| Kent State Considers New Budget Model |
Guiding Questions

• Are there budget approaches that would be better suited to Kent State than the current model?

• Is RCM an appropriate budget approach to respond to today’s academic and financial challenges?

• If it is determined that RCM is the most feasible approach, how should it be implemented?
Need for Change
Changes in Source of Revenue
Kent Campus

1980
- 31.3%
- 6.7%
- 62.0%

2006
- 60.4%
- 11.7%
- 27.9%
Need for Change
Kent Campus – Fall Enrollments
Actual for Fall 2002 to Fall 2006 and Projected for Fall 2007-2010

Fall 2002: 23,504
Fall 2003: 24,242
Fall 2004: 24,347
Fall 2005: 23,622
Fall 2006: 22,697
Fall 2007: 22,016
Fall 2008: 21,576
Fall 2009: 21,144
Fall 2010: 20,721
Need for Change
Trends in Funding for Doctoral Programs
(Values in Millions)
Need for Change

• Besides the funding changes, the University requires a budget process that more closely aligns with shared governance and is more transparent.
What is RCM?

- RCM is a very flexible budget approach.
- Academic colleges become responsibility centers with budgets similar to regional campuses and auxiliary operations today.
- Revenues and expenses are assigned to the responsibility centers.
What is RCM?
(continued)

• Methods are developed for allocating revenues and expenses to responsibility centers.

• A central budget pool (subvention) usually exists to help fund academic programs that are a priority but not financially independent.

• Information and data are used more extensively in making decisions.
Potential Benefits

• Integrated academic and budget planning

• Colleges and campuses have greater control of financial resources

• Transparent decision-making

• Improved university outcomes

Potential Concerns

• Too much focus on financial performance only

• Activities can become insular

• Inappropriate internal competition can weaken the whole
Changes that Would Accompany RCM

• Greater need for planning by academic colleges.

• More control of financial resource decisions by academic colleges.

• Increased need for information to support planning and decision-making.

• More consideration of financial impact resulting from academic program decisions.
Changes that Would Accompany RCM

(continued)

• New knowledge and skills may be required by some academic leaders.

• Greater expectations about cost and service levels for central administrative services.

• More distribution of financial accountability for university outcomes.
How will RCM affect my college or campus?
Summary

• RCM is intended to produce improved university outcomes

  ✓ Reduce barriers to generating new revenues
  ✓ Better align financial resources with today’s academic needs
  ✓ Improve outcomes for students
  ✓ Decentralize budget decisions
  ✓ Increase transparency in the budget process
  ✓ Improve the understanding of university finances by faculty and staff

• University community must consider the changes that would accompany the use of RCM.

• Strong leadership and effective decision-making, at all levels, are imperative for success.
What does the committee need from you?

Discussion