MESSAGE FROM SPBAC #4

FAQ #21 What’s been happening lately?

Work on both RCM and the Never Settle Strategic Plan continue. The RCM Steering Committee has heard recommendations from the various subcommittees. These are getting closer to final – which is just the first step. The Steering Committee will have to balance competing notions coming out of different subcommittees, to generate an overall set of proposals that optimize across areas. These proposals will then provide the basis for modeling efforts in the Spring, looking at historical data and various scenarios. As is usual with such modeling efforts, early simulations lead to tweaks in the model and, one hopes, ever closer approximation to an optimal approach.

FAQ #22 What should we be doing while the details of RCM are being worked out?

The only honest answer is that we should try our best to go about the important business of the institution – teaching, research, scholarship, partnering with the community – without being paralyzed by the emergence of the detailed RCM structure. It would be foolish to rush this developmental process because this “waiting for RCM” is frustrating. It is indeed frustrating, but not as much as getting it wrong would be. The end game is a soundly thought through and tested RCM approach that will work at the University of Arizona. One thing can be said: the broad incentive structure can be anticipated as one that will track activity in teaching and research.

FAQ #23 What is being discussed in the area of research?

The costs of research exceed the funds that granting agencies, including the Feds, provide to the University in the form of ‘indirect costs”. Thus, research, even well-funded research, is subsidized by the institution (and, for the record, so is tuition). Nonetheless, at present roughly 25% of the IDC a unit generates is returned to that unit to use as it wishes. The remaining 75% is used by the University to cover some of the costs of research (e.g., building debt, compliance, administrative support, etc.) with a small portion going to the VPR’s office, in support of research. An idea being discussed is to return 100% of the ICR to the Colleges, and then for the Colleges to explicitly pay for many of the costs of doing research. At the outset this new arrangement would be set in motion in a way that would leave the actual amount of ICR left for each College unchanged (it’s current 25%). But, the incentives would now exist for each unit to find a way to lower the costs of doing the research (but NOT by doing less research). In other words, this approach treats ICR revenues and costs like the other parts of the RCM budget model. All the revenue is given to the RCU, and it then pays what bills it can.
FAQ #24  With RCM to worry about, why do I need to pay attention to the Never Settle Plan?

It is true that there is much concern about RCM, and seemingly little attention to Never Settle. But this is backwards, because RCM is, in the end, just a management tool with certain properties (transparency, clear incentive structures, etc.), while Never Settle is the statement of our vision and goals, and the specific plans we have adopted to achieve them. The Regents reacted very favorably to the presentation of the Plan last semester, so it’s full speed ahead with the plan to build as much financial support for it as we can.

FAQ #25  What’s next with Never Settle?

Next step is the hardest – actually implementing the plan. This will only happen successfully if just about everyone is pulling in the same, or at least not opposed, direction. Embedded in Never Settle are specific goals and metrics to assess our performance in moving towards and reaching those goals. But these are stated at the institutional level, when much of the action needed to accomplish our goals will take place at the college and department level. The task that faces us now is that of implementing the Plan, unit by unit, goal by goal, step by step. This process will be aided through the Provost’s Office, Colleges and VP units, and by the incoming VP for Strategic Planning and Analysis – a search for this person is underway, and a short-list of candidates is visiting the UA in these weeks.

FAQ #26  What else is SPBAC working on these days?

SPBAC will, this semester, devote one of its meetings to a discussion of the issues surrounding the ways in which we derive revenue from students – as tuition, as fees, etc. What is the best mix of these? Another SPBAC meeting will be devoted to discussing plans for innovation with the VP for Innovation, Joaquin Ruiz, and his smallish team of advisors from around the campus. One of the likely implications of RCM is that the research tax one pays will decrease when someone else gets a grant (as he/she will now pay a greater percentage of the fixed costs covered by the tax). In other words, under this approach, a rising tide could lift all boats. Thus, if the Innovation Team can get us another iPlant, or Mars Mission, every one of us at the UA will benefit. Yet another SPBAC meeting will likely be devoted to thinking about how we are organized into distinct academic units. Sometimes these units can be rather small, hence inefficient. Merging with another unit or units might make many things easier, but such mergers can threaten the disciplinary identities we often wish to preserve. The Schools that were recently created are one kind of answer to this dilemma. SPBAC will consider how well these Schools are mediating the tension between disciplinary identity and cross-disciplinary collaboration and sharing.