

Responsibility Center Management (RCM) Overview: School Perspective

Purpose

Identify FY 2018 budgetary impact of transition to RCM budget model for UW Bothell's 5 schools and FYPP.

Sources of Funds

UW Bothell is anticipating two incremental sources of permanent funds to support operations for FY 2018: tuition revenue from increased student enrollment and state appropriations to offset a portion of annual salary increases for permanent employees.

Source of Funds	
Incremental Tuition	\$2,600,000
State Appropriation- Annual Salary Increase	600,000
Incremental Available Funds	\$3,200,000

Based on the RCM model, allocations between the units and schools are reflected in the below table.

Allocation of Funds	
RCM Implementation Positions	\$ 200,000
Benefit Rate Adjustments	150,000
Schools	(50,000)
Units	200,000
State Supported Annual Salary Increase ¹	600,000
Schools (60%)	360,000
Units (40%)	240,000
RCM Allocated Funds	2,250,000
Schools (70%)	1,575,000
Units (30%)	675,000
Total	\$3,200,000

Allocation to Schools	\$1,935,000
Allocation to Units	1,065,000
RCM Implementation Positions (3 year, term limited, temporary)	200,000
Total	\$3,200,000

Use of Allocations within Schools

Based on allocations to the schools, the impact of annual salary increases and promotions, and previously committed faculty hiring plan, schools are projected to have approximately \$369K of uncommitted funds available in FY 2018.

Uses of Allocations to Schools (could be allocated directly to Schools or pooled for CAD decision making)	
Allocation	\$1,935,000
Less, Annual Salary Increase ²	690,000
Less, Faculty Hiring Plan	625,000
Uncommitted Funds	\$ 620,000

¹Split based on proportional impact of annual salary increases and associated benefit funding

²Assumes 2% annual salary increase

Assumptions

- “Annual Salary Increase” is assumed to be 2%, though the annual percentage increase has not been finalized by UW.
- Cost of annual salary increase to schools includes permanent transfer of \$2.1M of permanent funding from the Office of Academic Affairs to the schools to support part-time faculty
- Costs of “Annual Salary Increase” and “Faculty Hiring Plan” include associated benefit funding requirements
- Funding for “State Appropriation- Annual Salary Increase” being allocated to UW Bothell is a projection, and subject to change
- 70/30 split of “RCM Allocated Funds” is based on incremental tuition of \$2.6M, less \$200K for two RCM implementation positions and less \$150K “Benefit Rate Adjustments”
- “Benefit Rate Adjustments” reflect the funding need based on the change in fringe benefit load rates for employee classifications in [FY 2018](#)

Notes

- “Uncommitted Funds” is defined as the net of new permanent funding being allocated to the 5 schools and FYPP, in aggregate, less the projected funding requirements for FY 2018 annual salary increase, FY 2018 benefit load rate changes, and FY 2018 new faculty hires. “Uncommitted Funds” does not account for any funding claims outside of the above list or future salary increases, benefit rate changes or faculty hires.
- No allocations from the \$2.5m centrally held investment fund have been made.

Questions: please contact Christian Adams or Segan Jobe.

¹Split based on proportional impact of annual salary increases and associated benefit funding

²Assumes 2% annual salary increase