UNIVERSITY OF
SOUTH DAKOTA

Onward Budget Model

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USD Goals

- Serve more students as effectively as possible
- Create new knowledge, engender creative activity
- Engage with our community—South Dakota, the nation, the world
- Secure our financial future in a world of reduced state funding

…it's not about allocating funds,
it's about incentivizing excellence…President Abbott

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RCM Basics

- All costs and income attributable to each unit assigned to that unit
- Appropriate incentives for each academic unit to increase revenue and reduce costs to further a clear set of academic priorities
- All costs of support units, including library, student counseling, etc., allocated to the academic units

- RCM <u>does not</u> produce more or less money
- RCM <u>does not</u> set academic priorities
- RCM <u>does not</u> change regulations, laws, governance

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How does RCM work?

- Core centers retain their revenue
  - College that teaches a class retains 80% tuition/fees
  - Primary major college retains 20%
  - Research indirect cost 90% to college/school
- Each unit assessed for services by allocation
  - Space per square foot
  - ITS, Library by FTE
- Small central resource pool
- CDE special revenue sharing plan

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Model Comparison

Incremental

- Incentives indirectly linked to strategic goals
  - More students to teach did not mean more funding
- Limited incentive to realize efficiencies (use it or lose it)
- Research growth not financially incentivized (majority of F&A held in central administration)
- Campus and college leadership – viewed model as dysfunctional

RCM

- Financial reward linked directly to strategic goals
- Efficiency directly rewarded
- Financial research incentives clarified
- Increased transparency
- Campus, college leadership invigorated

Questions