Central Washington University

Business and Finance Committee – Overview of RCM Model

December 2013

Shelly Baird
Director of Budget and Business Analysis
Overview

I  RCM Background
II RCM History
III Model Impacts
IV Feedback and Discussion
V Summary
CWU considering RCM for FY 2015

• Responsibility Centered Management (RCM) uses entrepreneurial models for revenue sharing with Colleges
• Allows deans and department chairs to manage their own budgets – better control over tuition revenue and added responsibility for costs associated with their operations
• Encourages deans, chairs and faculty to focus on efficiency, identify opportunities to generate additional revenue
RCM History

- RCM has been used at various universities since 1974
- First implemented at University of Pennsylvania
- Since then, many universities adopted RCM including:
  - Indiana University
  - University of Arizona
  - University of Iowa
  - University of Michigan
  - University of Southern California
- University of Washington adopted a semi-RCM model this past year
- Also, we benchmarked and discussed RCM with Kent State University
Fundamental Principles

• Accountability – decision makers have clear lines of responsibility
• Equity – everyone plays by the same rules and held to the same standards
• Predictability – comprehensive discussions and numerous notices precede changes to the rules
• Transparency – everyone has access to the needed information and knows the rules
Scenarios Considered

Possible metrics for evaluation include SCH hours, major & minor counts, tuition revenue, or a blended combination.

Scenario 1 – share current revenue with colleges based on scheduled credit hours and majors/minors. Reallocate entire FY 2014 budget based on FY 2013 actual credit hour and majors/minors.

Scenario 2 – full cost allocation model back to each college to include Provost support functions, President, BFA, and Facilities along with allocating all income streams for Ledger 1.
Summary

- RCM allows for development of new revenue opportunities
- Emphasizes student retention
- Promotes interdisciplinary program partnerships
- Provides for potential cost savings
- Supports budget stability

For FY 2015, assume we will have memo entries and begin migrating financial decisions based on full allocation model with Provost subvention.