

# Overview of the Responsibility Center Management (RCM) System

In fiscal year 2006-07, Syracuse University began operating under a Responsibility Center Management (RCM) budgeting system. The following is a brief overview of basic RCM concepts and terminology.

## How the budgetary units are organized under RCM

**Responsibility Centers** are the major units that generate revenue, including the schools and colleges and other revenue-generating academic centers, and auxiliary operations such as residence services, food services and the bookstore.

**Administrative and Support Units** consist of both academic and non-academic administrative units such as the library, the provost's office, business and finance, institutional advancement, and student affairs.

Other cost pools include **Facilities Costs, Network Costs, and Employee Fringe Benefits.**

## How RCM works

Under RCM, the responsibility centers receive credit -- either directly or indirectly -- for all revenues, and they are responsible for funding all costs. In addition to paying all of their own salaries and operating expenses, the responsibility centers are assigned charges for central administration and support, facilities, network costs, and employee fringe benefits.

Each of the responsibility centers is expected to make optimal use of its total sources of funds and operate within a balanced budget. This budget balancing is aided by a system of Participation, Subvention and Academic Initiatives funding -- concepts which are explained below.

## Participation, Subvention and Academic Initiatives

**Participation** - In addition to paying for all of their direct expenses and charges for administrative support, facilities, etc., the responsibility centers remit a fixed percentage of their revenue to the central university. This fee is called "participation". The funds collected from the responsibility centers in the form of participation are credited to a central account called the Subvention Pool.

**Subvention** - The central Subvention Pool is credited with the funds collected from the responsibility centers through participation. The Subvention Pool is also credited with general university revenues that are not readily assignable directly to the responsibility centers. The sum of the credits from participation and general university revenue are then selectively given back to the responsibility centers. The funding given to a responsibility center through this method is called "subvention". A responsibility center may be subvened at a relatively high or low level depending on its fiscal condition as well as its centrality to the mission and goals of the university.

**Academic Initiatives** - Academic Initiative is a special kind of funding given to an academic unit using Subvention Pool funds. It usually represents seed money for a new program or project, which is awarded for a predefined period of time (one, two or three years) after which the academic unit must fund the initiative in its entirety.

## An all-funds approach to budgeting

Unlike budgets of the past that focused predominately on the unrestricted annual revenues and expenditures, the budget in RCM format includes sponsored and restricted funds. Additionally, budget carryover and reserve fund balances are counted among the unit's total sources of fund. This depiction of the budget gives a more complete picture of funds available for operations.

## Glossary of RCM and Related Terms

**Academic Initiatives** – Funds awarded by the chief academic officer to an academic unit to help fund a specific initiative. Funds are given for a predefined period of time (one, two or three years) after which the academic unit must fund the initiative in its entirety.

**All-Funds Approach** – Unlike the older Syracuse budgeting model, which focused mainly on recurring unrestricted revenues and expenditures, the RCM model takes an *all-funds* approach. Unrestricted budgets are displayed alongside restricted/sponsored budgets, as well as carryover and reserve funds.

**Administration and Support** – Included in Administration and Support are the budgets of academic support units, general administration and business operations, institutional advancement, the library, student affairs, and central university expenses such as audit, legal and other professional fees. Under RCM, the responsibility centers (schools, colleges and auxiliaries) pay for these administration and support costs through an assessment.

**Carryover/Reserve Balance** – Funds carried over from prior fiscal years. May include unrestricted budget carryovers, plant fund reserves (common in auxiliaries), and unspent gifts and endowment earnings (usually in schools and colleges). These balances serve the dual purpose of emergency funds for financial surprises and investment funds for new initiatives.

**Deans Discretionary Fund** – This is one type of restricted fund in a school or college, the result of donations to the unit, with the donor's stipulation being that the funds must be used in that school/college but with no further restrictions outlining how the funds are to be used.

**Direct Sources of Funds** – This section of a responsibility center's budget includes tuition revenue (academic), sales (auxiliaries), and other revenues directly credited to the unit.

**Direct Uses of Funds** – This section of a responsibility center's budget includes salaries, equipment, general operating expenditures and, in the case of an academic unit, financial aid expense.

# **Responsibility Center Management**

## **List of Academic and Non-academic Responsibility Centers and Administrative & Support Units**

### **Responsibility Centers**

#### **Academic Responsibility Centers**

- Architecture
- Arts & Sciences
- Education
- Engineering & Computer Science
- Human Ecology
- Information Studies
- Law
- Management
- Maxwell
- Public Communications
- Visual & Performing Arts
- Syracuse University Abroad
- Project Advance
- University College
- Student Support & Retention

#### **Non-academic Responsibility Centers**

- Word Processing & Bulk Distribution
- Steam Station
- Bookstores
- Food Services
- Residence Services
- Printing Services
- Parking Services
- Athletics
- Carrier Dome
- Health Services
- Sheraton
- SU Press
- Drumlins

### **Administration and Support Units**

#### **Academic Support Units**

- Office of Vice Chancellor & Provost
- Academic Contingency
- Office of Institutional Research and Assessment
- Registrar
- VP Research
- Graduate School
- Enrollment Management and Financial Aid
- Other, including Senate Recorder, Undergraduate Studies, SU Internship Programs, ROTC, and Disability Services

*Administration and Support Units (continued)*

**Other Academic Support**

- Library
- University Art Collection, Syracuse Stage, and Public and Community Service

**Technology**

- Information Technology and Services
- Central Technology Funds
- Telecom Voice and Cable Service

**Business, Finance & Administrative Services**

- Offices of Executive VP and Chief Financial Officer, Treasurer, and Audit and Management Advisory Services
- Purchasing
- Risk Management
- Comptroller's Office
- Auxiliary, Conference Services
- Campus Planning, Design and Construction
- Energy and Computing Management
- Budget and Planning
- Facilities Support Services, Institutional Property, Materials Distribution and Receiving
- Marshall Square Mall, WAER-FM, Other

**Human Services & Government Relations**

- Office of the Senior VP HSGR/Secretary to the Board
- Department of Public Safety
- Office of Human Resources
- Other, including Hendricks Chapel, Government Relations, and Records Management

**Institutional Advancement**

- Office of Senior VP Institutional Advancement
- Development Office/Advancement Services
- Leadership Gifts
- Alumni Relations
- Lubin House and Greenberg House
- Technical Systems and Support
- News and Publications
- Publications and Electronic Media
- Special Events and Program Development
- Investment Fund Distribution in Support of Campaign Expenses

*Administration and Support Units (continued)*

**Student Affairs**

- Office of Senior VP and Dean of Student Affairs
- Dean of Students Office and Aligned Units  
(Judicial Affairs, Office of Student Life, Off-Campus Student Services, Office of Orientation and Transition Services, Office of Prevention Services, Student Publications)
- Student Support and Diversity Education  
(Office of Multicultural Affairs, Lesbian, Gay, Bisexual and Transgender Resource Center, and the Lillian and Emanuel Slutzker Center for International Services)
- Office of the Associate VP for Student Affairs and Aligned Units  
(Parents Office, Center for Career Services, Department of Recreation Services, Light Work/Community Darkrooms, Early Education and Childcare Center, Student Centers and Programming Services)
- Residence Life
- Student Organizations (Undergraduate, Graduate and Law)
- Co-curricular Programs

**Other Administrative**

- Office of the Chancellor, University Counsel and Public Relations
- Audit, Legal and Professional Fees
- Other central university budgets, such as university contingency, collection fees, institutional dues, SU Press subsidy, and bank service charges.

**Facilities** – Includes utilities, maintenance, custodial, major renovations and capital improvements, debt service, upkeep of grounds, roadways and walkways, snow removal, insurance, and similar expenses. Under RCM, the responsibility centers (schools, colleges and auxiliaries) pay for these facilities costs through either direct payment or an assessment based primarily on square footage.

**Indirect Sources of Funds** – In a case where a responsibility center is receiving *subvention* or *academic initiatives* funding, those funds appear as indirect revenues in the unit's budget.

**Indirect Uses of Funds** – This section of a responsibility center's budget includes its payments for central administration & support, facilities, network costs, public goods, and participation.

**Network Allocation** – In RCM, computing network costs are allocated to units based on square footage of assigned space, in the same manner as other facilities costs are allocated.

**Participation** – This is a charge assessed as a percentage of a responsibility center's direct revenue. It feeds the central subvention pool, which in turn permits the selective awarding of subvention and academic initiatives funding back to the responsibility centers to support university priorities.

**Professorships** – This is a type of restricted fund where endowment earnings and/or gifts are used to pay all or part of the salary of a professor.

**Responsibility Center** – A responsibility center may be a school/college (Arts & Sciences, VPA, Management, etc.) or an auxiliary operation (residence services, bookstore, parking services, etc.). Typically, these are the units of the university that bring in revenue. Under RCM, they are budgeted to pay for not only their direct expenditures, as in the past, but space and indirect costs as well. In a school or college, this concept does not extend down to the department level.

**Restricted Funds** – Restricted funds include sponsored research and teaching, deans discretionary funds, professorships, scholarship funds, and other special-purpose funds. Restricted funds come from external sources or from the earnings on endowment funds. The sponsor/contributor has placed a restriction on how these funds may be used.

**Sources of Funds** – In an RCM budget, sources of funds include *direct revenues*, such as tuition, sales and other revenues directly credited to a unit and *indirect revenues*, such as subvention or academic initiatives funding. Sources of funds also include sponsored and other restricted funds, as well as budget carryover and fund balances accumulated from prior years activities.

**Sponsored F&A Recovery** – When the university conducts sponsored research, it is common practice to bill the sponsor not only for direct costs such as salaries and equipment, but also for Facilities and Administrative (F&A) costs. The F&A recovery in the past has been credited to central university revenue, but under RCM will be credited to the schools and colleges.

**Sponsored Research and Teaching** – As the name implies, this consists of funds received from external sources, where the sponsor enters into a contract with the university to conduct a particular research project or other academic program. Sponsored programs are one type of restricted fund activity.

**Subvention** – This is a discretionary allocation of institutional revenues, including the proceeds from participation, which is allocated to a responsibility center to help it carry out its part of the university's mission. Subvention helps a responsibility center balance its budget where it otherwise lacks sufficient revenue to do so on its own. Over time, subventions should not be allowed to ossify into entitlements, but should be reviewed and adjusted on a regular basis.

**Subvention Pool** – This is the central fund, which is credited with the *participation* payments that are made by the responsibility centers, as well as selected other university revenues. Using the funds credited to this pool, *subvention* and *academic initiative* funds are awarded selectively back to the responsibility centers.

**Transparent** – One of the hallmarks of RCM is that the budget information is public within the University. (*Public* does not mean that individual salaries or other sensitive information are revealed.) All funding sources and uses are readily apparent. Any special funding arrangements (e.g., subventions, and public goods) that are established to support institutional priorities are evident.

**Unrestricted Funds** – This includes sources and uses of funds of an unrestricted nature, such as tuition revenue and auxiliary unit sales income, and, on the expense side, non-sponsored salaries, equipment, general operating expenses, fringe benefits and financial aid.

**Uses of Funds** – In an RCM budget, uses of funds include *direct expenses*, such as salaries, fringe benefits and financial aid and *indirect expenses*, such as facilities costs, participation, and central administration and support costs.