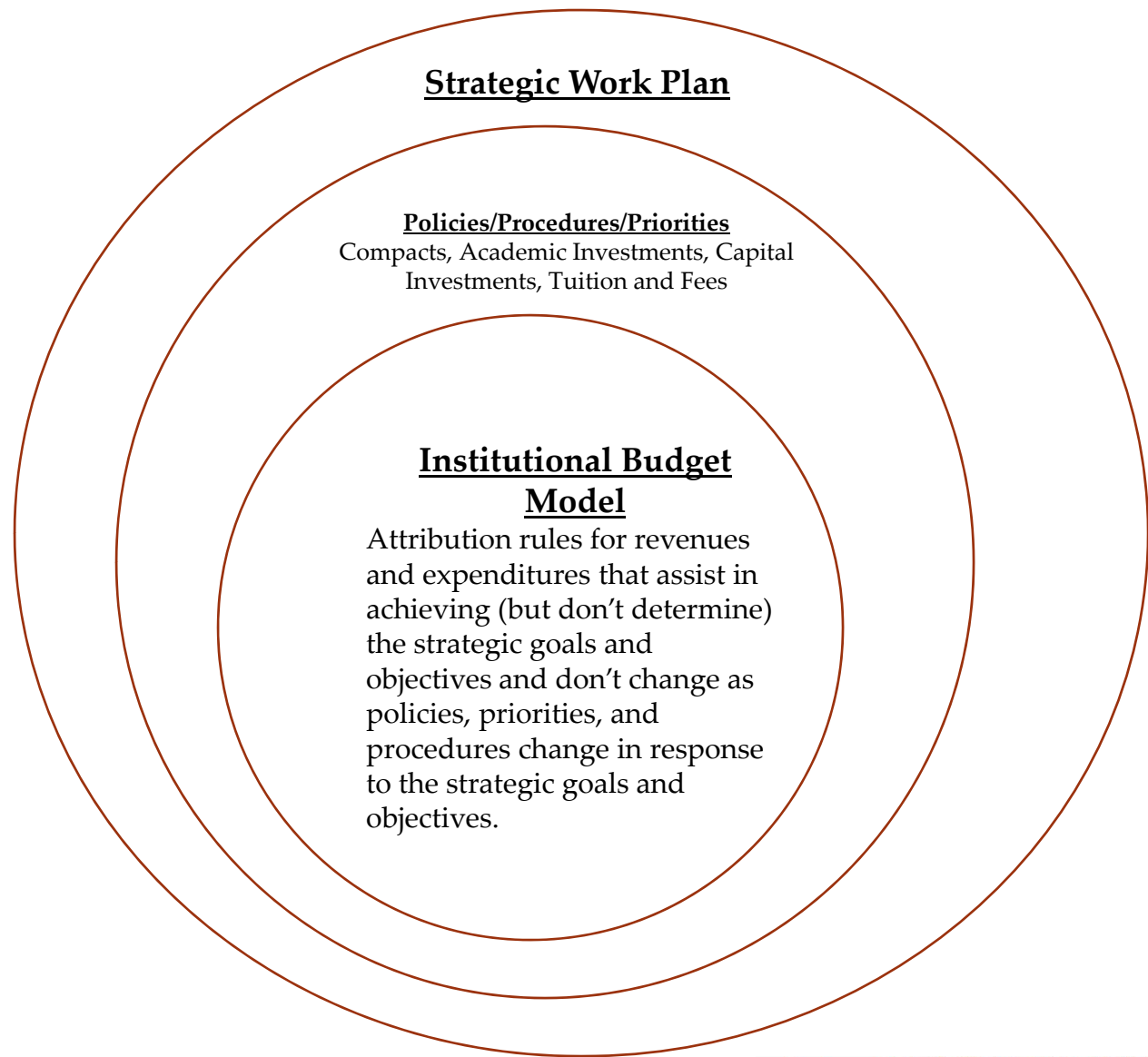
# Why Change Budget Models?

- The University cannot cut its way into the President's Strategic Work Plan, but rather must grow its way out through an aggressive management of non-traditional, entrepreneurial growth and growth processes.
  - Decreasing state support
  - Increase self-reliance
  - Promote innovative and entrepreneurial activities that are financially viable.
  - Generate new revenue sources
- Success through decentralization of decision making
- Transparency
  - An "information-rich" discourse on the budget must be fostered
  - Academic Administrators need to understand financial impacts when making decisions
  - The current maze of cross-subsidies must be clarified
- Support units must be subjected to constant scrutiny for efficiency, effectiveness, and proper incentives.

# What is Responsibility Center Management

- RCM is a financial management philosophy
  - Focuses on operational decentralization
  - Designed to support achievement of primary academic priorities
    - Budget follows priorities
    - Aligns authority with responsibility
    - Creates full cost view of academic operations

The Strategic Work Plan of the University surrounds and direct the development of Policies, Priorities, and Procedures, including a stable set of rules embedded within the Institutional Budget Model:



# Financial Model

- In a Responsibility Center:
  - Revenue
    - Receives all revenue earned from its activities
    - Receives an “allocation” of appropriations
  - Expenses
    - All direct expenses
    - A share of support unit costs
    - Non-academic RCs pay into a “strategic” fund

# Basic Concepts of RCM<sup>1.</sup>

- Proximity
- Proportionality
- Knowledge
- Performance recognition
- Stability
- Community

1. Edward L. Whalen. Responsibility Center Budgeting, Indiana University Press, 1991

# Criticisms of Responsibility Center Model

- RCM may not advance a university's mission due to misalignment between financial allocation and university priorities.
- RCM may focus on the short-term; therefore disregards quality and long-term goals.
- RCM does not promote shared governance.
- RCM pits college against college.
- RCM creates barriers to interdisciplinary activities.

# Changes and Challenges

- New knowledge and skills required
- Improved planning
- Stronger curriculum committee
- Creating proper incentives
- Timing of implementation

# RCM Budgeting Universities

American University  
Auburn University  
Cal Tech University  
Central Michigan University  
(UCLA)  
Clarkston University (considering)  
Clemson University  
Duke University  
Florida International University  
Harvard University  
Indiana University of Pennsylvania  
Iowa State University (in process)  
Kent State University  
Marquette University  
McGill University  
Mercer University  
Purdue University  
Rensselaer Polytechnic Institute  
Southern Illinois University

Temple University  
Tulane University  
University of Alaska  
University of California at Los Angeles  
University of Connecticut  
University of Illinois – Urbana Champaign  
University of Iowa  
University of Michigan  
University of Minnesota  
University of Oregon  
University of Pennsylvania  
University of Southern California  
Ohio State University  
University of Toronto  
Vanderbilt University  
Washington University of St. Louis  
West Chester University (PA)

# Selected Helpful Websites

Indiana University

<http://weathertop.bry.indiana.edu/mas/rcm/>

University of Michigan

[http://sitemaker.umich.edu/obpinfo/about the um budget model](http://sitemaker.umich.edu/obpinfo/about_the_um_budget_model)

Ohio State University

<http://www.rpia.ohio-state.edu/br/archive.html>

University of Minnesota

[http://www.budget.umn.edu/int bud model overview.pdf](http://www.budget.umn.edu/int_bud_model_overview.pdf)

University of New Hampshire

<http://www.unh.edu/rcm/links.htm>

University of Pennsylvania

<http://www.finance.upenn.edu/comptroller/rcm/>

Kent State University

[http://www.kent.edu/Administration/business\\_finance/rcm/](http://www.kent.edu/Administration/business_finance/rcm/)

University of Pennsylvania

<http://www.finance.upenn.edu/comptroller/rcm/>

# Glossary of Terms

- **Assessment** - A charge allocated to a responsibility center which is required to cover the cost of the public good or service (cost pool) of a support unit based on the direct expenditures of that center.
- **Base Student Allocation (BSA)** - An amount calculated used to fund a full time equivalent student at the most basic level of instruction. The base level of instruction is comprised of Lower, Upper, Graduate I, Graduate II, and Graduate III cost per credit hour. The State University System Expenditure Analysis is used to determine this value.
- **Classification of Instructional Program** - A taxonomy of instructional program classifications and descriptions. They were originally developed by the U.S. Department of Education's National Center for Education Statistics (NCES) and were last updated in 2000. These codes are assigned to academic majors, courses, and faculty and are referred to within certain Board policies. CIP codes are also used in the production of a variety of Board and federal reports.
- **Cost Pool** - These pools are the logical grouping of the cost of support unit. Once determined, they are allocated to each of the responsibility center including the support units. Different formulas are used in the allocation of these pools. Examples include, IT is allocated based on all direct expenditures excluding equipment, facilities are allocated based on the weighted square footage, and libraries are allocated based on weighted faculty and student FTE.

# Glossary of Terms

- **Departmental Research** - Research activity of faculty funded by university state appropriations to maintain professional effectiveness.
- **Direct Expenditures** - This is a responsibility center's budget that includes expenditures for salaries, other personnel support (OPS), and general operating expenses.
- **Enrollment** - The college in which the student is enrolled. For example, a student selecting a major in Business management would be enrolled in the College of Business Administration.
- **Participation** - This is an assessment that provides revenue to the Strategic Fund. The assessment is calculated as a percentage of direct expenditures.
- **Responsibility Centers** - A responsibility center may be a school/college (Liberal Arts & Sciences, Business Administration, Medicine, etc.) or an auxiliary operation (Housing, Traffic & Parking, O'Connell Center, etc.). Typically, these are the units of the university that bring in revenue (appropriation, tuition, or sales). Under RCM, they will be budgeted to pay for not only their direct expenditures, as in the past, but space and indirect costs as well. In a school or college, this may or may not extend down to the department level.

# Glossary of Terms

- **State Appropriations** - Funds allocated by the Florida Legislature that is comprised on General Revenue and Lottery.
- **Strategic Fund** - Funds awarded by the President, Provost, or their designee for a specific initiative (improving undergraduate academic quality, graduate education, research, etc.)
- **Support Unit** - Included in support units are the budgets of academic support units, general administration, business operations, libraries, information technology, facilities, sponsored research administration, and participation. Under RCM, the responsibility centers (colleges, auxiliaries, etc.) pay for these support costs through an assessment.
- **Teaching** - The unit providing the instructional activities of a course.
- **Tuition** - Revenue from in-state tuition and the out-of-state fee.
- **Weighted** - Process of factoring differences in cost of instruction or use of support units function. As an example in weighting instructional revenue, weights are applied to instruction to recognize the difference in the cost of delivery (lower level lecture course compared to an advanced lab course). As an example in weighting support unit costs, libraries expenditures are allocated based on the all levels of enrollment and faculty FTE.

# Timeline

## **July 1, 2009**

- Current Budget Process
- Discussing the implementation of an increase to 8% for Overhead Assessment for support of Auxiliaries, Component Units, and Incidental Trust Funds units
- Parallel RCM Budget Model

## **July 1, 2010**

- Refinement of RCM Budget Model
- Implementation of RCM Budget Model
- Begin Amortization of Historical Cross-Subsidies

# Weighted Cost Per SCH and Appropriation Formula

# 2007-08 SUS Expenditure Analysis

PGM=EAFC206-V01

STATE UNIVERSITY SYSTEM  
2006-07 EXPENDITURE ANALYSIS  
COSTS PER CREDIT HOUR  
REPORT IV  
\* BY DISCIPLINE \*

BUDGET ENTITY: EDUCATIONAL & GENERAL  
UNIVERSITY: UNIVERSITY OF FLORIDA  
DIS CODE: 01 AGRICULTURE/AG OPS/RLTD SCI

(A)	(B) FUNDABLE STU CRED HR	(C) DIRECT EXPENDITURE	(D) INDIRECT EXPENDITURE	(E) TOTAL FULL EXPENDITURE	(C/B) DIRECT EXPEND. PER STU CRED HR	(D/B) INDIRECT EXPEND. PER STU CRED HR	(E/B) TOTAL EXPEND. PER STU CRED HR
					\$	\$	\$
INSTRUCTION							
-----							
COST ACTIVITIES							
LOWER	13,011	636,985	770,675	1,407,660	48.96	59.23	108.19
UPPER	30,011	5,869,271	4,932,838	10,802,109	195.57	164.37	359.94
GRAD I	5,879	2,924,219	1,266,550	4,190,769	497.40	215.44	712.84
GRAD II	5,014	3,214,856	1,312,839	4,527,695	641.18	261.83	903.01
GRAD III	0	0	0	0	0.00	0.00	0.00
CLINICAL	0	0	0	0	0.00	0.00	0.00
<b>SUB TOTAL INST.</b>	<b>53,915</b>	<b>12,645,331</b>	<b>8,282,902</b>	<b>20,928,233</b>	<b>234.54</b>	<b>153.63</b>	<b>388.17</b>
ACAD ADVISING	0	0	0	0	0.00	0.00	0.00
ACAD ADMINISTRATION	0	0	0	0	0.00	0.00	0.00
PUBLIC SERVICE	0	6,115	1,639	7,754	0.00	0.00	0.00
RESEARCH	0	2,673,418	2,110,975	4,784,393	0.00	0.00	0.00
<b>TOTAL DIS</b>	<b>53,915</b>	<b>15,324,864</b>	<b>10,395,516</b>	<b>25,720,380</b>	<b>284.24</b>	<b>192.81</b>	<b>477.05</b>

# Public Service and Research Spreading - UF, CIP 01-AG

Level	Fundable SCH	Direct Expenditure	Percentage on All Levels	Public Service Spreading	Research Spreading	Direct Expenditure with Public Service and Research
Lower	13,011	\$636,985	5%	\$308	\$134,668	\$771,961
Upper	30,011	\$5,869,271	46%	\$2,838	\$1,240,855	\$7,112,964
Grad I	5,879	\$2,924,219	23%	\$1,414	\$618,225	\$3,543,858
Grad II	5,014	\$3,214,856	25%	\$1,555	\$679,670	\$3,896,081
<b>Sub Total</b>		\$12,645,331				
<b>Public Service</b>		\$6,115				
<b>Research</b>		\$2,673,418				
<b>Grand Total</b>		\$15,324,864	100%	\$6,115	\$2,673,418	\$15,324,864

# Cost Per SCH Calculation - UF, CIP 01-AG

Level	Fundable SCH	Direct Expenditure	Percentage on Public Service All Levels	Public Service Spreading	Research Spreading	Direct Expenditure with Public Service and Research	Cost Per SCH
Lower	13,011	\$636,985	5%	\$308	\$134,668	\$771,961	\$48.98
Upper	30,011	\$5,869,271	46%	\$2,838	\$1,240,855	\$7,112,964	\$195.67
Grad I	5,879	\$2,924,219	23%	\$1,414	\$618,225	\$3,543,858	\$714.25
Grad II	5,014	\$3,214,856	25%	\$1,555	\$679,670	\$3,896,081	\$920.70
<b>Sub Total</b>		\$12,645,331					
<b>Public Service</b>	0	\$6,115					
<b>Research</b>	0	\$2,673,418					
<b>Grand Total</b>		\$15,324,864	100%	\$6,115	\$2,673,418	\$15,324,864	

# Cost Per SCH - UF

CIP Name	CIP	Lower	Upper	Grad I	Grad II	Grad III
Agriculture, Agriculture Operations, and Related Sciences	01	\$48.98	\$195.67	\$714.25	\$920.70	
Natural Resources and Conservation	03	\$30.95	\$223.90	\$748.52	\$822.06	
Architecture and Related Services	04	\$200.24	\$282.53	\$552.65	\$105.40	
Area, Ethnic, Cultural, and Gender Studies	05	\$160.05	\$564.78	\$1,662.41	\$1,256.49	
Communication, Journalism, and Related Programs	09	\$108.42	\$109.22	\$992.63	\$1,048.19	
Computer and Information Sciences and Support Services	11	\$38.87	\$216.12	\$610.31	\$923.24	
Education	13	\$55.28	\$119.06	\$347.88	\$684.64	
Engineering	14	\$142.72	\$241.67	\$845.66	\$1,005.41	
Engineering Technologies/Technicians	15	\$14.04	\$143.35	\$381.59	\$632.50	
Foreign languages, literatures, and Linguistics	16	\$113.22	\$161.21	\$993.11	\$1,034.39	
Family and Consumer Sciences/Human Sciences	19		\$76.38	\$670.50	\$414.37	
Legal Professions and Studies	22			\$385.60	\$471.32	
English Language and Literature/Letters	23	\$156.04	\$164.38	\$644.48	\$823.23	
Liberal Arts and Sciences, General Studies and Humanities	24	\$106.80	\$105.39			
Biological and Biomedical Sciences	26	\$151.55	\$221.78	\$940.95	\$1,397.15	
Mathematics and Statistics	27	\$64.86	\$145.97	\$735.47	\$1,122.67	
Multi/Interdisciplinary Studies	30		\$970,430.00			
Parks, Recreation, Leisure, and Fitness Studies	31	\$50.84	\$76.19	\$493.41	\$877.48	
Philosophy and Religious Studies	38	\$122.02	\$245.82	\$1,591.58	\$1,773.65	
Physical Sciences	40	\$135.60	\$335.67	\$1,312.04	\$1,392.13	
Psychology	42	\$50.03	\$107.72	\$594.41	\$747.61	
Security and Protective Services	43	\$47.10	\$120.54	\$792.18	\$1,085.47	
Social Sciences	45	\$53.92	\$145.94	\$1,044.41	\$1,127.98	
Visual and Performing Arts	50	\$193.21	\$253.57	\$1,005.33	\$1,159.32	
Health Professions and Related Clinical Sciences	51	\$29.94	\$224.06	\$234.14	\$729.75	
Business, Management, Marketing, and Related Support Services	52	\$63.60	\$72.00	\$675.43	\$1,910.76	
History (new)	54	\$103.90	\$126.15	\$1,848.90	\$1,085.84	
Residency Programs	60			\$4,243.01	\$2,776.31	
Biological and Biomedical Sciences - Medicine	26					\$1,422.30
Health Professions and Related Clinical Sciences - Dentistry	51					\$711.71
Health Professions and Related Clinical Sciences - Medicine	51					\$549.97
Health Professions and Related Clinical Sciences - Veterinary Medicine	51					\$887.39

14.28

# Weight on Cost Per SCH by CIP - UF

CIP Name	CIP	Lower	Upper	Grad I	Grad II	Grad III
Agriculture, Agriculture Operations, and Related Sciences	01	0.98	3.91	14.28	18.40	
Natural Resources and Conservation	03	0.62	4.48	14.96	16.43	
Architecture and Related Services	04	4.00	5.65	11.05	2.11	
Area, Ethnic, Cultural, and Gender Studies	05	3.20	11.29	33.23	25.11	
Communication, Journalism, and Related Programs	09	2.17	2.18	19.84	20.95	
Computer and Information Sciences and Support Services	11	0.78	4.32	12.20	18.45	
Education	13	1.10	2.38	6.95	13.68	
Engineering	14	2.85	4.83	16.90	20.10	
Engineering Technologies/Technicians	15	0.28	2.87	7.63	12.64	
Foreign languages, literatures, and Linguistics	16	2.26	3.22	19.85	20.67	
Family and Consumer Sciences/Human Sciences	19		1.53	13.40	8.28	
Legal Professions and Studies	22			7.71	9.42	
English Language and Literature/Letters	23	3.12	3.29	12.88	16.45	
Liberal Arts and Sciences, General Studies and Humanities	24	2.13	2.11			
Biological and Biomedical Sciences	26	3.03	4.43	18.81	27.93	
Mathematics and Statistics	27	1.30	2.92	14.70	22.44	
Multi/Interdisciplinary Studies	30		19396.30			
Parks, Recreation, Leisure, and Fitness Studies	31	1.02	1.52	9.86	17.54	
Philosophy and Religious Studies	38	2.44	4.91	31.81	35.45	
Physical Sciences	40	2.71	6.71	26.22	27.82	
Psychology	42	1.00	2.15	11.88	14.94	
Security and Protective Services	43	0.94	2.41	15.83	21.70	
Social Sciences	45	1.08	2.92	20.88	22.55	
Visual and Performing Arts	50	3.86	5.07	20.09	23.17	
Health Professions and Related Clinical Sciences	51	0.60	4.48	4.68	14.59	
Business, Management, Marketing, and Related Support Services	52	1.27	1.44	13.50	38.19	
History (new)	54	2.08	2.52	36.95	21.70	
Residency Programs	60			84.81	55.49	
Biological and Biomedical Sciences - Medicine	26					28.43
Health Professions and Related Clinical Sciences - Dentistry	51					14.23
Health Professions and Related Clinical Sciences - Medicine	51					10.99
Health Professions and Related Clinical Sciences - Veterinary Medicine	51					17.74

# Weight Rollup To College – SCH File

College	College Code	Department	Department	CIP	Level	Fundable SCH
AGRICULTURAL AND LIFE SCIENCES	60	ACADEMIC PROGRAMS	Dean For Academic Programs	01	1 Lower	180
	60	ACADEMIC PROGRAMS	Dean For Academic Programs	01	2 Upper	817
	60	ACADEMIC PROGRAMS	Dean For Academic Programs	01	3 Grad1	125
	60	ACADEMIC PROGRAMS	Dean For Academic Programs	01	4 Grad2	161
	60	AGRICULTURAL & BIOLOGICAL ENG	Agricul / Biological Eng	14	1 Lower	174
	60	AGRICULTURAL & BIOLOGICAL ENG	Agricul / Biological Eng	14	2 Upper	3,159
	60	AGRICULTURAL & BIOLOGICAL ENG	Agricul / Biological Eng	14	3 Grad1	689
	60	AGRICULTURAL & BIOLOGICAL ENG	Agricul / Biological Eng	14	4 Grad2	686
	60	AGRICULTURAL EDUC & COMMUN	Ag Ed And Communication	13	2 Upper	5,140
	60	AGRICULTURAL EDUC & COMMUN	Ag Ed And Communication	13	3 Grad1	564
	60	AGRICULTURAL EDUC & COMMUN	Ag Ed And Communication	13	4 Grad2	298
	60	AGRONOMY	Agronomy	01	1 Lower	423
	60	AGRONOMY	Agronomy	01	2 Upper	2,112
	60	AGRONOMY	Agronomy	01	3 Grad1	407
	60	AGRONOMY	Agronomy	01	4 Grad2	477
	60	ANIMAL SCIENCES	Animal Sciences	01	1 Lower	164
	60	ANIMAL SCIENCES	Animal Sciences	01	2 Upper	5,115
	60	ANIMAL SCIENCES	Animal Sciences	01	3 Grad1	590
	60	ANIMAL SCIENCES	Animal Sciences	01	4 Grad2	591
	60	ENTOMOLOGY & NEMATOLOGY	Entomology And Nematology	26	1 Lower	3,105
	60	ENTOMOLOGY & NEMATOLOGY	Entomology And Nematology	26	2 Upper	2,103
	60	ENTOMOLOGY & NEMATOLOGY	Entomology And Nematology	26	3 Grad1	875
	60	ENTOMOLOGY & NEMATOLOGY	Entomology And Nematology	26	4 Grad2	1,586
	60	FAMILY, YOUTH, & COMMUNITY SCI	Fam Youth / Comm Sci	19	2 Upper	8,099
	60	FAMILY, YOUTH, & COMMUNITY SCI	Fam Youth / Comm Sci	19	3 Grad1	485
	60	FAMILY, YOUTH, & COMMUNITY SCI	Fam Youth / Comm Sci	19	4 Grad2	126
	60	FISHERIES & AQUATIC SCIENCES	Fisheries / Aquatic Sci	03	1 Lower	114
	60	FISHERIES & AQUATIC SCIENCES	Fisheries / Aquatic Sci	03	2 Upper	244
	60	FISHERIES & AQUATIC SCIENCES	Fisheries / Aquatic Sci	03	3 Grad1	528

# Weight Rollup To College

College	CIP	Fundable Student Credit Hours					Weight by CIP					Weight * SCH by CIP and by Level				
		Lower	Upper	Grad I	Grad II	Grad III	Lower	Upper	Grad I	Grad II	Grad III	Lower	Upper	Grad I	Grad II	Grad III
Engineering	11	5,736	8,542	5,217	2,704		0.78	4.32	12.20	18.45		4,456	36,900	63,642	49,899	0
Engineering	14	9,611	56,741	19,217	17,007		2.85	4.83	16.90	20.10		27,417	274,087	324,826	341,775	0
Engineering Total		15,347	65,283	24,434	19,711							31,874	310,987	388,468	391,674	0
Law	22			36,114	29				7.71	9.42		0	0	278,344	273	0
Law Total				36,114	29							0	0	278,344	273	0
Nursing	51		11,347	6,398	937		0.60	4.48	4.68	14.59		0	50,818	29,943	13,667	0
Nursing Total			11,347	6,398	937							0	50,818	29,943	13,667	0
Dentistry	51		22	2,648		13,200	0.60	4.48	4.68	14.59	14.23	0	99	12,393	0	187,772
Dentistry Total			22	2,648		13,200						0	99	12,393	0	187,772

College	Weight*SCH/Total SCH on Each Level				
	Lower	Upper	Grad I	Grad II	Grad III
Engineering	2.08	4.76	15.90	19.87	
Law			7.71	9.42	
Nursing		4.48	4.68	14.59	
Dentistry		4.48	4.68		14.23

# Weight by College - UF

<b>College</b>	<b>Lower</b>	<b>Upper</b>	<b>Grad I</b>	<b>Grad II</b>	<b>Grad III</b>
Fine Arts	3.35	4.40	17.45	20.12	
Design, Construction, and Planning	2.81	3.90	8.93	3.43	
Liberal Arts & Sciences	1.84	2.88	16.87	20.23	
Business Administration	1.00	1.40	12.08	29.03	
Education	0.93	2.04	6.34	12.18	
Engineering	1.80	4.14	13.80	17.25	
Journalism & Communications	1.88	1.90	17.23	18.19	
Law			6.69	8.18	
Health & Human Performance	0.88	1.32	8.56	15.23	
Veterinary Medicine		3.89	4.06	12.66	15.40
Medicine		3.87	5.59	14.70	11.29
Nursing		3.89	4.06	12.66	
Pharmacy		3.89	4.06	12.66	
Public Health & Health Professions	0.52	3.64	4.30	12.78	
Dentistry		3.89	4.06		12.35
DOCE	0.96	2.07			
Latin American Studies	2.78	9.80	28.85	21.80	
CALS	1.20	3.18	13.24	17.60	

# Cost per SCH by CIP - Ohio

CIP Name	CIP Code	Lower	Upper	Grad I	Grad II	Grad III
Agriculture, Agriculture Operations, and Related Sciences	01	\$731.43	\$731.43	\$1,256.12	\$1,144.84	
Natural Resources and Conservation	03	\$554.50	\$554.50	\$743.39	\$921.42	
Architecture and Related Services	04	\$511.68	\$511.68	\$811.29	\$1,033.83	
Area, Ethnic, Cultural, and Gender Studies	05	\$370.37	\$370.37	\$924.79	\$1,053.51	
Communication, Journalism, and Related Programs	09	\$387.22	\$387.22	\$1,153.35	\$1,281.54	
Communications Technologies/Technicians and Support Services	10	\$334.78	\$334.78			
Computer and Information Sciences and Support Services	11	\$508.08	\$508.08	\$862.34	\$1,011.92	
Personal and Culinary Services	12	\$1,314.54	\$1,314.54			
Education	13	\$369.83	\$369.83	\$577.51	\$977.61	
Engineering	14	\$598.75	\$598.75	\$1,266.96	\$1,304.63	
Engineering Technologies/Technicians	15	\$539.89	\$539.89	\$1,558.97	\$1,443.78	
Foreign languages, literatures, and Linguistics	16	\$380.31	\$380.31	\$941.04	\$1,307.64	
Family and Consumer Sciences/Human Sciences	19	\$304.49	\$304.49	\$1,433.18	\$1,627.98	
Legal Professions and Studies	22	\$340.03	\$340.03	\$1,153.45		\$861.46
English Language and Literature/Letters	23	\$367.65	\$367.65	\$930.30	\$997.22	
Liberal Arts and Sciences, General Studies and Humanities	24	\$613.08	\$613.08	\$1,283.14	\$1,187.91	
Library Science	25	\$1,212.07	\$1,212.07	\$538.74		
Biological and Biomedical Sciences	26	\$454.50	\$454.50	\$1,200.97	\$1,105.20	
Mathematics and Statistics	27	\$349.87	\$349.87	\$990.23	\$1,394.02	
Reserve Officer Training Corps (JROTC, ROTC)	28	\$973.80	\$973.80			
Military Technologies	29	\$434.79	\$434.79			
Multi/Interdisciplinary Studies	30	\$579.55	\$579.55	\$900.90	\$1,226.19	
Parks, Recreation, Leisure, and Fitness Studies	31	\$394.95	\$394.95	\$866.16	\$1,270.70	
Leisure and Recreational Activities	36	\$512.69	\$512.69			
Philosophy and Religious Studies	38	\$345.11	\$345.11	\$1,081.68	\$1,301.79	
Physical Sciences	40	\$532.07	\$532.07	\$1,466.57	\$1,271.23	
Psychology	42	\$318.16	\$318.16	\$793.13	\$1,025.37	
Security and Protective Services	43	\$301.54	\$301.54	\$507.43	\$718.48	
Public Administration and Social Service Professions	44	\$370.40	\$370.40	\$478.60	\$746.99	
Social Sciences	45	\$362.36	\$362.36	\$873.13	\$1,200.37	
Mechanic and Repair Technologies/Technicians	47	\$5,764.72	\$5,764.72			
Transportation and Materials Moving	49	\$719.84	\$719.84	\$10,216.71	\$546.59	
Visual and Performing Arts	50	\$508.64	\$508.64	\$1,129.96	\$1,046.90	
Health Professions and Related Clinical Sciences	51	\$447.18	\$447.18	\$768.42	\$1,259.84	\$1,554.31
Business, Management, Marketing, and Related Support Services	52	\$387.83	\$387.83	\$661.57	\$2,389.44	
History (new)	54	\$351.73	\$351.73	\$1,034.36	\$1,273.44	

3.95

# Weight on Cost Per SCH by CIP - Ohio

CIP Name	CIP Code	Lower	Upper	Grad I	Grad II	Grad III
Agriculture, Agriculture Operations, and Related Sciences	01	2.30	2.30	3.95	3.60	
Natural Resources and Conservation	03	1.74	1.74	2.34	2.90	
Architecture and Related Services	04	1.61	1.61	2.55	3.25	
Area, Ethnic, Cultural, and Gender Studies	05	1.16	1.16	2.91	3.31	
Communication, Journalism, and Related Programs	09	1.22	1.22	3.63	4.03	
Communications Technologies/Technicians and Support Services	10	1.05	1.05			
Computer and Information Sciences and Support Services	11	1.60	1.60	2.71	3.18	
Personal and Culinary Services	12	4.13	4.13			
Education	13	1.16	1.16	1.82	3.07	
Engineering	14	1.88	1.88	3.98	4.10	
Engineering Technologies/Technicians	15	1.70	1.70	4.90	4.54	
Foreign languages, literatures, and Linguistics	16	1.20	1.20	2.96	4.11	
Family and Consumer Sciences/Human Sciences	19	0.96	0.96	4.50	5.12	
Legal Professions and Studies	22	1.07	1.07	3.63		2.71
English Language and Literature/Letters	23	1.16	1.16	2.92	3.13	
Liberal Arts and Sciences, General Studies and Humanities	24	1.93	1.93	4.03	3.73	
Library Science	25	3.81	3.81	1.69		
Biological and Biomedical Sciences	26	1.43	1.43	3.77	3.47	
Mathematics and Statistics	27	1.10	1.10	3.11	4.38	
Reserve Officer Training Corps (JROTC, ROTC)	28	3.06	3.06			
Military Technologies	29	1.37	1.37			
Multi/Interdisciplinary Studies	30	1.82	1.82	2.83	3.85	
Parks, Recreation, Leisure, and Fitness Studies	31	1.24	1.24	2.72	3.99	
Leisure and Recreational Activities	36	1.61	1.61			
Philosophy and Religious Studies	38	1.08	1.08	3.40	4.09	
Physical Sciences	40	1.67	1.67	4.61	4.00	
Psychology	42	1.00	1.00	2.49	3.22	
Security and Protective Services	43	0.95	0.95	1.59	2.26	
Public Administration and Social Service Professions	44	1.16	1.16	1.50	2.35	
Social Sciences	45	1.14	1.14	2.74	3.77	
Mechanic and Repair Technologies/Technicians	47	18.12	18.12			
Transportation and Materials Moving	49	2.26	2.26	32.11	1.72	
Visual and Performing Arts	50	1.60	1.60	3.55	3.29	
Health Professions and Related Clinical Sciences	51	1.41	1.41	2.42	3.96	4.89
Business, Management, Marketing, and Related Support Services	52	1.22	1.22	2.08	7.51	
History (new)	54	1.11	1.11	3.25	4.00	

# BSA – How to Calculate

UF has \$600M state funding to allocate

$$\$600 \text{ M} = \sum_{\text{college}} \sum_{\text{level}} \text{Level Weight} * \text{Level SCH} * \text{BSA}$$

Known: Level weight, level SCH, total funding

Unknown: BSA

# Appropriation Formula

Fine Arts student credit hours and weights in all level are listed below:

	Lower	Upper	Grad I	Grad II
SCH	22,441	16,008	3,216	856
Weight	3.35	4.40	17.45	20.12

$$\begin{aligned} \text{Appropriation} &= 22,441 * 3.35 * \text{BSA} \\ &+ 16,008 * 4.40 * \text{BSA} \\ &+ 3,216 * 17.45 * \text{BSA} \\ &+ 856 * 20.12 * \text{BSA} \end{aligned}$$

$$\text{Appropriation} = \sum_{\text{level}} \text{Level Weight} * \text{Level SCH} * \text{BSA}$$

# Source of Data

- UF and SUS
  - 2006-07 SUS Expenditure Analysis
    - <http://flbog.org/about/budget/expendanalysis.php>
- OHIO
  - All Ohio public universities

# Appropriation Models

## Departmental Research 100% as Expense

Pot of Money	Model 1	Model 2	Model 3	Model 4	Model 5
State Appropriation	Non-Weighted, 100% Teaching	Weighted, 100% Teaching	Weighted, 100% Teaching	Weighted, 70% Teaching/ 30% Enrollment	<b>Weighted, 70% Teaching/ Un-weighted 30% Enrollment</b>
Tuition	Non-Weighted, 100% Teaching	Weighted, 100% Teaching	Non-Weighted, 100% Enrollment	Non-Weighted, 70% Teaching/ 30% Enrollment	

## Departmental Research 50% as Expense, 50% allocated using Leverage

Pot of Money	Model 6	Model 7	Model 8	Model 9
State Appropriation	Weighted, 100% Teaching	Weighted, 100% Teaching	Weighted, 70% Teaching/ 30% Enrollment	<b>Weighted, 70% Teaching/ Un-weighted 30% Enrollment</b>
Tuition	Weighted, 100% Teaching	Non-Weighted, 100% Enrollment	Non-Weighted, 70% Teaching/ 30% Enrollment	
Departmental Research	Leverage	Leverage	Leverage	<b>Leverage</b>

# Other Revenue

- Off-book
- Entrepreneurial
- Research
- Auxiliary
- 100% to the unit that earns the revenue

# Allocation of Cost Pools

# Important Points of Understanding in the Cost Allocation Model

- The model is a set of stable cost attribution rules that assist in achieving (but don't determine) the strategic goals of the institution
- A sound process for budget approval and rate development for "cost pool" units is key.
- The process is dependent on strong leadership to approve cost pool budget.
- The model will be implemented at the college level – not at the department level.
- Good performance measures and data are essential for analysis.
- Existing consultative groups will be essential to promote transparency and understanding of decisions.
- Process will evolve over time.

# Cost Pools

Description	General Admin	Facilities	Student Services	Libraries	Research Admin	Information Technology	HSC Admin
Admissions			X				
Audit and Compliance Review	X						
Board of Trustees	X						
Bridges						X	
Business Affairs	X						
Business Services	X						
Chief Financial Officer	X						
Construction and Planning		X					
Contracts and Grants					X		
Environmental Health and Safety	X						
Finance and Accounting	X						
Financial Aid Admin			X				
General Counsel	X						
Governmental Relations	X						
Graduate School			X				
Human Resources	X						
Information Technology						X	
Institutional Activities	X						
Libraries				X			
Operations Analysis	X						
Police	X						
PPD		X					
President's Office	X						
Provost's Office	X						
Registrar			X				
Research					X		
Student Affairs			X				
University Relations	X						
VP Health Affairs							X

**Research:**

DSR, IFAS, and Engineering

**Information Technology**

Bridges, Chief Information Office, Computing Network Services, Academic Technology

**Libraries:**

University Libraries, Marston, Health Center Library

# Allocation of Cost Pools

## Allocating ONLY SPA to Grants - IT/GA Allocated by Total Direct Costs

cpl_gpno	cpl_grp	adj_tac	IT i01	EQP i03	Facilities i04	GA i05	HSC GA i06	SPA i07	LIB i08	ST ADM i09	PART i10	total
<b>Support Units</b>												
001	INFO TECHNOLOGY	34,844,683	-34,844,683	0	0	0	0	0	0	0	0	0
003	EQP DRPC	38,173,517	0	-38,173,517	0	0	0	0	0	0	0	0
004	FACILITIES	80,674,882	2,081,224	664,064	-83,420,170	0	0	0	0	0	0	0
005	GENERAL ADMIN	72,317,624	1,862,315	794,390	1,356,216	-76,330,545	0	0	0	0	0	0
006	HSC ADMIN	11,648,333	300,500	483,478	401,965	0	-12,834,276	0	0	0	0	0
007	SPON PROJ ADMIN	17,750,747	457,826	158,147	281,560	1,131,743	0	-19,780,023	0	0	0	0
008	LIBRARY	27,614,533	712,269	514,311	3,892,693	1,760,634	0	0	-34,494,440	0	0	0
009	STU SVC ADMIN	27,679,212	714,056	629,542	5,911,434	1,764,758	0	0	0	-36,699,002	0	0
010	PARTICIPATION	42,709,399	0	0	0	0	0	0	0	0	-42,709,399	0
<b>Responsibility Centers</b>												
015	COLLEGES	554,650,264	14,299,393		54,045,445	35,363,129	3,888,621	0	33,476,162	36,699,002	0	732,422,016
020	ST FUNDED CENTERS	44,420,839	1,143,934		5,291,514	2,832,163	175,870	0	1,018,279	0	0	54,882,599
030	GRANTS	431,327,686	0		2,146	0	0	19,780,023	0	0	0	451,109,855
040	INCNTL_MISC	203,374,274	5,218,057		0	12,966,641	5,083,465	0	0	0	4,067,485	230,709,922
050	AUXILIARY/SVC CTRS	140,152,184	3,371,320		9,269,523	8,935,757	363,557	0	0	0	2,803,044	164,895,385
060	CLINICAL PRACTICE	83,661,000	2,158,259		2,414,995	5,334,018	3,322,762	0	0	0	1,673,220	98,564,254
070	DSO	97,897,492	2,525,528		97,382	6,241,702	0	0	0	0	1,957,950	108,720,054
075	UAA	41,240,000	0		0	0	0	0	0	0	824,800	42,064,800
080	SHANDS	1,569,145,000	0		455,298	0	0	0	0	0	31,382,900	1,600,983,198
		<b>3,519,281,669</b>	-2		1	0	-1	0	1	0	0	3,484,352,083

# IDC Allocation Methodology

- 100% of IDC revenue returned to colleges
- Grants and IDC funds through assessments:
  - Division of Sponsored Research
  - Contracts and Grants Office
  - Cost Analysis Office
  - Strategic research fund equal to current Opportunity fund
- Allocation to colleges, departments and principal investigator administered by Sponsored Research

# Future

- Still tweaking the model
- Discussing special units and situations (i.e., International Center, DOCE, IFAS IDC ...)
- Campus Stakeholder sessions/buy-in
- Curriculum Committee
- Training
- Information systems
- Will evolve for unintended consequences