

## Campus Finance Committee Meeting

**Date:** October 7, 2021

**Time:** 9:00 AM

### In Attendance

Elizabeth Watkins, Gerry Bomotti, Anil Deolalikar, Brian Haynes, Christopher Lynch, Deborah Deas, Jason Stajich, Jeff Girard, Jennifer Brown, Daryle Williams, Kathryn Urich, Kevin Vaughn, Louie Rodriguez, Mariam Lam, Peter Hayashida, Rodolfo Torres, Shaun Bowler, Steven Mandeville-Gamble, Yunzeng Wang, Student Representative Elysha Castillo, Dana Simmons, Melanie Wu, and Susana Salazar (support)

### Opening Comments – Liz

First item for review is the document provided showing the recommendation made by the Deans and Vice Chancellors on the F&A for start-ups packages, that has been provided from central funds but would now be provided as perm funds to the schools/colleges.

### Revised Allocation of F&A to replace central support of start-up packages - All

#### *Document attached*

Kathryn: I like the idea of giving it back to the units; however, I'm struggling with how much CNAS spends on start-ups and what other funds should be available.

Liz: The central obligations are high, deferred maintenance is a giant commitment that makes me very anxious, and on top of that add on requests Gerry and I receive for cost-sharing/ equipment and centers. Units like Grad Division could argue they need more for Grad Student Support and other colleges would say they need more for Academic Advising. There are a lot of obligations to meet.

Anil: Since this money will now be available as perm funds, it will be a benefit for smaller colleges like SPP that don't hire every year. It will allow the college to accumulate funds to give bigger start-ups when needed but I understand that may not be the case for the bigger colleges.

Rodolfo: Great that this will give more flexibilities to the schools, no objections about that and smaller schools should be fine. My concern is that with CHASS, BCOE and CNAS, this is technically a budget cut. If we are where we are it is because of our investment in research. We might not be able to keep pace with the same growth if we are only doing 1/3 of the start-ups.

Gerry: The increase in faculty start-up costs did come with the influx of 200+ faculty, but with that also came expenses like the MRB building at \$11.5M per year.

Rodolfo: To be a truly AAU aspiring institution we would need to continue the investment in start-ups at the previous levels. There are expenses in RED admin, start-ups, MRB, and future investments, but we shouldn't rely on F&A alone for these costs.

Liz: The central portion of F&A is not the only investment in research. As Gerry mentioned we have \$11.5M going to MRB that was supposed to generate more research dollars. We want to be cautious and think about ROI. AAU does look at research dollars but we need to focus on research dollars per faculty – so we do need to help our faculty to apply for and obtain large extramural grants. Relatedly, in the recent retreat with the other UC Provosts, we talked about who is involved in the teaching across the system. What is the right mix? How do we manage enrollment growth with who we hire? These are all things we need to look at.

Gerry: F&A is one revenue source but the new budget model was meant to provide the schools and colleges other sources as well. F&A is distributed to increase research as an incentive.

Liz: from the central perspective, we wanted to get out of the business of deciding which colleges would have the ability to hire and which would not. This year, we allocated about \$4.5M from the center in start-ups.

Chris: BCOE needs to find a way to make up the gap, but any decisions to shift funding will cascade down the org. We need control of the 1<sup>st</sup> year fellowships.

Liz: The 1<sup>st</sup> year fellowship issue will be discussed in another session, but we will have to have more conversations about faculty we hire, and colleges will need to reassess revenue options.

Chris: I don't want to be skeptical but since I got here the trend hasn't been great. We have seen budget cuts in one way or another and so what can we expect for future years?

Liz: That is what this committee is tasked with doing. Nothing is being done "to you"; rather we are making these decisions together. If we decide that we should invest greatly in faculty, then we would need to talk to other units like student affairs, library, university advancement and see if they will take less money or we need to find more ways to generate revenue.

Rodolfo: The faculty count has increased but not at the same rate the research has increased. We need to see what else is on the table. Going forward, we should not automatically assume that F&A will increase. And we can be smaller but we just need to plan for it. I am in systemwide meetings where UCR and Merced constantly get called out as the only non-AAU members and it is horrible. We are not viewed as being at the same level as those that are.

Deborah: We need faculty to increase F&A. From the time I got here, the sentiment from faculty here and UC-wide is that if you are a ladder-rank faculty, you don't have to go for it. That yearning isn't here. As leadership, we really need to lean in on faculty.

Liz: In San Francisco, no one is ladder rank and so they need to work at it. We do have a program on campus that we are piloting to incentivize faculty to seek extramural funding, but we still definitely need culture change.

Anil: If you can't hire that many faculty in CNAS, then maybe this will force us to focus on the mix of faculty we hire. Overall, this is a good lesson that we have learned that top/down doesn't work and nearly bankrupted the campus.

Dana: I'm concerned that leaning on faculty to make up the revenue gap will send the wrong message especially at a time when faculty are already being squeezed to do more with less.

Chris: We can use things like the Negotiated Salary program to lean in with a positive message.

Liz: Yes, the intent was not for faculty to lean in just for the altruistic good of the campus but rather for the incentives that could benefit them directly.

Jason: I guess the question is more what is the goal, what are we optimizing?

Liz: Thinking of F&A as a revenue source. We have distributions that go to the PI/Dept/College/Red and others that seem to be working well. Decisions on who we hire need to be made at the college level.

Jason: We need to ensure that we hire assistants to help the faculty work on getting those grants. We need to talk to the people to know how best to optimize.

Liz: Well there will always be competing needs: grant support, staff, crumbling buildings. We need to disaggregate by school/college and also by department to be able to see where the opportunities really are. We also need to look at our instructor portfolio. This is what Deans need to discuss with their department chairs.

Deborah: Though we should look at the commonalities between schools/colleges, we also need to understand that we are all different and what may work for one may not work the same in another school especially when it comes to incentivizing.

Kathryn: Within CNAS, it is really about reallocating resources, not funds but rather time and effort. CNAS does expect faculty to do both teaching and writing grants.

Jennifer: I think that before the next CFC meeting, we need to talk to the chairs about what they need to be more productive and what this mix should look like. We need to evaluate the enrollment needs, how can we justify growth, and what we need to accomplish both missions.

Rodolfo: We need support staff.

Brian: In Student Affairs, the approach is similar when we look at being an R1 Institution, that is why our hiring decisions are based on that model.

Liz: Despite all this talk, I want to reassure Elysha that UCR is not shutting down! We just want to know where to put our resources.

Jeff: We have noticed a change in leadership understanding that the research mission also requires staffing. Staff have an effective and essential role, and I'm happy to see that change.

Miriam: I'm concerned with the potential equity issues. We do have faculty who are no longer producing, so we do need to evaluate transitions and focus on hiring decisions. However, we need to be aware that we need to work on climate and culture as there are many (LSOEs) professors of teaching that feel like second class citizens.

Liz: We currently have about 40 Professors of Teaching – we should not call them LSOEs anymore. Other UCs have been hiring in this area. I agree that this is important as we must remember to not pit the research and teaching against each other as those doing teaching also do research.

Chris: In other UCs what % of faculty are professors of teaching in each college?

Liz: I don't know but we can ask.

Anil: Jason, given that we have professional schools, I would also encourage the Senate to reconsider approving a Professor of Practice title. It would make a difference.

Liz: We will take this discussion to the enrollment management group as this is a good discussion but we will need to move on to the Budget Model issues now.

## Chancellor Approved Budget Model Recommendations (continued from 9/23)

*Document attached*

### Multi-year Budgets

- Liz: The intent was to transition to a 2-year budget model.
- Gerry: We did this, but when COVID hit, it was put on hold. We are now getting back to it.

### Fixed Cost Increases

- Gerry: We did look at this area, particularly Library, ITS, Facilities. In FY20 we provided increases in some of these areas. The goal was to understand where these pressures were.

### Service Level Agreements

- Gerry: In most cases they were eliminated as they weren't being used, but we need to identify appropriate assessment measures to be able to track in a new more simplified way.
- Kevin: Were they replaced?
- Gerry: No, there are some MOUs out there for specific services.

### Funding Schedule for Enrollment Growth

- Gerry: We have implemented this change so that we don't give money to units that we later take away – this is done.

### Budget Related Activities during Fiscal Year

- Liz: Do we distribute a budget letter? And have we done so already? Until this year, the BAC would hear proposals, so how do we do that this year?

- Gerry: For transparency purposes, we provide updates on the Budget in the Fall and in the Spring. We provide information on allocations made and any other decisions made for full disclosure. This year, we haven't sent the Fall letter yet. Last year, when we sent it, it was more of a gloom letter, talking about the impacts of COVID.
- Miriam: I get asked questions on how to get HEERF funds, and many people don't know how we are distributing that.
- Liz: We as a committee need to communicate process decisions. We also need to consider that we still have admin units that took big cuts like Academic Personnel and Compliance and they may require additional funding.
- Daryle: We do need to distribute communication from leadership on updates.
- Peter: I would not assume that the rest of the campus is as aware of the transparency that we think we have done. BAC thought they were making decisions but in the end the decisions are made by the Provost and the Chancellor but the committee does provide feedback and we all need to own the decisions made.
- Dana: I would go further than an annual letter, I would look at what Davis has done with their budget transparency website. There should be something that is available all year long.
- Chris: I think we need to look at the depths of the cuts, a 20% cut in staff is not the same as a 10% cut in faculty. I'd like to look deeper at the impacts of the cuts versus the numbers.
- Gerry: The draft of the letter should be reviewed and vetted by this group. So far, we have the net results of cuts, what happened with the state, but it will come to this committee for review.
- Liz: We know this committee will revisit subventions, but what should happen in the spring about allocations?
- Gerry: In the spring, there is usually a call letter, once we have a view of next fiscal year, and know more on costs and allocations. Are there items we want to focus on? Requests come in through Org Heads, FP&A analyzes, and this committee usually makes decisions. The letter would also provide an update on any ad-hoc funding decisions made between the letters.
- Liz: We need to give this some thought. We don't have resources at this point to develop an extensive website. We have some information on-line that is clunky but that will provide more details, but I am hesitant to put out a call to scramble for funds. This committee needs to be thinking about prioritization. Are there needs we have grossly not been meeting? Are we going to make another significant investment in a specific area?
- Gerry: The purpose of the call letter was to manage what can be a chaotic process, since many orgs would send in massive requests in anyway, so providing a consistent process was the intent.
- Liz: I want to remind everyone that your obligation as a committee member is to manage the process of explaining to your constituents how this committee works. We have central units and we have the schools/colleges. How will you entertain from your unit requests for new budget process needs that impact the campus writ large?
- Miriam: We need to understand that there are also system-wide mandates that come down and need funding, we expect to see some in compliance, Title IX, more Care Advocates.
- Liz: These are campus obligations that the schools and colleges wouldn't be expected to pay so we would have to figure something out at the center.

- Daryle: CHASS has worked to develop an internal resource allocations process, but we still need to be tolerant of the fact that we may need to be flexible and able to deal with ad-hoc requests.
- Liz: I agree with that, but we also need to find a way so that we don't let the loudest voices get the money first.
- Brian: We need to provide the campus with guiding principles, some broad parameters, preferably in the Fall Letter.
- Liz: Peter and I can take a stab at adding some language to the Fall letter.

## Tracking of Perm Positions/Commitments Funded on Cash

- Gerry: We did do an inventory of that for cash funded positions. FP&A continues to track that for CBR purposes. It has been completed.

## Campus Core Research Facilities

- Liz: This is still on-going.
- Gerry: There was a paper that was presented and distributed but was not finalized. Was likely done by Rodolfo's predecessor.
- Liz: Since we haven't seen it, we will have to work on this and start fresh.

## F&A Distribution

- Liz: This is done.

## Action Items

1. All Meeting Notes will be consolidated.
2. Asking all members to go through Appendix A (Items with no immediate action) in the document titled Chancellor Approved Budget Model Recommendations, and talk to your constituencies as we need to prioritize this list.

**Final Note Via Email:** It is ok to share F&A Start-up document with school/college leadership teams. Just remember that the agreement was to try this model for 3-years then revisit in 2024.

## Next Meeting

~~Thursday October 21, 2021 9:00 AM cancelled~~

Thursday, November 4, 2021 9:00am

## **REVISED ALLOCATION OF F&A TO REPLACE CENTRAL SUPPORT OF START-UP PACKAGE FUNDS**

**Approved September 30, 2021**

**Effective July 1, 2022**

A subcommittee of the Campus Finance Committee (see membership below) was charged with developing a methodology for annual allocation of a portion of the campus's F&A revenue to the schools and colleges to replace the funds that the center had been contributing to faculty start-up packages in previous years.

The Provost and VCPBA proposed that **26%** of F&A be allocated for this purpose (see page 1 of attached spreadsheet, which is post UCOP assessment).

The subcommittee then decided to allocate these funds to the 6 schools and colleges according to the following formula (see page 2 of attached spreadsheet):

**70%** based on a 3-year rolling average of F&A generated by the school/college (note that F&A is collected in arrears, so for FY23, this portion of the allocation will be based on the average of the actual F&A generated in FY19, FY20, and FY21).

+

**30%** based on the most recent fall quarter headcount of ladder-rank faculty in the school/college

The further assumptions are that budgets will be released to Schools and Colleges in the spring of each year (so for FY23, the budgets will be provided in spring 2022), and this funding source will become part of the "core" budget for each School and College (and therefore subject to future salary and benefit adjustments). As with all core funds, disposition is at the discretion of the deans. That is, these funds are not mandated for start-up packages, but can be used for any school/college expense.

Page 3 of the attachment provides historical models of what the F&A allocations for start-up packages would have been for the past three years if we had used the above formula.

The subcommittee further agreed to revisit this model in fall of 2024.

### **Subcommittee**

Provost

VCPBA

VCRED

Dean, BCOE

Dean, CNAS

Dean, CHASS

Dean, SOBA

Dean, SOE

Dean, SPP

## F&A Distribution Modeling

	<i>Current</i>		
	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Estimated F&A	31,000,000	31,000,000	31,000,000
Off-the-Top - Faculty Start-up funding	-	-	(7,000,000)
<b>Amount for Distribution</b>	<b>31,000,000</b>	<b>31,000,000</b>	<b>24,000,000</b>

5% to PI	1,550,000	1,550,000	1,200,000
10% to Department	3,100,000	3,100,000	2,400,000
25% to Colleges/Schools/VCS	7,750,000	7,750,000	6,000,000
20% to VCRED	6,200,000	6,200,000	4,800,000
40% to Campus/Central	12,400,000	12,400,000	9,600,000

There are certain expenses that must be paid from the F&A recovery and the current policy reduces the distributions of 25% to Colleges/Schools/VCS, 20% to VCRED, and 40% to Campus/Central before allocating the funds.

Deductions - UCOP Assessment/GAEL	(3,500,000)	(3,500,000)	(3,500,000)
Add Deduction for Faculty Start-up funding	-	(7,000,000)	-

Allocation to Colleges/Schools/VCS	6,720,588	4,661,765	4,970,588
Allocation to VCRED	5,376,471	3,729,412	3,976,471
Allocation to Campus/Central	10,752,941	7,458,824	7,952,941
Faculty Start-up funding from Campus Share	(7,000,000)	-	-
Net Allocation to Campus/Central	3,752,941		

Summary of F&A Allocations (shown boxed above)	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
PI	1,550,000	1,550,000	1,200,000
Dept	3,100,000	3,100,000	2,400,000
College/School	6,720,588	4,661,765	4,970,588
Faculty start up to S&C's	7,000,000	7,000,000	7,000,000
VCRED	5,376,471	3,729,412	3,976,471
Campus/Central	3,752,941	7,458,824	7,952,941
<b>Total Allocation</b>	<b>27,500,000</b>	<b>27,500,000</b>	<b>27,500,000</b>



## Data Elements for consideration and Sample Allocation

### Historical F&A Generation\*

	FY17-18	FY18-19	FY19-20	3-yr average	% of Total
Bourns College of Engineering	6,848,560	7,213,014	7,574,025	<b>7,211,866</b>	32%
College of Humanities, Arts & Social Sciences	1,025,244	1,075,323	748,122	<b>949,563</b>	4%
College of Natural & Agricultural Sciences	12,591,319	13,573,466	15,811,375	<b>13,992,053</b>	61%
Graduate School of Education	262,156	274,669	517,075	<b>351,300</b>	2%
School of Business	-	4,762	232	<b>1,665</b>	0%
School of Public Policy	180,713	305,586	382,005	<b>289,435</b>	1%
	20,907,992	22,446,820	25,032,834	<b>22,795,882</b>	100%
% of total F&A recovery	88%	87%	85%		

\*Excludes SOM per MOU signed 6-17-2021 and non-Academic units

### Ladder-Rank Faculty Headcount\*\*\*

	Fall 2019 HC	% of Total
Bourns College of Engineering	127	15.3%
College of Humanities, Arts & Social Sciences	330	39.7%
College of Natural & Agricultural Sciences	294	35.4%
Graduate School of Education	30	3.6%
School of Business	37	4.5%
School of Public Policy	13	1.6%
	831	100.0%

\*\*\* From IR website - campus statistics

### Actual F&A for Distribution Proposal

	Allocation on F&A Generated (Weight 70%)	Allocation on Faculty Headcount (Weight 30%)	Average of 2 data elements	Allocation of \$7M on Average	% of total F&A after assessments
Bourns College of Engineering	2,214,569	1,069,795	26.7%	1,871,137	7.0%
College of Humanities, Arts & Social Sciences	291,585	2,779,783	14.8%	1,038,045	3.9%
College of Natural & Agricultural Sciences	4,296,582	2,476,534	53.6%	3,750,568	14.0%
Graduate School of Education	107,875	252,708	2.2%	151,325	0.6%
School of Business	511	311,673	1.3%	93,860	0.3%
School of Public Policy	88,878	109,507	1.4%	95,066	0.4%
	7,000,000	7,000,000	100.0%	7,000,000	26.0%

### Summary of F&A Allocations as Percentages

	Current	Plus \$7M redirect to S&C
Bourns College of Engineering	25.0%	7.0%
College of Humanities, Arts & Social Sciences	25.0%	3.9%
College of Natural & Agricultural Sciences	25.0%	14.0%
Graduate School of Education	25.0%	0.6%
School of Business	25.0%	0.3%
School of Public Policy	25.0%	0.4%
VCREd	20.0%	0.0%
Campus/Central	40.0%	-26.0%
Revised Central Campus		14.0%
S&C plus Central Campus		40.0%

#### Notes:

1. This model uses the averages noted above and Option 1 from previous page. Different models could be used.

2. "Current" column for S&C's is their share of their earned F&A. The \$7M redirect percentage is the S&C share of total F&A (minus assessments and after PI and Department allocations).

## Historical Modeling

### F&A Earnings and Distribution Model based on FY20-21 Policy

Distribution Year	Earned year	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20
	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	
Bourns College of Engineering	5,572,481	6,604,456	6,848,560	7,213,014	7,574,025	
College of Humanities, Arts & Social Sciences	988,218	1,200,117	1,025,244	1,075,323	748,122	
College of Natural & Agricultural Sciences	11,737,266	12,768,311	12,591,319	13,573,466	15,811,375	
Graduate School of Education	129,976	190,598	262,156	274,669	517,075	
School of Business	-	3,261	-	4,762	232	
School of Public Policy	106,267	161,810	180,713	305,586	382,005	
	18,534,208	20,928,552	20,907,992	22,446,820	25,032,834	
<b>Actual F&amp;A for Distribution</b>	<b>20,925,275</b>	<b>23,347,062</b>	<b>23,786,475</b>	<b>25,906,848</b>	<b>29,434,083</b>	
5% to PI	1,046,264	1,167,353	1,189,324	1,295,342	1,471,704	
10% to Department	2,092,528	2,334,706	2,378,647	2,590,685	2,943,408	
25% to Colleges/Schools/VCs	5,231,319	5,836,765	5,946,619	6,476,712	7,358,521	
20% to VCRED	4,185,055	4,669,412	4,757,295	5,181,370	5,886,817	
40% to Campus/Central	8,370,109	9,338,826	9,514,590	10,362,739	11,773,633	
Deductions - UCOP Assessment/GAEL	(2,861,426)	(2,556,959)	(2,907,064)	(2,710,520)	(3,180,022)	
Allocation to Colleges/Schools/VCs	4,389,723	5,084,668	5,091,600	5,678,413	6,423,220	
Allocation to VCRED	3,511,778	4,067,792	4,073,280	4,543,566	5,138,576	
Allocation to Campus/Central	7,023,557	8,135,584	8,146,560	9,087,132	10,277,152	
Faculty Start-up funding from Campus Share	4,565,312	5,288,130	5,295,264	5,906,636	7,000,000	
Net Allocation to Campus/Central	2,458,245	2,847,454	2,851,296	3,180,496	3,277,152	

### Ladder-Rank Faculty Headcount - October Census

	2016	2017	2018	2019	2020
Bourns College of Engineering	110	118	124	127	129
College of Humanities, Arts & Social Sciences	310	313	317	330	332
College of Natural & Agricultural Sciences	275	281	295	294	293
Graduate School of Education	29	30	31	30	32
School of Business	31	32	40	37	37
School of Public Policy	10	14	13	13	14
<b>Grand Total</b>	<b>765</b>	<b>788</b>	<b>820</b>	<b>831</b>	<b>837</b>

### Prior Year Modeling using F&A earnings (70% weighted) and Ladder Faculty HC (30% weighted)

	Model 1 (FY17,18,19 Avg)		Model 2 (FY18,19,20 Avg)		Model 3 (FY19,20,21 Avg)	
Bourns College of Engineering	\$ 1,408,238	26.6%	\$ 1,599,931	27.1%	\$ 1,873,849	26.8%
College of Humanities, Arts & Social Sciences	\$ 811,410	15.3%	\$ 915,960	15.5%	\$ 1,037,084	14.8%
College of Natural & Agricultural Sciences	\$ 2,848,956	53.8%	\$ 3,130,868	53.0%	\$ 3,742,723	53.5%
Graduate School of Education	\$ 95,831	1.8%	\$ 110,754	1.9%	\$ 155,799	2.2%
School of Business	\$ 78,092	1.5%	\$ 79,720	1.3%	\$ 93,206	1.3%
School of Public Policy	\$ 52,737	1.0%	\$ 69,403	1.2%	\$ 97,340	1.4%
	<b>\$ 5,295,264</b>		<b>\$ 5,906,636</b>		<b>\$ 7,000,000</b>	

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Denied
<i>[Signature]</i> 2/5/19	
Kim A. Wilcox, Chancellor	

**MEMORANDUM**

Date: January 18, 2019

To: Kim Wilcox, Chancellor, University of California Riverside

From: Cynthia K. Larive Larive, Provost and Executive Vice Chancellor  
Gerry Bomotti, Vice Chancellor for Planning, Budget & Administration

Re: Final Recommendations on Adjustments to Campus Budget Model

*Cynthia Larive*  
*[Signature]*

As you know, we have been working to review the new budget model the campus implemented three years ago, to determine if any adjustments would be valuable for UCR. The new budget model has been well received, but in this review, we did notice some areas where we believe we can adjust the model and strengthen its support for UCR. We have completed our evaluation of input on the campus budget model and are recommending specific action to improve our process, as defined in the attached document. We would be happy to discuss this document with you and address any questions you may have.

Thank you

Attachment

**UCR Decentralized Budget Model**  
**Recommendations for Budget Model Refinements**  
**Final – 1/18/19**

## EXECUTIVE SUMMARY

Following consultation with the campus community, we recommend the following refinements to the budget model. Details regarding each recommendation may be found in the [budget model refinement document](#).

This document presents recommendations in several sections:

- I. Recommended actions effective 7/1/19
- II. Recommended actions effective 7/1/20 and beyond (but require planning starting now)
- III. Process changes to be implemented as soon as possible
- IV. Further actions that are related to the budget process, but were not specifically part of the previous drafts

Additional items found in the budget model refinement document but without specific recommended action may be found in Appendix A.

It is also important to highlight the changes in recommendations from the 12/6/18 draft refinement document circulated to the campus, summarized below:

- Rapid Growth of Assessments to Auxiliary units: A new proposal has replaced the previous options.
- Undergraduate Non-Resident Tuition Distribution: An incentive for recruitment and retention of international students has been added.

**I. RECOMMENDED ACTIONS EFFECTIVE 7/1/19**

RECOMMENDED ACTIONS EFFECTIVE 7/1/19				
Topic	Recommendation	Lead	Timeline	Financial Impact
<b>Salary and Benefits</b>	Annually establish a sliding scale based on central state/tuition income for coverage of salary and benefit costs if new core revenue is insufficient to cover the mandated salary and benefit costs. The goal would be to cover these costs centrally to the extent possible. However, if central campus is not able to fully fund these costs, the Governance Committee would then provide recommendations to the Chancellor regarding what portion of the costs should be covered centrally on an annual basis.	VCPB	<b>January- June 2019:</b> FP&A Modelling  <b>FY19-20:</b> Implementation	\$15M+ per year
<b>Recharge Rationalization</b>	Return specific ITS, Facilities and Human Resources services back to recharge effective 7/1/19. Services to be transitioned are outlined in Appendix B. Rates for these services will be reviewed by the Rate Committee and approved by the Governance Committee prior to implementation.	FP&A	<b>7/1/19:</b> Implementation	TBD
<b>Facilities Renovations and Support</b>	Implement an appropriate institutional cost-share approach on renovations. Develop a priority process for renovations in the Schools/Colleges, with specific attention to faculty start-up and support spaces, including wet labs, dance studios, etc.	Facilities Services	<b>7/1/19:</b> Implementation	TBD
<b>Rapid Growth of Assessments to Auxiliary Units</b>	Replace the current assessment with a sliding scale percentage of prior year expenditures as an Administrative Cost Recovery (ACR) charge to self-supporting and auxiliary units. Under this scale, the first \$1M of expenditures would have a rate of 9.6%. Expenditures from \$1M to \$8M would be assessed at 7.9%. Expenditures above \$8M would be assessed at 6.2%. This implementation will be phased in over 3 years as demonstrated in Appendix C.	FP&A	<b>7/1/19:</b> Implementation	Negative financial impact during the 3-year phase in as the campus will not be able to increase assessments to fund other activities
<b>Old Budget Model Structures</b>	Remove central campus commitments which are not aligned with the budget model and review current cost-share activities between the Provost and the Schools/Colleges. These commitments total \$1.3M and include the following: <ul style="list-style-type: none"> <li>• Dean/VC (Executive) Searches- \$250,000</li> <li>• Yellow Ribbon Program Match- \$50,000</li> <li>• Executive Severance- \$160,000</li> <li>• Staff Severance- \$500,000</li> <li>• Faculty Searches- \$350,000</li> </ul>	VCPB	<b>7/1/19:</b> Implementation	\$1.3M

RECOMMENDED ACTIONS EFFECTIVE 7/1/19 (Continued)				
Topic	Recommendation	Lead	Timeline	Financial Impact
Undergraduate Non-Resident Tuition	<p>Scholarships and discounts are currently taken off the top. Implement a new allocation methodology such that the remainder is split 70% to central and 30% Schools/Colleges.</p> <p>Central campus will also provide the Office of International Affairs with additional funding of \$1,000 per additional student per academic year for students paying at least 75% of the full non-resident tuition amount. Additional students are defined as those above the 600 base number projected for FY18-19. The purpose of these funds is to support activities that enhance the recruitment and retention of international students.</p>	Provost, VCPB	7/1/19: Implementation	<p><b>Original Model:</b> Central campus lost \$2K per NR student</p> <p><b>Current Model (Central at 30%):</b> \$7.3K per student to Central</p> <p><b>Proposed Model (Central at 70%):</b></p> <ul style="list-style-type: none"> <li>• \$13.6K/student to Central</li> <li>• \$6.9M to Central at 5% UG NRT</li> <li>• \$13.79M to Central at 10% UG NRT</li> <li>• Schools/Colleges still receive more funding for NR students than resident students under proposed model</li> </ul> <p><b>International Student Allocation:</b> Every increase of 1 international student over the current base would financially benefit the International program by \$1k/year, assuming they paid in most of their tuition and they were not covered through other means.</p>

## II. RECOMMENDED ACTIONS EFFECTIVE 7/1/20 AND BEYOND

RECOMMENDED ACTIONS EFFECTIVE 7/1/20 AND BEYOND				
Topic	Recommendation	Lead	Timeline	Financial Impact
Credit Hour Weighting	<p>Establish credit hour weights for the tuition workload calculation, which would be applied to all growth in credit hours.</p> <p>Academic Senate Committee on Planning and Budget (CPB) could lead this initiative (if feasible) with a charge from the Provost and VCPB. This Committee should also consider how these weightings will impact TA funding.</p>	VCPB and appropriate committee.	<p><b>By Fall Qtr. 2019:</b> Cmte. to provide recommended set of weights</p> <p><b>Winter Qtr. 2020:</b> Cmte. to develop implementation strategies</p> <p><b>FY20-21:</b> Implementation</p>	Change in allocation between Schools/ Colleges of the same fixed amount of money.
Masters Level Incentives	<p>Work with the Graduate Council and Graduate Dean to address current lack of financial incentives for masters student growth, especially when some program declines offset growth in others in the same School/College.</p> <p>As self-supporting degree programs are not currently included in the budget model, this group should also consider if these programs have the correct incentives as compared to state-funded programs. The group will also develop a list of recommendations regarding the establishment of these programs to ensure alignment with the best interests of the campus.</p>	Graduate Dean	<p><b>FY19-20:</b> Consultation</p> <p><b>FY20-21:</b> Possible Implementation</p>	TBD
Ph.D. Support	<p>Provost to form and lead a committee to develop specific recommendations relating to Ph.D. growth priorities and allocation of funding collected centrally for purposes of this investment, with matching funding from the School/College. Members on this Committee might include the following:</p> <ul style="list-style-type: none"> <li>• Graduate Council representatives (2-3)</li> <li>• BCOE Dean</li> <li>• CHASS Dean</li> <li>• CNAS Dean</li> <li>• GSOE Dean</li> <li>• SOM Dean</li> <li>• 2 faculty members at large appointed through Senate process</li> </ul> <p>This group should also consider if the current model is incentivizing the hiring of Postdocs over Ph.D.'s as GSRs.</p> <p>Going forward, report "graduate" enrollment with specific categories, including Ph.D., in order to track the percent of Ph.D. over time as an important metric.</p>	Provost	<p><b>FY19-20:</b> Consultation</p> <p><b>FY20-21:</b> Possible Implementation</p>	TBD

RECOMMENDED ACTIONS EFFECTIVE 7/1/20 AND BEYOND (Continued)				
Topic	Recommendation	Lead	Timeline	Financial Impact
Performance Funding	Provost to form a committee to develop priority performance metrics for allocation of one-time funding beginning as early as FY20-21.	Provost	<p><b>FY19-20:</b> Convene Workgroup</p> <p><b>FY20-21:</b> Implementation</p>	TBD
School of Medicine Undercapitalization	<p>While not technically a budget model issue, the undercapitalization of the School of Medicine is of significant financial importance to UCR and should be highlighted in discussions involving campus finances.</p> <p>Senior leadership will continue to work with UCOP and the state legislature to increase base funding for SOM.</p>	Chancellor and Provost.	<b>Ongoing lobbying at State level</b>	\$25M shortfall in base funding
Need for Increased Central Funds and "Reserves"	<p>Several of the recommendations outlined in other areas will serve to increase central campus funding.</p> <p>Establish mechanism to track "reserves" in the Schools and Colleges.</p>	FP&A	<b>Ongoing</b>	
Viable Ways to Grow UCR's Total New Revenue	<p>Formation of an ad-hoc group to lead a focused effort to formulate new ideas to grow UCR's total new revenue.</p> <p>Members for this committee might include:</p> <ul style="list-style-type: none"> <li>• VCPB (Chair)</li> <li>• Dean of UNEX</li> <li>• Dean of a Professional School</li> <li>• Academic Senate Committee on Planning and Budget Representative</li> <li>• University Advancement Development Representative</li> <li>• VCRED Office of Technology Commercialization Representative</li> <li>• 2 faculty members at large</li> </ul>	VCPB	<p><b>FY19-20:</b> Convene Workgroup</p> <p><b>FY20-21:</b> Initial implementation with continued work in this area</p>	



### III. PROCESS CHANGES TO BE IMPLEMENTED AS SOON AS POSSIBLE

The recommendations below relate to the campus processes surrounding the budget model. Many of these changes will be incorporated in this year's annual budget process, beginning January 2019.

PROCESS CHANGES TO BE IMPLEMENTED AS SOON AS POSSIBLE				
Topic	Process Change	Lead	Timeline	Financial Impact
<b>Budget Process Interaction with Campus Strategic Plan</b>	Start the annual budget process with a focused discussion of the strategic plan and specific goals/priorities for the upcoming cycle as well biannual reporting of any/all allocations made by the center for that period.	Provost, VCPB	<b>January 2019:</b> Convene Governance Committee to discuss	
<b>Multi-year Budget Model</b>	Transition to a 2-year budget model. Documents prepared in the annual budget process will now include 2-year projections.	FP&A	<b>January 2019:</b> Include 2- year projections in budget templates	
<b>Fixed Cost Increase Computation</b>	Include in the budget model a call for all fixed cost increases so they can be disclosed and evaluated as part of the annual budget process.	FP&A	<b>January 2019:</b> Include fixed cost increases in budget templates	
<b>Service Level Agreements</b>	Eliminate SLAs in the current form and replace with a simplified document defining the authority and responsibility for specific goods and services.	FP&A	<b>February-March 2019:</b> Work with campus units to redesign  <b>7/1/19:</b> Implementation	
<b>Funding Schedule for Enrollment Growth</b>	Implement the following tuition funding allocation schedule for enrollment growth: <ul style="list-style-type: none"> <li>• 50% funding in September based on enrollment projections (temp only)</li> <li>• First "true-up" in November based on fall enrollment (temp only)</li> <li>• Final "true-up" in the spring (based on 3-quarter average actuals; temp and perm)</li> </ul>	FP&A	<b>Implemented</b>	
<b>Budget Related Activities During Fiscal Year</b>	Distribute annual budget letter to the campus at the end of the budget process as well as biannual updates to the Governance Committee, Faculty Senate and campus regarding funding decisions subsequent to the process.	FP&A	<b>February:</b> Budget process call letter will include July-December allocations  <b>September:</b> Annual budget letter	
<b>Tracking of "Permanent" Positions/ Commitments Funded on Cash</b>	Revised budget templates used in the annual budget process will track these positions and commitments.	FP&A	<b>February 2019:</b> Budget templates to track positions/ commitments	

#### IV. FURTHER ACTIONS IN KEY AREAS

The following areas were referenced regularly throughout the consultation meetings and budget model survey. Specific actions already undertaken in these areas include:

FURTHER ACTIONS IN KEY AREAS				
Topic	Action	Lead	Timeline	Financial Impact
<b>Campus Core Research Facilities</b>	The Vice Chancellor for Research and Economic Development is currently drafting a proposal to outline central support for core campus research facilities.	VCRED	<b>FY19-20:</b> Consultation regarding VCRED proposal with Provost and Deans  Begin Implementation as soon as feasible, perhaps in a phased manner.	TBD
<b>F&amp;A Distribution</b>	The Provost will continue to work with the Deans to include language regarding centers in the F&A distribution policy.	Provost	<b>FY19-20:</b> Consultation  <b>FY20-21:</b> Implementation	

## APPENDIX A: ITEMS WITH NO IMMEDIATE ACTION

In order to focus on high-priority items listed in the recommendations above, and based on campus feedback we received on these issues, we recommend that no immediate action be taken with regard to the areas listed below. Further information for each topic may be found in the budget model refinement document.

Topic	Description
<b>Space Weights</b>	The current budget model does not distinguish cost for space. General weights for the type and quality of space on campus could later be incorporated in the budget model.
<b>Economic Downturn Scenario</b>	The budget model assumes the influx of new resources every year as well as adequate funding for fixed cost increases. It would be important to have some policy assumptions in the future as to what steps the institution would take when an economic downturn presents itself.
<b>Financial Reporting</b>	Automated access to financial reporting to assist campus units in financial operations should be addressed. However, campus efforts should remain focused on UCPATH reports in the near term.
<b>Graduate Student Fees vs. Services Provided to Them</b>	A concern has been raised about what fees graduate students now pay balanced against the services they receive and whether this should be reviewed relative to the same analysis for undergraduate students. The Vice Chancellor and Student Affairs and Dean of the Graduate Division would be positioned to perform this analysis related to the student services fee.
<b>Summer Sessions</b>	A proposal to integrate Summer Sessions into the budget model, treating it similarly to Fall, Winter, Spring was introduced to the campus during the consultative sessions. Based on multiple concerns of Senate faculty, the Summer financial structure should not be changed at this time.
<b>Existing Base Budgets</b>	The budget model made the de facto assumption that the existing (at the time) allocation of base resources was reasonable and appropriate for all units. This may or may not have been accurate.
<b>Sustainability</b>	There are no significant sustainability measures in the existing budget model.
<b>Funding/Treatment of Specialized Programs</b>	The model does not address a number of specialized campus programs or units, such as the Natural Reserves programs, Ag ops and the Botanic Garden.
<b>Online Education Incentives</b>	The model does not include any incentives related to online education.
<b>Deferred Maintenance Funding</b>	The need for deferred maintenance across campus exceeds available funding. Setting priorities for addressing deferred maintenance is therefore an important undertaking for the campus, including a new Decision Memorandum (DM) process to more carefully evaluate and prioritize needed investments.
<b>Interdisciplinary/ Intercollegiate Programs</b>	Interdisciplinary/Intercollegiate activities are not addressed by the model.
<b>Professional Development for CFAOs and Department Level Management</b>	Consideration might be given to developing a formal training process for this critical group of employees.
<b>Technology Systems Investment Fund</b>	The campus currently does not have a funding strategy for campus IT systems.

**APPENDIX B: SERVICES TO BE MOVED BACK TO RECHARGE**

Specific services to be returned to recharge 7/1/19 include:

Service Provider	Service	Description	Amount*
ITS	<b>Coding and maintenance of non-campus-wide software applications</b>	Programming, upgrading and maintenance of new and existing non-campus-wide software applications	TBD
	<b>Non-instructional media</b>	Multimedia (A/V) support for non-instructional events on the UCR campus	\$187K
	<b>Adds/Moves/Changes</b>	Voice and network adds/moves/changes	TBD
<b>Facilities Services</b>	<b>Moves/Setups</b>	Moves, set-up services and associated equipment in support of campus events, and small departmental moves and equipment disposal/salvage	\$465K
Human Resources	<b>Non-mandatory Human Resources (HR) professional development courses</b>	HR-led courses which require the purchase of licensed material, to include, but not limited to, the following: <ul style="list-style-type: none"> <li>• Franklin Covey material</li> <li>• Crucial Conversations</li> <li>• Employee Engagement</li> <li>• Exercising Influence</li> <li>• Managing Transitions</li> <li>• Change Management</li> <li>• Leading Change</li> <li>• Management Development Questionnaire</li> <li>• DiSC Class Paper Profile</li> </ul> Rates for these courses will need to be approved through the newly established Rate Committee.	TBD
	<b>CORO</b>	Campus units will now be charged for CORO participation	TBD

\* The amount for each service represents the funding provided to the Service Providers in order to provide these services to the campus as core. These amounts do not represent what is currently being spent on these activities.

In reconsidering recharges, we recommend that Environmental Health and Safety (EH&S) focus primarily on faculty and instructional labs. Waste disposal for administrative units should be included in the project costs going forward.

We further recommend the following new recharges which will need to be approved the annual budget process:

New Recharge Rates	
Service Provider	Service
ITS	Renewal and replacement
	Online course support
<b>Planning, Design and Construction</b>	Fire and Life Safety Program <sup>1</sup>

<sup>1</sup>This is a continuation of current activities for capital projects which will now go through the budget process, and be integrated with the building code/quality program.

## APPENDIX C: PHASED-IN ACR ASSESSMENT METHODOLOGY FOR AUXILIARY UNITS

We recommend the following ACR assessment for auxiliary units to be phased in over 3 years:

Auxiliary/Self-Supporting Unit Assessment Modeling								
Unit	Old Methodology <sup>1</sup>		Budget Model Indirects <sup>2</sup>			Recommended Refinement <sup>3</sup>		
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	ACR FY19-20	ACR FY20-21	ACR FY21-22
UNEX	\$1,365,513	\$1,363,418	\$1,254,869	\$1,235,783	\$1,181,477	\$1,263,706	\$1,345,935	\$1,428,164
Housing/Dining	\$3,479,429	\$3,614,042	\$4,649,179	\$4,125,659	\$4,488,466	\$4,497,253	\$4,506,040	\$4,514,827
TAPS	\$680,339	\$690,032	\$450,939	\$394,686	\$443,985	\$462,404	\$480,822	\$499,241
Bookstore	-	-	\$81,604	\$65,198	\$39,755	\$38,907	\$38,060	\$37,212
R'Card	\$13,160	\$13,794	\$23,124	\$20,024	\$22,693	\$23,703	\$24,714	\$25,724
Early Childhood Services <sup>4</sup>	\$18,047	\$126,251	\$497,905	\$328,980	-	-	-	-
HUB <sup>5</sup>	\$188,490	\$207,901	\$239,321	\$244,593	\$194,953	\$190,736	\$186,519	\$182,301
Student Rec Center	\$318,299	\$348,141	\$815,144	\$945,901	\$1,051,914	\$930,361	\$808,808	\$687,255
Student Health Center	-	-	\$524,868	\$523,664	\$506,617	\$510,482	\$514,348	\$518,213
Faculty Housing	\$18,502	\$20,521	\$9,630	\$11,229	\$6,045	\$18,809	\$31,572	\$44,336
Charge Received by Central Resources	\$6,181,779	\$6,384,100	\$8,546,583	\$7,895,717	\$7,935,905	\$7,936,361	\$7,936,817	\$7,937,274

<sup>1</sup> Assessment of expenditures at 6%.

<sup>2</sup> Current budget model treatment for auxiliary and self-supporting units.

<sup>3</sup> Sliding scale percentage of prior year expenditures under which the first \$1M of expenditures is assessed at 9.6%.

Expenditures from \$1M to \$8M assessed at 7.9%. Expenditures above \$8M assessed at 6.2%. These assessments would be phased in over 3 years.

<sup>4</sup> Early Childhood Services considered a Service Provider beginning in FY18-19.

<sup>5</sup> Indirects directly related to facilities mergers have been removed to normalize the changes.