

Frequently Asked Questions

General Questions about the Budget

1. How do schools and colleges, and in turn, departments, get more money?
 - A. In to receive more funding, schools and colleges can establish entrepreneurial programs such as self-supporting degree programs, obtain grants, or start endowment funds. Tuition revenue will grow either through an increased student population, student credit hours, major headcount, and/or improvements in graduation or retention rates. Central campus will allocate funds at the college level.
2. What will happen to carryforward?
 - A. Existing carryforward will remain with the unit.
3. How, if at all, does the new budget affect current operations?
 - A. The new budget does not change current operations. The new budget model calculations will be based on the current fiscal year's allocations, thus rendering 15-16 the hold harmless year. Budget allocations for FY16-17 will be based on the new model.
4. How will financial data be made available?
 - A. UCR financial management reporting will be managed through COGNOS. COGNOS reports will be made available to campus leadership, department chairs, CFAOs, and FAOs by June 2016. For ease of accounting processing, tuition, state, and UC general funds will continue to appear as one fund (General Funds 19900).
5. How will mandate and compliance costs be managed?
 - A. Mandate and compliance costs will be built into the cost pool structure governed by the SLA process.
6. What percentage of F&A from the granting agency does the PI receive, and when would the reimbursement be allocated?
 - A. The recovery is earned and then allocated the following year. For FY2015-2016, the reimbursement would be allocated in FY2016-2017. The PI earns 5%; the department, RED, schools and colleges, and the campus receive the remaining F&A dispersal.
7. How should the Dean calculate the cost of renovation/painting/furniture for new hires into cluster hires?
 - A. Minor renovations are part of the core services provided by Physical Plant. Major renovations should be included in startup packages.
8. How will we determine subvention, and why is subvention fixed?
 - A. Subvention is determined by the hold-harmless year, FY2015-2016. It takes into account funding needed to make a unit operationally whole (based on FY2015-2016) after considering tuition revenue, direct expenses, and indirect expenses. Please see a comparative example of the two budget models:

	Old Model	New Model
Provost Budget	\$58 M	\$0
Total Tuition Revenue	\$0	\$38 M
Direct Revenue	Open	Open
Direct Expenses	\$54 M	\$54 M
Indirect Expenses	\$0	\$24 M
Net	\$4 M	\$-40 M
→ Subvention	\$0	\$44 M
Carry Forward	\$4 M	\$4 M

9. How will fixed cost increases be handled?
- A. In years that there are state general fund increases, a portion of fixed cost increases will be added to the current subvention amount.
10. What prevents colleges from reducing funds to cost pools to obtain more revenue?
- A. Service Levels Agreements are not ORG to ORG, so one Org does not have the ability to make unilateral decisions. The SLA governance committee recommends changes to the levels of services and the funding needed for those services to the VCPB and Provost. Once feedback is received and the budget is approved, revenue generators are obligated to pay for cost pool services. Future SLAs and Governance Committee information will be on the [VC Planning & Budget website](#).
11. Where will budget information reside?
- A. Budget information will be available on the [VCPB website](#).

Tuition Allocation and Graduation Rates

12. If the revenue received per student does not meet or exceed the cost of that student, will there be a disincentive to take additional students?
- A. Ensuring we don't unintentionally create a disincentive to reduce the number of students at UCR is crucial. We do not know precisely what the average and marginal costs are for each student, but there is good reason to believe that the existing subsidies are such that the marginal revenue will exceed the marginal cost. The Activity Based Costing initiative will provide further clarity as to the actual cost of courses and majors in the following months.
13. How will incentives be created to increase Graduate student enrollment?
- A. Funding for graduate student enrollment will remain unchanged in this phase; however, we will reexamine the funding mechanism for graduate students in FY16-17 to create a more incentivized model.
14. Will a formula based on graduation rates create an incentive to lower grading standards?
- A. The new budget model provides an incentive for Deans and department chairs to look at foundational classes and improve the results in those courses and students' ability to succeed in sequential courses. Deans will also have a financial incentive to add sections in bottleneck courses as they will receive additional funding to improve student outcomes. Regarding faculty, academics have a professional responsibility to "make every reasonable effort to foster honest academic conduct and to assure that their

evaluations of students reflect each student's true merit." Please review UCOP's [Faculty Code of Conduct](#) for more clarification.

15. Nationwide, different majors have different graduation rates. How will this be accounted for in the new budget model?
 - A. Performance incentives are based on each college's improvement in graduation rates. At this time, it is not our intent to go below the school/college level. That portion of the tuition revenue pool will be allocated based on a mixture of four-year graduation rates and first year retention rates. This gets at the goal of improving 4-year rates while also measuring a predictor of it that has less lag.
16. Improving graduation rate takes resources: additional advising, tutoring, etc. If programs are penalized for low graduation rates, it only makes it more difficult for them to catch up.
 - A. Yes, improving graduation rates takes resources. Note that as each school's retention rates go up, so will its tuition revenue (both SCH and majors), so retention efforts will at least partly pay for themselves (with some lag). Colleges may also apply for temporary SIF funds in order to invest in programs that improve graduation rates, which would also lead to additional revenue. The SIF application can be found [here](#).

Service Level Agreements

17. There is a need for real-time monitoring of service performance. How will multiple service requests be prioritized, and how the campus be assured that service will be delivered efficiently and cost-effectively?
 - A. Service Providers will continue to prioritize the needs of their customers, but it's our expectation that eliminating 80% of recharge activity will allow providers more time to perform requested services. That being said, if there is an issue, the Governance Committee is available to mediate cost or quality of service concerns. If unable to resolve an issue, the Governance Committee can prepare a recommendation to the Provost and VCPB who will make a final decision.
18. How can service providers get more income? How can cost pools get additional revenue?
 - A. Service providers can submit requests during the SLA process to the Governance Committee in order to receive more funding for Core Services, etc. for the next Fiscal Year. Cost pools are also able to make note of fixed cost increases on their annual budget templates.
19. When will all units know the costs they will incur in order to pay for all the other SLA's on campus? This information is needed to properly budget for their own unit, and service providers need to know what is expected early on in the process to develop their budgets.
 - A. In March and April of 2016, Budget Committee Meetings will occur with Revenue Generators and Governance Committee Meetings will be held with Service Providers. During this time, FP&A will review all unit budget proposals and produce budget approval letters by May/June of 2016. Service providers will receive feedback from revenue generators that they will be able to implement in their next annual operating plan. Currently, revenue generators and cost pools will find out costs at approximately the same time as budget approval. We plan to stagger timing in future years.

SLA Governance

20. What factors are included in performance data? How is performance evaluated?
- A. Performance evaluation criteria will be on drawn from a number of sources, including national comparative data. Development of performance data, metrics, and KPIs will be an iterative process.
21. Who sets priorities for infrastructure? For example, if and when we need a system replaced, who decides when to replace it?
- A. Existing committees such as the Administrative Business Systems Steering Committee, Capital Projects Committee, etc. will continue to advise the senior leadership on strategic investments in these areas.
22. How will Cost Pool management teams be affected by the Governance Committee?
- A. The SLA Governance Committee advocates on behalf of the customer and ensures that service provision, quality of services, and costs are in alignment with the overall strategic objectives of UCR and the needs of campus units. It does not take the place of Organizational management teams.
23. How are SLA Governance Committee members who leave replaced?
- A. Committee members are appointed by the Provost and VCPB. For further information, please visit the Governance Committee section in the [VCPB website](#).

Space/Infrastructure

24. Given that space is a cost, how will each Org know how much space they utilize and how to compare space with off-campus lease options?
- A. In FY16-17, all space will cost the same per square feet utilized. Data will be provided to units and all space will be considered equal, regardless of whether it's on campus or off campus.
25. How will expensive, difficult to maintain spaces (i.e., wet labs vs. office buildings) fall into the core, premium, and recharge categories?
- A. Space cost in the new budget model is the fixed dollar amount that is calculated based on square footage and will be a core service. In future years, P&B will increase the accuracy to generally account for different types of space (laboratories, offices, teaching spaces, etc.).

Strategic Investment Fund

26. Will SIF funds be allocated?
- A. Before SIF is awarded, the request is evaluated against the 2020 plan. SIF funding is driven by aligning campus and organizational strategic goals. SIF funds will be allocated based on the following categories: Academic Programs & Research, Capital Renewal, Chancellor's Initiatives & Programs, IT, and Reserves. More information on SIF can be found in the [SIF process presentation](#).