University of Alberta

Resource Management Model Project

Consolidated Report

July, 2015
Please be aware that this report marks the end of a phase of the university’s evaluation of the potential of employing responsibility centred management (RCM). The report contains a recommendation for further study.

At this time the university has made no decision to alter its current resource management model.

February, 2016
Table of Contents

1. Executive Summary........................................................................................................1
   1.1 An Alternative Resource Management Approach...................................................... 1
   1.2 Steering Committee, Working Groups and Process...................................................... 1
   1.3 Highlights of Findings ............................................................................................... 2
   1.4 Philosophical Issues .................................................................................................. 3
   1.5 Recommendations ..................................................................................................... 3
   1.6 Decision and Timing .................................................................................................. 3

2. Background ...................................................................................................................4
   2.1 Goals and Objectives ................................................................................................. 4
   2.2 Outcomes of Changing to RCM at the University—the Ideal ...................................... 4
   2.3 In Scope for this Project ............................................................................................ 5
   2.4 Out of Scope ............................................................................................................ 5

3. Findings and Recommendations .....................................................................................6
   3.1 Proposed Principles of a New Model .......................................................................... 6
   3.2 Background to Current Resource Management Model ............................................. 6
   3.3 Possible Model for Revenue Distribution ................................................................... 8
   3.4 Possible Models for Cost Allocation to Revenue Generating Units ......................... 11
   3.5 Table 2: Cost Allocation Metric Summary ................................................................ 18
   3.6 Figure 2: Working Group Cost Allocation Metrics .................................................... 19
   3.7 Proposed Funding of University/Strategic Fund ....................................................... 19

4. Aligning RCM with Current University Structures ..........................................................21
   4.1 Oversight Committee: a New Body in the University of Alberta Planning Process ...... 21

   5.1 Benefits ................................................................................................................... 23
   5.2 Risks ....................................................................................................................... 24
   5.3 For Further Evaluation ............................................................................................ 26
   5.4 Philosophical Issues ................................................................................................. 27
   5.5 Retaining the Current Resource Management Model .............................................. 29

6. Next Steps, Decision and Timing ....................................................................................30

7. Conclusion .....................................................................................................................32

8. Appendices .....................................................................................................................34
1. **EXECUTIVE SUMMARY**

1.1 **An Alternative Resource Management Approach**

Many universities and colleges around the world have concluded that traditional means of resource management are not adequate to meet the challenges they face. Year after year the fundamental problem is the same: there are not enough resources to do what the institution wants to do. Institutions typically respond by, among other things, raising tuition and fees, instituting debilitating across-the-board cuts, and pressuring governments to increase grants. There are limits to these solutions, however.

Responsibility Centre Management (RCM) was developed in the 1970s as an alternative to traditional incremental budgeting. In an RCM model, faculties retain the revenue they generate and pay the costs they incur, including the costs of central university services. The “centre” retains a portion of revenue to pursue institutional objectives and compensate for some of the inevitable imbalances. By extending responsibility in this way, the expected result is that faculties are incentivized to increase revenue and contain costs while exercising greater control over their academic priorities. RCM has evolved over the decades; today there are innumerable variations of the basic RCM approach.

In late 2014, senior administration at the University of Alberta began to discuss whether RCM could help address the institution’s resource challenges and enhance its ability to achieve its academic objectives. They formed a steering committee and charged it with studying this question.

1.2 **Steering Committee, Working Groups and Process**

The Steering Committee, comprising senior academics and administrators from across the institution, oversaw the development of the project charter, terms of reference, work plan, timelines, communications and final report. Its members conducted research, oversaw the work of the 11 subcommittees (Working Groups) and established fundamental principles. Its members deliberated on the risks associated with RCM and discussed current resource management and governance practices at the University and how they compare to those required in RCM. Their research included literature reviews, a site visit by the co-chairs, interviews with other institutional administrators, two visits (which included multiple presentations) by a leading consultant in the field, and a visit from a senior administrator from a Canadian university working with RCM.

The Revenue Working Group, one of the 11 subcommittees, developed a model to show how, in RCM, all revenue coming from outside the University could be allocated across the institution. The other ten Working Groups each took a “basket of services,” and studied the costs associated
with providing those services to the Faculties. They then isolated cost drivers and provided metrics that could be used to allocate service costs to the Faculties.

During the six month duration of the project, the Steering Committee maintained communication with the University community about the project. This included blog posts from the President and Steering Committee co-chairs, a public forum, web pages with extensive project information, and frequent updates provided to various groups, including Deans’ Council, General Faculties Council and Board committees.

This final report, which summarizes the conclusions of the Working Groups and the deliberations of the Steering Committee, contains a rough framework for a responsibility centred management model that could be deployed at the University of Alberta.

### 1.3 Highlights of Findings

1. RCM could provide a framework for a renewed resource allocation model at the University of Alberta with the potential to position the University to increase revenue, contain costs, manage more effectively and, ultimately, better deliver on its mandate.

2. There are significant risks associated with a change of this magnitude, including the risk of unforeseen negative consequences, overwhelming complexity, and inability to change. These risks would have to be managed actively.

3. Any changes to the University’s current model should reflect the following principles: supremacy of academic priorities; transparency; accountability; simplicity; consistency; and predictability.

4. If the University of Alberta were to change to RCM, it should use a hybrid approach, in part because of the way university infrastructure is funded in Alberta.

5. Any decision to pursue RCM should be made in the context of government policy regarding such things as long-term funding, fee increases, market modifiers and any other potential revenue growth opportunities.

6. The benefit of RCM comes through the actions of senior administration and Deans. Because it is not possible to predict behaviour, any model must be designed to incentivize the desired actions and be responsive enough to manage unintended consequences.

7. If the University were to embrace RCM, it should be done through a staged implementation, and include one year of running in parallel with the existing resource management system prior to full implementation.

8. Changes to the institutional planning framework would be needed to maintain an RCM model. In particular, the University should consider creating a new committee, co-chaired by the Provost and Vice-President, Finance and Administration, to make recommendations on significant questions.
9. Before deciding on whether to switch to RCM, the community should have further opportunity to explore and discuss the benefits, challenges and risks.

10. There is a significant appetite for increased transparency across the University. Whether or not the University pursues RCM, administration should seek ways to promote transparency.

11. Even if the University chooses not to pursue RCM, administration should build on the significant work done by the Working Groups to better understand costs and cost allocation.

1.4 Philosophical Issues

While the operational implications of a change to RCM are significant, the University would also need to confront several larger philosophical issues that get at the heart of the purpose and function of the public university. For example, some critics argue that RCM forces a university to behave more like a corporation focusing on “profits.” Some warn that RCM forces out academic units that cannot generate sufficient revenue. Some warn that, by finding its own sources of funding, the University would signal to government that its support is not needed. The University would need to address these issues in a serious discussion of switching to RCM.

1.5 Recommendations

The Steering Committee recommends that:

1. this report be shared with all members of the University community;
2. the University develop an RCM model for analytical purposes that can assist in determining whether the University should further pursue the investigation of RCM.

1.6 Decision and Timing

The Steering Committee recommends that senior administration decide whether to pursue changes to the University’s resource management model by the end of the 2015-16 fiscal year, March 31, 2016. This allows for an eight-month consultation phase. If the decision is to proceed, the committee would recommend the following:

April 1, 2016: Begin to fully flesh out the model, train staff and commission the new budget application.
April 1, 2017: Operate under the new model in parallel with the current system.
April 1, 2018: Begin operating under the new model.
2. BACKGROUND

2.1 Goals and Objectives

The goal of this project was to provide the president and senior leadership of the University with sufficient data and analysis to decide whether to proceed with consultation and further analysis of RCM and possible implementation of an RCM program. In achieving this, the Steering Committee set out to develop a preliminary notion of model structure and operation.

The Steering Committee was not charged with making a decision on adopting a different resource management model.

2.2 Outcomes of Changing to RCM at the University—the Ideal

Understandably, it is not possible to reliably predict all potential outcomes of a new model because so much depends on the actions of decision-makers. It would be the responsibility of the designers of any new model to develop the model in such a way as to maximize the likelihood of success of all Faculties and the University by providing mechanisms that allow for adjustments as they are needed.

RCM would be successful if it improved the University’s ability to achieve its academic, strategic and operational objectives. For that to happen, it would have to incentivize actions by decision makers, both in central administration and the Faculties. Incentivized by the potential for exploiting new sources of revenue, and with greater authority over financial decisions, Faculties would advance academic priorities by increasing revenue and maximizing the efficient use of resources.

Providers of central services, from human resources to IT, could expect increased scrutiny from Faculties, which pay for the services. Faculties would have more information about the services themselves, especially the cost of providing those services and what share of the total they were expected to pay. This level of transparency would drive conversations about service levels and, indeed, the purpose of providing services, ultimately leading to greater efficiency and understanding across the institution.

Because of the centrality of data, including its accuracy and consistent use, the overall quality and availability of data would improve, leading to a better understanding of all aspects of University operations. It would lead to improved accountability, efficiency, benchmarking, forecasting, planning and reporting.

In a successful implementation of RCM, all of the above would ultimately contribute to the success of the institution as a whole; it would become more strategic, more efficient, and clearer about its objectives and purpose, and how to reach its goals.
2.3 In Scope for this Project

The following were considered in-scope for the project:

- All revenue and non-revenue generating units
- A model for revenue distribution
- All baskets of services and their related costs provided within the University
- Cost drivers for baskets of services and allocation metrics
- Risks and mitigating strategies for adopting RCM at the U of A

2.4 Out of Scope

The following were considered out-of-scope for the project:

- Definition of the academic priorities for the institution
- Selection of the recommended model(s)
- Implementation of the recommended model(s)
- Identifying ways to reduce expenditures or generate revenue
- The ability to identify costs at the academic program level
- Changes to the board and academic governance structures
- Community consultation on whether or not recommended model should be adopted
3. **FINDINGS AND RECOMMENDATIONS**

3.1 *Proposed Principles of a New Model*

The Steering Committee strongly believes that any change to its current resource management model must adhere to the following principles:

- **Supremacy of academic priorities**—the institution’s mission and academic priorities are paramount in all decision making.
- **Transparency**—relevant institutional resource data and decisions based on those data are available across all Faculties and other units.
- **Accountability**—Faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.
- **Simplicity**—rules and processes are understandable and actionable.
- **Consistency**—rules apply equally across all Faculties and other units.
- **Predictability**—any changes to the model require broad consultation among all stakeholders.

3.2 *Background to Current Resource Management Model*

The University, like many universities across North America, uses an incremental budgeting system to allocate the majority of its unrestricted revenue. The University also has a series of rules for other revenues such as certain tuition fees or how indirect costs of research are allocated. In essence the University utilizes a hybrid incremental resource allocation model.

In incremental budgeting, the majority of revenue streams enter a central revenue fund and are then allocated out to the units (Faculties and administrative units) in the form of base budget allocations. Incremental budgeting is a top-down resource allocation process where the centre determines how base budgets will be adjusted from one year to the next. Budgets are adjusted up or down from the previous year’s base allocation depending on the forecast budget conditions for the coming year. For example, base budgets would be adjusted based on changes made to the Campus Alberta grant or new expenditures that must be funded through the centre. Often these changes are applied across the board, thus treating all units in the same manner. There are several fundamental challenges with incremental budgeting, including:

- difficulty in assessing why certain areas across the University receive new revenues or larger cuts while others do not
- over time, due to incremental adjustments, a unit’s budget may no longer align with the scope of teaching and research being undertaken by the unit
- the inability to understand the costs of administrative services used by the Faculties
- limited understanding of any cross subsidization that may occur between units.
In RCM, the majority of revenues flow to the unit that generates the revenue. These units are primarily the Faculties, which generate revenue through their teaching and research activities. With these revenues, the Faculties pay their direct costs, including salaries, benefits and supplies, fund some type of central university/strategic initiatives fund and pay for core administrative services that they use. The primary advantages of an RCM model are that it incentivizes Faculties and units to increase revenue and it facilitates enhanced management of resources consumed in delivering programs. The advantages include:

- enhanced transparency: all revenues and expenditure allocations are formula-driven
- adjustments of revenues and costs in response to changes in the scope of programs over time
- a clear understanding of the full costs of central services proportionally consumed by each Faculty
- a clear understanding of any cross subsidization of central services that may occur between Faculties

Generally, universities move toward an RCM model for three reasons:

1. They are faced with declining government funding and are seeking mechanisms to incentivize revenue growth from other revenue streams.
2. They want to fully understand the costs of delivering programs and services and wish to use this mechanism to enhance the utilization of the University’s limited resources.
3. They want to achieve greater transparency in how their limited resources are distributed and utilized.

Figure 1 (following page) illustrates the general flows of unrestricted revenues when examining a traditional incremental resource management model versus a “pure” RCM resource management model. It is important to note that this diagram only illustrates the flows of unrestricted revenue. Regardless of what resource management model an institution adopts, restricted funding must be treated in the same manner and only used for the purpose for which it was granted. Therefore, restricted revenues would flow in the same manner whether in an incremental or an RCM environment.
The RCM model presented in this report was developed based on the work and recommendations of the Revenue Distribution Working Group and 10 Cost Allocation Working Groups.

In undertaking this review it was agreed at the start that services provided through Facilities and Operations (F&O) would be evaluated as both a revenue generating unit and as a cost service basket. This was a unique approach in an RCM model and was done for specific reasons. First, unlike any other jurisdiction, government provides lights on funding (LOF) to the University as part of the Campus Alberta grant. Therefore, F&O has a revenue stream through the grant. At the same time, the University needs to understand the total costs of its space and the drivers of those costs. Consequently, the Working Group treated F&O as a revenue generation unit while the Occupancy Cost Working Group assessed space costs and space cost drivers.

The following is a summary of the recommendations of each group. The full reports from each Working Group can be found in the appendices.

### 3.3 Possible Model for Revenue Distribution

**Revenue Distribution Working Group**

The RDWG recommended a revenue distribution model on a fully consolidated basis addressing both unrestricted and restricted sources of revenue. The following are the key elements of the
recommended revenue distribution model. All recommendations are new unless specified as reflecting current practice.

1. Most unrestricted revenue would flow directly to the Faculties/units based on the allocation formulas proposed. This represents a change to the current allocation model. It should be noted that the Campus Alberta grant, although an unrestricted revenue source, includes purpose-driven funding that has been rolled into the grant over time. Examples of this would include the Enrolment Planning Envelope (EPE) and Lights on Funding (LOF). It is the expectation of the Working Group that this purpose driven funding would continue to be used for the purposes for which it was originally granted.

2. All restricted funds including ancillaries, capital, special purpose (including donations) and research (including donations) would be allocated to the unit that generated the revenue subject to the terms and conditions for which the funding was received. This represents the allocation model currently in place.

3. Certain revenues would be treated as “envelope” funding and flow to the respective unit directly. Envelope funding would include revenues such as the funding for clinical faculty within Medicine and Dentistry. This represents the allocation model currently in place.

4. A portion of the Campus Alberta grant, using an agreed to formula (see revenue distribution report, Appendix 8.1, for the full revenue distribution model), would be allocated to Facilities and Operations to support the costs associated with building and grounds operations. This represents a change to the current allocation model.

Note: Although the Faculty of Graduate Studies and Research (FGSR) would be funded differently within an RCM model, this recommendation in no way changes the roll of FGSR as a Faculty or its mandate and operations.

The Working Group developed the proposed revenue distribution model based on the following criteria. The model would:

1. create incentives for Faculties and units to grow revenues and maximize the efficient use of resources

2. be consistent with the principles of transparency, accountability, simplicity and predictability

3. be neutral on the resourcing of any university/strategic initiatives fund or the recommendations of the cost allocation Working Groups

The recommended revenue distribution model assumes that all previous revenue sharing agreements and any cost allocation or overhead charges would be discontinued and replaced by the revenue distribution model and the recommendations coming from the cost allocation Working Groups.
### Table 1: Recommended Revenue Distribution Model

<table>
<thead>
<tr>
<th>Unrestricted Revenue Source</th>
<th>Recommend Revenue Driver</th>
</tr>
</thead>
</table>
| Campus Alberta grant including envelope and directed funding                                | Allocation Formula for Campus Alberta grant  
  • 2008 Government of Alberta enrolment planning envelope (EPE) rates per program x FLE count for undergraduate (UG) and graduate student (GS) course based and fall headcount for GS thesis students. Used to allocate grant to Faculties  
  • 2008 Government of Alberta EPE rates for facility operations x students (as above) to calculate a LOF allocation to F&O  
  • A residual allocation is used to distribute excess grant funds  
Allocation Formula for envelope and directed funding  
  • 100% of envelope and directed funding to the Faculty or unit generating the funds |
| Tuition fees including: instructional tuition, international differential fees (IDF), program differential fees, market modifiers | Allocation Formula  
  • 100% instructional tuition to home Faculty adjusted for service teaching whereby 85% to teaching Faculty and 15% to home Faculty  
  • IDF, program differentials and market modifiers go 100% to home Faculty |
| Mandatory Non Instructional Fee (MNIF) Revenue                                             | Allocation Formula  
  • Allocate all MNIF revenues with the exception of the health services and athletics and recreation fees to the Faculties based on a calculated (full-time equivalent) FTE enrolment:  
  • This FTE is derived from an all-inclusive student fall headcount taken directly from the data warehouse and is derived as follows: FTE = (Full time headcount x 1) + (Part time headcount x 0.5) |
| Indirect Costs of Research                                                                 | Allocation Formula  
  • Federal Research Support Fund - 100% of research support funds to Faculty based on proportionate share of federal Tri-Council funding  
  • Grants and Contracts – 100% of indirect costs to Faculty holding the grant or contract |
| Unrestricted Grants and Donations                                                          | Allocation Formula  
  • 100% allocated to the Faculty or unit to which the grant or donation is made |
### Investment income on short-term investments

<table>
<thead>
<tr>
<th>Allocation formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 100% allocated in proportion of the general operating grant and instructional tuition revenues and by Faculty / Portfolio whereby it is assumed that 30% of the interest income is generated from tuition revenue and 70% of the interest income is generated from grant revenue</td>
</tr>
</tbody>
</table>

### Sales of Services and Products

<table>
<thead>
<tr>
<th>Allocation Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 100% of sales generated by the Faculty/Unit are allocated to that Faculty/Unit</td>
</tr>
</tbody>
</table>

### Restricted Revenue Source

<table>
<thead>
<tr>
<th>Revenue Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ancillary Operations</td>
</tr>
<tr>
<td>Allocation Formula</td>
</tr>
<tr>
<td>• 100% allocated to the respective ancillary operations</td>
</tr>
<tr>
<td>Capital</td>
</tr>
<tr>
<td>Allocation Formula</td>
</tr>
<tr>
<td>• 100% allocated to the respective capital project</td>
</tr>
<tr>
<td>Special Purpose</td>
</tr>
<tr>
<td>Allocation Formula</td>
</tr>
<tr>
<td>• 100% allocated to the Faculty/unit that has generated the funds</td>
</tr>
<tr>
<td>Research</td>
</tr>
<tr>
<td>Allocation Formula</td>
</tr>
<tr>
<td>• 100% allocated to the Faculty/unit that has generated the funds</td>
</tr>
</tbody>
</table>

### 3.4 Possible Models for Cost Allocation to Revenue Generating Units

As noted, each Working Group identified a set of cost drivers and, based on those cost drivers, a recommended cost allocation metric(s). In some cases the cost driver and cost allocation metric are the same.

A cost allocation formula, based on the allocation metric, would be used to allocate the costs of a particular basket of services to a Faculty. The formula would take the total expenditures of the service basket and allocate the expenditures out to each Faculty based on the Faculty’s proportion of the specific metric.

The formula would be:

\[ A \times \frac{C}{B} = D \]

Where:

“A” is the value for the chosen metric in a particular Faculty

“B” is the value for the chosen metric combined across all Faculties or the University

“C” is the amount spent on the service or basket of services

“D” is the amount the particular Faculty would be allocated for that service
Consider the example of environment, health & safety services. For this example, the annual expenditure for these services is $1,000,000 and the goal is to determine the share of the total that would be allocated to ALES.

The Working Group suggested “research expenditure” as the allocation metric.

ALES’s research expenditure in 2013-14 was $44,272,754
Total University research expenditure in 2013-14 was $372,482,522:

\[
\frac{\$44,272,754 \times \$1,000,000}{\$372,482,522} = \$118,858
\]

**Cost Allocation Working Groups**

The RMSC grouped the University’s services into 10 groupings, or baskets. These groupings comprised: advancement; financial management; human resources; information services and technology; learning services; occupancy costs; research strategy, administration and oversight; student enrolment and services; University administration; and University relations. Each Working Group was tasked with:

- confirming the scope of services provided within their basket and the current expenditures incurred in delivering the services
- identifying the cost drivers of the services
- based on the cost drivers, recommend cost allocation metrics for allocating costs to the revenue units

For the purposes of this exercise cost drivers were identified as those activities that drove or greatly influenced the costs of delivering services within the cost basket. Cost allocation metrics were identified by the Working Groups as the proposed method of allocating costs to a revenue generating unit. For example, within the cost basket of student enrolment and services, the number of student applications or student registrations were identified as significant cost drivers, regardless of whether that involved a part-time or full-time student. Although these were identified as significant and important cost drivers, it was recommended by the Student Enrolment and Services Working Group that costs be allocated to the Faculties using a two-year rolling average of headcount student enrolment. In some cases the cost driver and cost allocation metrics were the same. In other cases the cost drivers and cost allocation metrics were different.

The following identifies, by Working Group, the services within a cost basket and a summary of what drives the costs within the service area. Table 2 (p. 18), identifies the proposed cost allocation metric(s) by group.
**Advancement Working Group**

The services within the Advancement cost basket comprise:

- University Development
- Faculty Development (including central funding of University development within Faculties)
- Alumni Relations
- Strategic Communications and Marketing
- Operations and Planning, including campaign planning, donor relations, gift processing, information services, alumni and donor records, and prospect research

Three cost drivers were identified. The number of graduates was identified as the cost driver for alumni engagement. Two cost drivers were linked to University development activity including number of donations by Faculty and the dollars raised by Faculty.

**Financial Management Working Group**

The services within the Financial Management cost basket include:

- Financial Accounting and Reporting
- Financial Services – Production Support Services (i.e. cashiering and accounts receivable, bill processing, bank reconciliations, student fees)
- Procurement and Control Management
- Distribution Services
- Business Services (i.e. payment services, cheque production, travel management, customs services)

The financial management group clustered the services into four categories for the purposes of determining cost drivers. For activities associated with financial accounting and reporting total expenditures (all funds) was identified as the cost driver. For cashiering, accounts receivable and bank reconciliation activities, total revenues were identified as the cost driver. The number of students drove the costs of student fee operations, while the activities of supply management services were driven by all non-salary expenditures.

**Human Resources Working Group**

The services within the Human Resources cost basket include:

**Strategic Services**

- Labour Relations
- Total Compensation
- Talent Management (i.e. staff engagement, recruitment strategies, performance development)
• Organizational and Individual Health
• HR Systems and Business Processes
• HR Training and Orientation
• Service Delivery Management (i.e. contracts with outside vendors, define/design metrics)
• Faculty and Department HR Consulting
• Maintaining HR Standards

**Transactional Services**

• Staff/Association Agreement Administration
• Total Compensation
• Recruitment and Talent Management
• Organizational and Individual Health
• Faculty and Departmental Advising
• HR Application and Systems
• Service Delivery Management
• Internal Communications
• Records Management

The HR Working Group identified staff FTE, staff headcount and transactions as cost drivers for the services provided. Staff FTE related to the amount of time an employee worked in a given year while headcount related to the total number of files that HR opened and must deal with. As HR is very transaction oriented in terms of opening files, changing employment status, adjusting payroll, many of their costs are also transaction driven.

**Information Services and Technology**

The services within the Information Services and Technology cost basket include:

• IT Program Management and Business Analysis
• Classroom Technology Support
• Teaching and Public Access Labs
• Service desk and onsite technical support
• Identity and Access Management
• Office productivity
• Network infrastructure & telephony
• Server and application hosting, storage & support
• Enterprise Applications
• Research support
• Other IT Services
Due to the broad impact of IT systems on the University, the IT Working Group identified seven cost drivers. These drivers included student FLE and headcount, staff FTE and headcount, research dollars, course hours and total revenue. It was noted in the analysis that in the case of students and staff the driver could be either FTE or headcount. It was further identified by the Working Group that student headcount needed to be included as a cost driver for most IT services.

Learning Services Working Group
The services within the Learning services cost basket include:
• Libraries
• Museums and Collections
• University of Alberta Press
• Copyright Office
• Office of the Vice-Provost and Chief Librarian
Although the University Bookstore and the Technology Training Centre report within the Learning Services portfolio, they were excluded from the cost allocation exercise as the Bookstore operates as an ancillary unit and is responsible for all of its own revenue generation and costs of operation, including capital replacement; although not an ancillary unit the Technology Training Centre operates as a full cost recovery unit.

The Learning Services Working Group identified student FLE plus academic staff FTE by Faculty as the cost drivers for their services. For Students, the FLE is the best measure of usage by students, as consumption of services varies with course load for the academic year. For academic staff, the FTE is the best measure of usage, as the number of academic staff FTE determines the Library resources and services that are utilized.

Occupancy Costs Working Group
The services within the Occupancy cost basket include:
• Real Estate Planning and Development
• Office of Sustainability
• Capital Planning and Construction
• Maintenance and Operations of Grounds and Facilities
Ancillary Services (residences, residence life, and commercial property management) and Utilities were excluded from the cost allocation exercise because, as ancillary units, they are responsible for all of their own revenue generation and costs of operation, including capital
replacement. As well, cost recovery and self-funded services are not attributed to space costs and are managed separately.

In Alberta the University receives funding from the provincial government for Lights on Funding (LOF). This is unique to the province as in most other jurisdictions LOF is not provided. Lights on Funding is usually provided as purpose-driven funding and rolled into the Campus Alberta grant the year after it is received.

The size and complexity of space at the University results in a broad range of direct factors that drive occupancy costs in addition to other factors that can further influence occupancy costs. The primary drivers of costs for space include complexity and gross area of buildings, technical complexity, buildings with multi-Faculty occupancy, common area space, campus-wide facility systems and classroom utilization. Other factors that influence space costs include deferred maintenance, hours of operation, summer occupancy, functionality of existing space, building standards and overall space utilization.

**Research Strategy, Administration and Oversight**

The services within the Research Strategy, Administration and Oversight cost basket include:

- Strategic Research Activities (i.e. promoting research partnerships, strategy on national competitions, pursue research excellence rewards)
- Compliance and Certification (i.e. ethics review, field research compliance, clinical trial administration)
- Institutional Audits and Research Support Systems (i.e. preparing for and facilitating external audits)
- Specialized Research Support (i.e. Post Doc Fellows and visiting scholars)
- Funding Proposal Facilitation
- Funding Proposal Submission
- Fund Award Management
- Innovation, Technology Transfer, Research Agreements and Commercialization

The Research Strategy, Administration and Oversight Working Group identified five cost drivers associated with research strategy, administration and oversight. The drivers include the institutional research vision, number of tenure and tenure stream faculty, the number of post-doctoral fellows and graduate students, the level of health and biomedical research including research involving humans and animals, and the level of sponsored research activity.

**Student Enrolment & Services**

The services within the Student Enrolment & Services cost basket include:

- Student Recruitment and Admissions
• Student Financial Support
• Student Advisory Services
• Enrolment Services
• Academic Support Services (for students)
• Health Services
• Student Development Services (i.e. CAPS, Counseling Services, Office of Judicial Affairs)
• International Relations
• Program Support Services (i.e. FGSR academic advising, graduate program quality assurance, class and examination scheduling, policy development)

Although the Student Enrolment and Services Working Group identified headcount student enrolment as the most significant cost driver they noted that there were other cost drivers associated with the number and type of transactions and the overall size of the organization. Transaction related cost drivers included number of applications and awards and number and type of agreements with partners and countries. Size related cost drivers included the number of centrally scheduled classrooms, the number of programs and departments

**University Administration**

The services within University Administration cost basket include:

• University Governance including the Senate and Student Judiciary
• Office of the President including General Counsel, the Privacy Office and Records Management Office
• VP Academic including Office of the Provost and Health Sciences Council
• VP Finance & Administration including Office of the AVP, Audit and Analysis and AVP, Risk Management Services

For administrative services, cost drivers were examined for each service expenditure grouped into specific sub-categories. The Working Group selected one cost driver for each type of sub-category expenditure. Cost drivers included the sum of staff FTE and student FLE, total expenditures (all funds), total research expenditures, and total research expenditure.

**University Relations**

The services within the University Relations cost basket include:

• Office of the Vice-President including community relations and internal communications
• Marketing and Communications
• Government and Stakeholder Relations
• University Digital Strategy
The University Relations Working Group identified an extensive list of cost drivers that were then broken down into three broad categories. They identified size/type and complexity of the institution, University strategy and reputation and profile as the three primary cost drivers.

### 3.5 Table 2: Cost Allocation Metric Summary

<table>
<thead>
<tr>
<th>Cost Allocation Working Group</th>
<th>Cost Allocation Metric(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advancement</strong></td>
<td>A weighted average of:</td>
</tr>
<tr>
<td></td>
<td>• Number of degrees awarded</td>
</tr>
<tr>
<td></td>
<td>• Number of donations</td>
</tr>
<tr>
<td></td>
<td>• Donation funds raised</td>
</tr>
<tr>
<td><strong>Financial Management</strong></td>
<td>For the applicable service(s), a specific metric of either:</td>
</tr>
<tr>
<td></td>
<td>• Total expenditures (all funds)</td>
</tr>
<tr>
<td></td>
<td>• Total revenues (all funds)</td>
</tr>
<tr>
<td></td>
<td>• Student headcount</td>
</tr>
<tr>
<td></td>
<td>• Non salary expenditures (all funds)</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td>Employee Headcount</td>
</tr>
<tr>
<td><strong>Information Services and Technology</strong></td>
<td>For the applicable service(s), a specific metric of either:</td>
</tr>
<tr>
<td></td>
<td>• Staff headcount</td>
</tr>
<tr>
<td></td>
<td>• Sum of staff and student headcount</td>
</tr>
<tr>
<td></td>
<td>• Student FLE</td>
</tr>
<tr>
<td><strong>Learning Services</strong></td>
<td>Sum of student FLE and academic staff FTE</td>
</tr>
<tr>
<td><strong>Research Strategy, Administration and Oversight</strong></td>
<td>An average of:</td>
</tr>
<tr>
<td></td>
<td>• Research revenue</td>
</tr>
<tr>
<td></td>
<td>• Number of research projects</td>
</tr>
<tr>
<td></td>
<td>• Number of research applications</td>
</tr>
<tr>
<td><strong>Student Enrolment &amp; Services</strong></td>
<td>• Student Enrolment Headcount</td>
</tr>
<tr>
<td><strong>University Administration</strong></td>
<td>For the applicable service(s), a specific metric of either:</td>
</tr>
<tr>
<td></td>
<td>• Total expenditures</td>
</tr>
<tr>
<td></td>
<td>• Research expenditures</td>
</tr>
<tr>
<td></td>
<td>• Sum of student FLE and all staff FTE (with additional modifiers)</td>
</tr>
<tr>
<td><strong>University Relations</strong></td>
<td>Total revenue</td>
</tr>
<tr>
<td><strong>Occupancy</strong></td>
<td>Dollars per square meter (Lights on Funding model with modifications)</td>
</tr>
</tbody>
</table>
Note: See detailed Working Group reports for further explanation of how the drivers and metrics would be applied.

### 3.6 Figure 2: Working Group Cost Allocation Metrics

<table>
<thead>
<tr>
<th>Category</th>
<th># of Degrees</th>
<th># of Donations</th>
<th>Donation $ Raised</th>
<th># of Research Applications</th>
<th># of Research Projects</th>
<th>Research $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advancement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Strategy, Administration and Oversight</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Enrollment and Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Services and Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Administration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Relations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupancy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.7 Proposed Funding of University/Strategic Fund

In all RCM models it is acknowledged that there must be some type of fund at the centre that can be used for university/strategic purposes. In some cases there may be core activities and
programs associated with the University’s agreed-to mandate that cannot produce sufficient revenues to offset its costs, therefore funds are allocated from the centre to sustain those particular programs. Within an RCM model this is generally referred to as “subvention.” At the same time there may be new strategic initiatives that the University wishes to pursue to advance the institution. Driven by the strategic and academic priorities of the University, the fund would be used to initiate new priorities, both academic and administrative.

One of the lessons learned from the early adopters of RCM was the necessity of having a robust central fund that can be used to advance institutional objectives. RCM universities typically divert between two and three percent of their operating budgets to such a fund. Using this as a benchmark, the University of Alberta’s fund would receive between $20 and $30 million.

There are three fundamental ways within RCM of resourcing a university/strategic fund:

- Tax revenues and take money off the top. In this model all parties agree to the percentage required and apply that to total operating revenues and take that money off the top before revenues are distributed to the Faculties.
- Identify a specific source of funding that can be used to resource the fund. For example, some institutions use their unrestricted interest income revenue as the source of revenue. At the University of Alberta, that would amount to approximately $24 million based on 2013-14 figures.
- Establish the fund as a cost basket in the same manner as other services and determine a metric for allocating the cost of the fund to each Faculty.

In addition to determining how the fund will be resourced, it is equally important to determine the rules around how Faculty and administrative units can access and utilize the fund. Subvention, for example, requires an ongoing source of base funding.

To advance new strategic opportunities the institution needs to determine whether the fund is going to be used on a one-time basis only (as seed funding) or if resources are to be allocated on a permanent basis. In the latter case the fund needs to be replenished on an ongoing basis.
4. **Aligning RCM with Current University Structures**

An RCM model can create significant issues for the University if not managed properly and within the appropriate accountability framework. It is important to acknowledge that any resource management model is simply a tool for allocating resources and that the tool is designed to be used to advance the strategic and academic priorities of the University.

4.1 **Oversight Committee: a New Body in the University of Alberta Planning Process**

An integrated planning framework that enables the clear articulation of the University’s strategic and academic priorities is critical to its success. The framework and the supporting resource allocation model should enable the University to plan and budget on a multi-year basis. Figure 2 (following page) illustrates the type of integrated planning and accountability framework that is essential in operating within an RCM model. Much of the University of Alberta’s current planning framework aligns with such a framework, as shown in Figure 2.

With the introduction of RCM there would be a need for a high level of engagement of the Deans in the oversight of the university/strategic fund and in the assessment of the standards and services provided by the service units to the Faculties. The structure of a new committee, as proposed, would not be used to make final decisions on resource allocations or service delivery; that responsibility resides with each Vice-President and collectively with the President and executive team.
The function of the proposed new committee (Institutional Resource Management Advisory Group, IRMAG) would be to:

- Advise and assist on changes to the revenue distribution and cost allocation formulas
- Receive, facilitate and track resolution to RCM issues
- Evaluate and track unexpected consequences of the RCM model
- Develop principles for allocation of dollars from the university/strategic fund
- Advise the President and senior administration on funding requests for the university/strategic fund

Recommendations from this group would feed back to the President and his executive team through the Vice-Presidents or through Deans’ Council or similar mechanisms. Representation on this committee, determined by the Provost, would need to be appropriately balanced, involving representation from the Vice-Presidents and the Deans while keeping the committee small and functional. Factors to be considered in populating the committee will include the size and diversity of the Faculties as well as the size and scope of various Vice-President portfolios.
5. BENEFITS, RISKS AND ISSUES FOR FURTHER EVALUATION

The impacts would be significant if the University were to change its current resource management model to the model outlined in these pages. This section contains an overview of issues identified by the Working Groups and through the deliberations of the Steering Committee. More detail on risks and impacts can be found in the reports of the Working Groups.

Some of the following observations were informed by the research conducted by participants as well as through the questions and comments at the campus forum, various administrative and governance meetings (such as General Faculties Council), and the University website.

5.1 Benefits

In addition to being identified by the Working Groups and Steering Committee, the following benefits constitute the typical reasons institutions choose to develop an RCM program. RCM does not guarantee these benefits; they are achieved by a well-designed and managed framework and positive engagement by the institution’s leadership.

Transparency

It was widely agreed among all participants in the Steering Committee and Working Groups that increased transparency, as it relates to sources of data, formulas used to allocate revenues and costs, revenues generated by Faculties, and costs incurred by Faculties, would be a strongly positive outcome of RCM at the University of Alberta.

Accountability

Most of the Working Groups agreed that greater transparency would lead to increased accountability of both the Faculties and service units.

Aligning Authority with Responsibility

In linking together academic authority and financial responsibility, RCM provides the tools to the Deans to manage their Faculties more effectively. Faculty Deans at the University of Alberta have been seeking greater alignment of their authority with responsibility; in fact this is one of the reasons for embarking on this evaluation of RCM.

Revenue Enhancement

Because Faculties and units would retain the new revenue they were able to generate, they would be incentivized to enhance revenue.
Resource Utilization
Although revenue enhancement is considered by many experts to be the primary impetus for switching to RCM, enhanced resource utilization can provide as much of a benefit (in fact one administrator at the University of Toronto (U of T) indicated resource utilization and cost control has been the most significant benefit derived from the U of T’s RCM program).

Efficiency of Core Service Delivery
It was noted by some Working Groups that RCM would compel the institution to agree on core services and standards, thus increasing consistency and efficiency across the institution.

Benchmarking
Several Working Groups noted that the detailed understanding of costs, a requirement of RCM, would enable Faculties and units to benchmark performance more effectively.

Forecasting and Planning
Through a better understanding of revenue and cost drivers over multiple years, the University would have enhanced forecasting and planning capabilities. This would lead to more effective resource management.

Reporting and Advocating
An enhanced understanding of revenues and Faculty costs would assist the University in government reporting and advocating for increases to government funding.

Tracking of Activity
Several Working Groups noted that RCM would lead to a better understanding of the impact of activity levels as a cost driver to the services being delivered.

5.2 Risks
A change from the status quo is not without risk. There are risks associated with making the change itself, and there are risks associated with operating within RCM. To varying degrees, these risks have the potential to do harm, including long-term harm, to the institution as a whole. They could result in financial loss, loss of strategic focus, harm to reputation, and, as a consequence to any of the above, loss of academic quality. All institutions that change to RCM must contend with these risks. The Steering Committee suggests that these risks are significant and would need to be actively managed.
Implementation Burden

It is a near certainty that, until it became normalized, switching to RCM would cause substantial disruption across the University. There would be strains on people during the transition; there would be costs associated with the switch, including professional development and training, systems development, and change management. The risk is that the disruption and amount of resources required negates the benefits.

Ongoing Administrative Burden

An RCM program must be managed; it requires robust data and access to those data, and it demands regular interventions to ensure it is meeting its objectives. The risk is that the amount of resources required for these purposes could negate the benefits.

Complexity

Research into RCM at other institutions revealed examples of RCM programs that were so complex they were ultimately abandoned. The risks can range from loss of valuable resources to harm to institutional reputation.

Adverse Conduct

Most experts agree that, when not managed carefully, the formulas used in RCM can incentivize actions that benefit some at the expense of others. This occurs when, for example, a department duplicates existing classes or programs from another department in order to gain the tuition revenue.

Unintended Consequences

There would almost certainly be unintended, negative, effects of decisions made by individual Faculties and administrative units operating within RCM. If such effects were not addressed, they would undermine the effectiveness of RCM.

Leadership

It is widely agreed that a change to RCM demands a shift in both mindset and skillset of university leaders, including deans, financial officers, executives and unit leaders. The risk is that these leaders could fail to adapt, thus undermining the effectiveness of RCM.

Collaboration

Collaboration across Faculties and departments is one of the University of Alberta’s acknowledged strengths. The risk is that the structure of incentives could cause units to reject such collaboration in favour of individual objectives.
**Allocation Metrics**

Some Working Groups cautioned that their proposed metrics are untested. If some of them were to prove to be incorrect, it could take time to correct them, doing harm to the RCM program and partially negating its benefits.

**Revenue Allocation**

Depending on the combination of allocation metrics used, there is the potential for significant redistribution of available resources across Faculties. If changes were not managed, the risk is that some Faculties would deteriorate in quality due to decreased resources.

**Taxation**

Depending on the formulas adopted, there could be circumstances in which a Faculty pays for services it does not use, or pays a disproportionate share of the cost of these services.

**5.3 For Further Evaluation**

The Steering Committee and Working Groups encountered a number of issues that would need to be addressed by University leaders, either in deciding whether to change to RCM, or during implementation of RCM, should the decision be made to do so.

**Campus Saint-Jean and Augustana**

Although many multi-campus universities have successfully implemented RCM, more analysis would be required to ensure that an RCM model would not adversely affect the Campus Saint-Jean and Augustana campuses.

**Shared Services**

There are a number of core services, such as student services, HR and IT, that are delivered through partnerships between Faculties and central providers. Understanding the distribution of responsibilities and total combined costs in the delivery of these services is important. Further consideration of these challenges would need to take place if the University were to develop an RCM program.

**Unfunded Services**

There are currently several central services that are not fully funded but are delivered by leveraging resources from other areas within the organization. Examples include certain research initiatives supported by the Vice-President, Research. Working Groups were concerned that identifying alternative resources in these instances could be difficult under RCM. As above,
further consideration of these challenges would need to take place if the University were to develop an RCM program.

**Faculty Delivered Services**
Some University Faculties provide services to other Faculties. Examples include the nano-fabrication lab and animal lab services. In most cases the providers fund the service through existing operating budgets or their allocation of indirect costs of research funding.

If the University were to pursue RCM, a consistent methodology for charging for services would have to be developed. One approach would be for the Faculties that provide these services to develop allocation metrics similar to the ones developed by central service providers.

**Fund Carry Forwards**
Within RCM it is important that revenue-generating and central service units maintain reserves to provide the necessary flexibility to adjust to unexpected changes in revenues and expenditures and leverage unanticipated opportunities when they arise. Currently the University has a policy whereby Faculties and central units maintain their carry forward balances so that they can use them for one-time expenditures in the future. This policy should remain in place.

**Other Policy Issues**
The University has a series of policies dealing with issues such as budgeting, resource reallocation, outsourcing, and strategic planning. If the University were to develop an RCM program it would need to evaluate whether these policies would require updating.

**Unfunded Liabilities**
The University has a number of substantial unfunded liabilities. These include the pension plan, deferred maintenance liabilities and IT evergreening. Collectively these unfunded liabilities are well in excess of $1 billion. These liabilities would need to be considered if the University were to change to RCM.

**5.4 Philosophical Issues**
There are substantial disagreements between advocates and critics of RCM that go to the heart of the purpose and function of the public university. These points are placed here to ensure they are not neglected in the conversation or development of an RCM program.
**Academic Priorities and the “Corporatization” of the University**

Many commenters, both at the University of Alberta and elsewhere, argue that RCM causes institutions to focus on money at the expense of academic quality and academic priorities.

RCM advocates respond that RCM exists to support academic priorities and there is nothing in its design that enables it to set academic priorities.

This fundamental disagreement remains and the institution that contemplates RCM needs to address it.

**“Winners and Losers”**

This issue is alluded to in the “Risk” category. Commenters often criticize the manner in which RCM allocates revenue. They argue that some faculties will inevitably see their revenue increase while others will see their revenue decrease. They say that the University will become an organization of “winners and losers,” or “have and have nots.” It is, in fact, possible that switching to RCM could cause a redistribution of resources to the detriment of some University Faculties (although one visiting expert countered that there already are “have” and “have not” faculties in most universities with incremental budgeting models).

Through subvention and other means, however, RCM has the capacity to balance out revenues across faculties and units in a strategic manner; it also has the means to ensure the continuance of specific faculties and programs core to the institution’s mandate that would otherwise be unsustainable. The vital point here is that, in an environment of enhanced transparency, decisions about which faculties and programs receive institutional support would be under increased and broader scrutiny.

**Does RCM let Government “Off the Hook?”**

During the discussions with the community, some academics argued that RCM lets government abrogate its responsibility for funding public universities because it encourages institutions to seek alternative sources of funding.

Proponents of RCM counter that RCM does not prevent the institution from seeking increased government funding and that seeking other sources of revenue is prudent, regardless of levels of government funding.

**The Question of New Revenue**

RCM is most often promoted for its ability to increase new revenue. New revenue frequently comes from increasing enrolment, including international enrolment, and increasing fees (these are not the only sources of new revenue: others include professional masters programs and indirect costs of research).
The University of Alberta may not have the capacity for significant enrolment increases at this time, however, and must remain diligent in maintaining and increasing the number of international students. At the same time, the province’s new government has frozen domestic tuition and fee increases for the next two years.

Questions for consideration, therefore, are, how realistic is the potential for revenue increases, both in the short and long-term, and is it worth it to pursue RCM if there are significant constraints in increasing revenue?

5.5 Retaining the Current Resource Management Model

Although this project was not meant to include an evaluation of the current model, several criticisms of the model were raised during the deliberations of the Steering Committee.

First, because it is essentially an incremental model, Faculty and central unit budgets are based almost exclusively on their budgets from the previous year. There is no direct tie, therefore, between the amount of revenue each Faculty generates and the amount of money it spends.

Connected to the above, it is reasonable to deduce that some Faculties are currently subsidizing others. This may, in itself, not be a problem, but it is very difficult to know how much these subsidies are or how they are actually being used. This limits the University’s capacity for making such decisions strategically.

Because Faculties pay, essentially, a lump sum for all central services, there is little incentive or even ability to understand, limit, or manage the use of any of these services. Related to this, there is no way to know whether Faculties are paying a “fair” share of the costs of central services.

There is limited transparency in the allocation or redistribution of resources across the University. As a result, is it difficult to align resource redistribution decisions with the advancement of the University’s strategic priorities.
6. **Next Steps, Decision and Timing**

With the submission of this report, the Resource Management Steering Committee considers its work complete.

As committed to in from the beginning of this process, next steps should focus on sharing the findings of this report with all affected audiences. Emphasis during this phase is on active participation by Deans and others whose actions would determine the success of a new resource management model.

The Steering Committee recommends that senior administration decide whether to pursue changes to the University’s resource management model by the end of the 2015-16 fiscal year, **March 31, 2016**. This allows for an eight-month consultation phase. **IF THE DECISION IS TO PROCEED**, the committee would recommend the following:

- **April 1, 2016**: Begin to fully flesh out the model, train staff and commission the new budget application
- **April 1, 2017**: Operate under the new model in parallel with the current system
- **April 1, 2018**: Begin operating under the new model

**Communications Plan Recommendations**

Changes to the University’s resource management model would likely produce significant change. For this reason, communication must be robust and inclusive; members of the community must be given the opportunity to understand possible effects and to provide feedback.

The communications/consultation plan focuses on the months ending in autumn of this year.

**Strategy**

1. Use appropriate method of communication, primarily key meetings, RMM webpages and campus forum
2. Address questions and misinformation in a consistent and timely manner
3. Employ face to face (live) communication as appropriate
4. Employ concerted effort to have leaders across the University community engage with their respective communities

**Primary spokespersons**

1. President
2. Provost
3. RMSC Chairs
Audiences

1. PEC-O/PEC-S
2. President
3. Provost
4. Deans
5. Chairs
6. Faculty, staff, and students

Messages (preliminary)

1. The Resource Management Steering Committee has completed its exploration of the merits of adopting a form of responsibility centred management at the University of Alberta
2. Its findings have been presented to the President and senior leadership team
3. Between now and March of next year, with community input, the leadership team and Deans will decide whether to make changes to the current resource management model

Tools

1. RMM webpages on Change@UAlberta (http://change.ualberta.ca/sustainable-financial-models/budget-models)
2. Updated Questions and Answers document for handout and web
3. Campus Forum
4. Glossary
5. Talking points for Deans and other senior leaders
6. All available meetings of representative committees and groups (see audiences and rollout)
7. Colloquy
8. Messages to community through the weekly digest as appropriate

Change Management Plan Recommendations

The Steering Committee recognizes that the institution’s ability to manage change would have a significant effect on its ability to adopt, and gain the benefits of, a new resource management model.

The committee would urge University administration to develop a robust change management plan that would recognize the significance and complexity of changing to RCM at the University.
7. **Conclusion**

The University conducted this evaluation in response to a number of significant external factors and challenges facing the University as well as a desire to enhance the University’s resource allocation model in an effort to better advance its academic priorities. The objective was to assess RCM to determine whether a model could be developed that would:

- incentivize revenue growth
- enable the University to better utilize its resources and contain costs
- achieve greater transparency in how the University was generating, allocating and utilizing its resources
- better align accountability with financial responsibility

The overall goals of the project were to:

- deliver a comprehensive and concise final report to the President for his consideration
- develop the final report such that the University community understands the project drivers and current and proposed resource management models
- undertake the project in such a manner that the community has trust in the process

Much has changed since the University initiated this project, most notably the election of a new provincial government and the subsequent policy changes associated with base funding and a two-year freeze on domestic student tuition and most fees. Although these changes are significant, it should not deter the University from continuing to investigate and assess the benefits of RCM and whether or not it is a good fit for the University.

Whether the University proceeds with RCM or not, the project has produced a number of positive results, including:

- an enhanced understanding of what the service baskets, as identified, cost the University
- the drivers of costs associated with the delivery of those services
- the identification of metrics that could be used to allocate costs to each Faculty
- the ability to identify what services are being consumed by each Faculty
- a better understanding of the total cost of the centrally provided services used by each faculty
- the ability to identify what revenues each Faculty is generating
- the ability to develop a model that would enhance the University’s understanding of what Faculties are net generators of revenue, net consumers of resources and to what degree some Faculties may be subsidizing the activities of other Faculties
• the ability to develop and manipulate revenue and cost allocation metrics in order to further refine an RCM model

All of this information has the potential to greatly enhance the level of information available as one mechanism to inform strategic decision making.

In light of the work that has been undertaken to date and the above noted benefits, it is recommended that, as a minimum, this report be shared with the community.

It is further recommended that the University develop an RCM model for analytical purposes. The outcomes of this modeling may help inform aspects of decision making within the current resource management model and assist in determining whether the University should further pursue the implementation of RCM.
8. APPENDICES

8.1 Glossary .................................................................................................................................. 1
8.2 Project Communications .......................................................................................................... 6
8.3 Steering Committee and Working Group Membership ....................................................... 24
8.4 Advancement Working Group Report .................................................................................... 28
8.5 Financial Management Working Group Report ..................................................................... 36
8.6 Human Resources Working Group Report ............................................................................ 47
8.7 Information Services and Technology Working Group Report .......................................... 64
8.8 Learning Services Working Group Report ............................................................................ 76
8.9 Occupancy Working Group Report .................................................................................... 88
8.10 Research Strategy, Administration and Oversight Working Group Report ...................... 118
8.11 Revenue Distribution Working Group Report ................................................................... 141
8.12 Student Enrolment & Services Working Group Report ..................................................... 162
8.13 University Administration Working Group Report ............................................................. 178
8.14 University Relations Working Group Report ..................................................................... 196
Appendix 8.1 – Glossary

**Academic Priorities**
The things regarded as being of the highest importance to education and scholarship at the University.

**Ancillary Unit**
A unit that operates on a full cost recovery basis. Its revenue is generated through support services or supplies provided to the University community (staff, students, or external clients) on a fee-for-service basis or as a merchandising (commercial) operation.

**Budget**
An estimate of income and expenditure for a particular period of time.

**Capital Funds**
Funds primarily designated for the acquisition or construction of buildings, equipment and furnishings and for major renovations.

**Clinical Faculty**
Health professionals with academic appointments that engage in practical instruction of students.

**Cost Allocation**
The process of assigning costs to units for services or products they receive, such as facility maintenance, human resource services, payroll, IT or environment, health and safety.

**Cost Allocation Metric**
The system or standard of measurement used to allocate costs.

**Cost Driver**
A factor that changes the cost of an activity. At a university, cost drivers include such things as number of students, number of staff, amount of facility space, amount of research, etc.

**Cost Recovery**
The practice of collecting user fees for services to fund the cost of providing the services.

**Cross Subsidization**
The practice of charging higher prices to one group in order to subsidize lower prices for another group.

**Enrolment Planning Envelop (EPE) Rates**
Rates taken from the Alberta 2008 Enrolment Planning Envelope guide. The guide lists rates, by degree type, for which the government provided grant funding to universities in Alberta to increase their enrolment. This program came to an end in 2010, so no current or new rates will be available.
**Envelop Funding**
Targeted funds, typically provided by government, to promote specific programs and initiatives.

**External Revenue**
Revenue from the sale of products or services to parties external to the University through external billing and cash sales.

**Faculty Delivered Service**
A service provided by a University Faculty, as opposed to centrally, to serve a specific need. Examples include nano-fabrication and animal services.

**Full Time Equivalent (FTE)**
Full-time equivalent (FTE) allows part-time workers’ working hours to be standardised against those working full-time. The standardised figure is 1.0, which refers to a full-time worker. An employee that works half of full-time hours is 0.5.

**Fully Consolidated Budget**
Includes all sources of revenue and expense.

**Head Count (HC)**
Represents a count of the total students or staff total compliment at a specific point in time.

**Home Faculty**
Refers to the Faculty in which the student is registered.

**Incentive**
A thing that motivates or encourages someone to do something.

**Incremental Budgeting**
A system of budgeting that adjust budgets yearly in increments.

**Indirect Cost Recovery (ICR)**
An amount granted under a research grant to cover the “indirect,” or administrative costs of performing the research. There are two types of ICR at the University: federal ICR is given as one lump sum to the University annually. Other ICR comes from business or other government grants, in accordance with the individual grant agreements.

**Institutional Goals and Key Strategic Initiatives**
The general ends toward which the University directs its efforts. The Institutional Goals and Key Strategic Initiatives are founded on the University’s vision.

**Integrated Planning**
Integrated planning is the process whereby all planning and budgeting activities throughout every level of the organization are effectively linked and coordinated and driven by the institution’s vision, mission and academic priorities.
Lights on Funding (LOF)
LOF is facility operations funding made available, upon request and government approval, by Alberta Innovation and Advanced Education, for new space, with the exception of facilities associated with Ancillary Enterprises and other non-academic space. LOF is allocated to the University of Alberta on an ongoing basis via the Campus Alberta grant and it is calculated based on the gross square meters of new space. LOF strictly supports costs associated with maintenance, custodial, utilities, grounds, facilities administration and services.

Mandatory Non Instructional Fees (MNIF)
Those fees payable by students in support of a range of services that do not facilitate instruction. Examples include registration and transcript fee, student services fee, health services fee.

Operating Grant
Provincial funding to the University in support of the University’s mandate of teaching, research (not funded through research agreements) and public service as well as administrative and other infrastructure costs in support of these core activities.

Resource
The financial, human, IT and physical resources that can be drawn on by an organization to function effectively.

Resource Management
The efficient and effective deployment of an organization’s resources.

Resource Management Model
The rules prescribing how resources are deployed across the organization.

Responsibility Centred Management (RCM)
For the purposes of this project, RCM refers to a method used in universities to manage resources; it generally includes these features:

- Revenues are allocated to the faculties that generate them;
- Faculties are responsible for financing their expenses;
- Central administration costs are allocated to faculties based on agreed-to assessments;
- A central pool of resources is allocated to compensate for imbalances and to support University priorities.

Restricted Funds
The University receives restricted contributions for specific purposes defined by the external sponsor or donor. A restricted contribution is one that is subject to externally imposed stipulations (explicit or implicit conditions) that specify the purpose for which the contribution is to be used (e.g., externally sponsored research agreements or externally funded special purpose projects).
Revenue
The financial resources brought in to the University from outside the University, from all sources, including tuition, the government operating grant, research grants, investment income, ICR funding, donations etc.

Revenue Generating Unit
The Faculty or other unit at the University that generates revenue from outside the University. A Faculty generates revenue through student tuition, a portion of the government grant, research, donations, etc.

Non revenue generators are those services that represent costs to the institution, such as human resources services, IT, financial services, etc., that have no ability, or limited ability, to generate revenue.

Revenue Distribution
The process of distributing financial resources, which are collected centrally, to Faculties and units.

Rolling Average
An average of multiple years of data.

Self-Funded
A portion of operations funded through revenue brought in by the service.

Shared Services
Typically a service that is funded through a combination of central unit and Faculty.

Special Purpose Funds
This includes activity related to student awards and bursaries and other programs involving teaching and learning and community service specifically funded by restricted grants and donations.

Student FLE (full load equivalent)
This is a calculated student count. It is derived for each student based on their enrolment over the academic year, compared to the credit load expected for the program of enrolment. An FLE of greater than 1 should represent a student who takes greater than a full load of courses and an FLE of less than 1 would be expected for a part time student.

Student Headcount (HC)
The commonly used headcount number is the fall headcount, which is the total number of students enrolled in the fall semester, taken as of Dec 1.

Subvention
In a university setting, subvention refers to grants provided by the centre to a faculty or other entity.
**Tax**
In a university setting, a tax is a fee charged by the university to provide particular services or activities, typically to a faculty.

**Transparent**
An essential principle in RCM; refers to the open sharing of resource data across the University as well as the decisions based on those data.

**Unfunded Liability**
The amount by which future payment obligations exceed the present value of funds available to pay those obligations.

**Unrestricted Research Funds**
Primarily from investment income earned on internally restricted endowments and other research initiatives funded by the institutional/Faculty/department through the transfer of funds from the general operating fund. This also includes external unrestricted revenue for research initiatives (e.g., research conference fees and fee for research services).
Appendix 8.2 – Project Communications

Message from the president, November 28, 2014

The week began with the second meeting of General Faculties Council for this academic term. Because members of the senior team and I had heard from faculty members and administrators that there was mounting concern regarding the possibility of the university adopting a new budget model, I used my opening comments at GFC to clarify the situation. I would like to share that information here as well.

Let me begin by noting that, although a number of related activities are in motion, it is important not to conflate them. First, let me address an upcoming change related to merit and negotiated across-the-board salary increases (ATB), also known as cost-of-living allowance (COLA). As you know, planning for next year’s budget begins far in advance of its implementation. Thus, the provost and deans have been discussing how to manage the 2015–2016 budget for several months already—these discussions have included proposals for revenue generation, formulae for sharing any new incoming revenue, and transferring responsibility for merit and ATB to faculties. This latter point was proposed largely to simplify administrative processes.

Let me explain: Each year, central administration distributes a base budget to faculties that includes funds to pay for compensation obligations in addition to other programming costs. Any further merit or ATB increases have, up to this point, been the responsibility of central administration. Currently, we then cut faculties and large administrative units in order to pay for them. By transferring responsibility for merit and ATB directly to faculties, we eliminate this back-and-forth administrative process. The transfer of responsibility from central to faculties has, as I mentioned, been in the planning stage for months, and this week at Deans’ Council, the deans, VPs, and acting provost agreed to proceed as planned. Responsibility for ATB and merit will thus be transferred to faculties beginning with the 2015–2016 budget cycle.

Second, as many of you will know, the provost and deans have also been working to identify and begin attracting new sources of revenue to ensure that we can sustain our academic priorities in a period in which public funding of universities is falling across the globe. This work is ongoing.

Third, there is the question of developing a new resource management/budget model for the university. When former provost Carl Amrhein returned from his leave last spring, he urged senior leadership to begin investigating alternative models that could help us simplify and clarify how we manage our resources in our highly decentralized environment and also foster and reward revenue generation within faculties and
units. So, as I mentioned in my October 24 weekly bulletin, an exploration and consultation process was launched with the agreement of the deans, under the joint leadership of the Provost’s Office and VP (Finance and Administration). Many members of faculty and administration are involved, and I’d like to thank them for taking on this challenging assignment. (Information about the working teams and their objectives will be posted by mid-December on Change@UAlberta.)

Let me be clear about the purpose of this process. It does not mean that a decision has been made to adopt a new resource management/budget model. It means that we are looking into the advantages and disadvantages of doing so in light of the realities of the U of A’s particular budgetary situation and academic priorities. Any decision to adopt a new model will not occur before the arrival of incoming president David Turpin. In my conversations with him this week, he indicated that we should proceed with our exploration, and upon his arrival in July, he and his leadership team will review the findings and consult with the community to determine whether or not moving ahead would be the right choice for the U of A. There will be numerous means and opportunities for you to provide feedback and input.

In closing, I would also like to assure you that, even as we consider how best to manage and steward our resources, I am still primarily engaged in advocacy efforts to ensure that the U of A—indeed all of Alberta’s post-secondary institutions—receive the strong public investment we need to provide the quality of education and research that Albertans need and expect.

Until next Friday,
Indira

Project Information on University Website
http://change.ualberta.ca/sustainable-financial-models/budget-models

Last spring the provost suggested that the university’s senior leadership begin a process to investigate alternative budget models that could help to both simplify and clarify the management of the institution’s resources. Given the current resource pressures that are being faced by universities across the continent, it was also suggested that this discovery process should highlight methods that could reward and also foster new revenue generation opportunities.

In response to these suggestions, the university's senior leadership team, with the support of deans, formed the Resource Management Steering Committee (RMSC) in mid-2014 to explore the merits of employing responsibility centred management (RCM) at the University of Alberta.

Current Model
The University of Alberta currently uses an incremental budget model. In incremental budgeting, budget managers use their budgets from last year as a starting point, which they then adjust to meet the conditions of the current year. The people who prepare budgets, ranging from the manager of grounds services to the deans and vice-presidents, each refer to the incremental changes in the amount of money available from last year to this year. They use this information to help decide which specific things they can do this year. In this model, a gap, based on history and habit rather than actual data and current academic priorities, can form between the resources available and the costs of programming.
The **2015 - 16 institutional budget** is currently being planned using the current model.

**Learn More in Budgeting 101**

**Responsibility Centred Management**

RCM provides decision-makers at the faculty and unit level with transparent, enhanced resource information and greater accountability and authority. It strives to make the decentralized structure of a university function as effectively as possible by directly linking together academic authority and financial responsibility.

In most universities today, academic authority is decentralized across faculties, departments, and programs, while financial responsibility remains in the centre. As a result, academic decisions can be made without a clear idea of the financial consequences.

RCM is a method based on the idea that if there is a clearly defined, agreed-upon set of rules, transparent access to reliable and current data and information, and clear lines of accountability, universities will be better able to set and achieve academic priorities.

At this point in time, the university is only exploring this option. The incoming president, David Turpin, has asked the Resource Management Steering Committee to complete the investigation; he will review the committee’s findings after he becomes president.

Until President Turpin has received the steering committee’s report and had an opportunity to review it with his leadership team and consult as he deems appropriate, there will be no changes to the university’s resource management model.

The Resource Management Steering Committee is evaluating whether the University of Alberta would benefit from employing RCM, and, if so, to explore what a model based on RCM would look like. Any resource management model suggested by the Resource Management Steering Committee shall create incentives for faculties and units to grow revenues and maximize the use of resources while conforming to the following principles:

- **Supremacy of academic priorities** — the institution’s mission and academic priorities are paramount in all decision making.
- **Transparency** — relevant institutional resource data and decisions based on those data are available across all faculties and other units.
- **Accountability** — faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.
• Simplicity — rules and processes are understandable and actionable.
• Consistency — rules apply equally across all faculties and other units.
• Predictability — any changes to the model require broad consultation among all stakeholders.

The committee’s findings and recommendations will be provided to the incoming president and his leadership team in late summer of 2015. The steering committee is chaired by Phyllis Clark, VP Finance and Administration, and Kerry Mummery, Dean of Physical Education and Recreation. The committee has representation from across the community. Questions and Answers Published on the University Website

**Questions and Answers about the Project on University Website**

1. **Who is on the Resource Management Steering Committee (RMSC)?**

   The RMSC includes representatives from across the university, including:
   
   Vic Adamowicz, Professor, Resource Economics and Environmental Sociology and Vice-Dean, ALES
   — Gwen Bauer, Manager, Policy Standards Office
   — Lisa Collins, Vice-Provost and University Registrar
   — Lesley Cormack, Dean of Arts
   — Renee Elio, Professor, Computer Science
   — Edith Finczak, Director, Academic Budget & Planning, Office of the Provost
   — Don Hickey, Vice-President, Facilities and Operations
   — H. James Hoover, Professor Emeritus
   — Jacqueline P. Leighton, Professor and Department Chair, Educational Psychology
   — David T. Lynch, Dean of Engineering
   — Mike MacGregor, Vice-Provost & Associate Vice-President Information Technology
   — Jonathan Schaeffer, Dean of Science
   — Philip Stack, Associate Vice-President, Risk Management Services

2. **What is a "resource management model?"**

   A resource management model is a set of rules prescribing how resources are deployed within and across an organization. The term “budget model” is often used to describe the same thing, although a budget model is specific to only financial resources while a resource management model includes all the resources in an organization, from financial resources to physical resources.

3. **What is meant by “responsibility centred management (RCM)?”**

   • RCM is a method used in universities to manage resources. It generally includes these features:
   • Revenues are allocated to the faculties that generate them;
   • Faculties are responsible for financing their expenses;
   • The costs of central administration are allocated to faculties based on agreed-to assessments;
   • A central pool of resources is allocated to compensate for imbalances and to support university priorities.

4. **The points above describe the mechanics of RCM, but what does it actually do?**

   RCM provides decision-makers at the faculty and unit level with transparent, enhanced resource information and greater accountability and authority. It strives to
make the decentralized structure of a university function as effectively as possible by directly linking together academic authority and financial responsibility.

In most universities today, academic authority is decentralized across faculties, departments, and programs, while financial responsibility remains in the centre. As a result, academic decisions can be made without a clear idea of the financial consequences.

RCM is a method based on the idea that if there is a clearly defined, agreed-upon set of rules, transparent access to reliable and current data and information, and clear lines of accountability, universities will be better able to set and resource academic operations and priorities.

5. Why is it so important to “link” academic authority and financial responsibility?

A faculty’s programming decisions have effects on both how much revenue is generated (in the form of tuition, their share of the government grant, research grants, donations, ICR funds etc.) and how much programs cost (salaries, facilities, equipment etc.). A problem arises when the faculty doesn’t have all the information about what those effects are.

In the University of Alberta’s current model, for example, each faculty’s budget is based primarily on how much it received the previous year—and not on how much revenue their various programs generate or programs cost. After years of using this model of resource management, a disconnect has formed between the resources available and the costs of programming.

6. How does RCM “reconnect” these things?

Faculties receive the money they bring in and pay for the costs they incur. Transparent resource information allows them to see the revenue each program brings in and compare it to how much is spent to provide the program. They can use this information to more effectively resource academic operations and priorities. RCM also provides faculty-level decision-makers with more “levers” they can adjust to alter revenue and resource usage.

With more transparent resource information and greater control over revenue and resource usage, faculties can make more strategic decisions. With this enhanced control and responsibility, faculties have the freedom and the incentive to find new ways to resource their academic operations and priorities.

7. What is incentive based budgeting and how does it relate to all of this?

RCM is sometimes called “incentive based budgeting” because of the way it incentivizes decision-makers at the faculty level to manage their use of resources, support cost effectiveness and increase revenue. Experts say this incentivizing is a cornerstone of RCM.

8. When a university uses RCM, aren’t there bound to be programs that don’t have sufficient funding but which are nevertheless vital to the institution?

Yes. That is one of the reasons the “centre” continues to play a vital role in academic programming. The centre maintains control of some portion of university resources to fund the programs the academy considers vital but which are not funded through other means. This, too, is considered a cornerstone of RCM.
9. Who decides which programs are “vital” to the academy?

The members of the academy themselves decides this, and the process for doing so is built into the model. RCM does not dictate how such things are done; universities custom build their models to reflect their own values, priorities, governance structures and processes.

What are the implications for central services, such as HR, libraries, financial services, etc.?

In RCM, revenue generating units (primarily faculties) “pay” for central services. This tends to provide a strong incentive for them to scrutinize those services to ensure they are receiving appropriate service for the cost.

10. Does RCM turn public institutions into businesses?

No. Public universities are not-for-profit entities. Universities that employ RCM do so to improve their ability to resource their academic operations and priorities.

11. Does RCM have a track record among universities?

Yes. The associated principles and practices have been evolving at major public universities for more than 35 years. Its use continues to grow and is being adopted by more and more universities across North America.

12. Is RCM appropriate for all universities?

No, RCM doesn’t work everywhere and some universities have explored RCM and decided against employing it.

Importantly, however, RCM is not an all-or-nothing approach. Some elements of RCM can be embraced while others are not, creating a hybrid model.

13. On what principles would a U of A-specific resource management model be based?

Any resource management model suggested by the Resource Management Steering Committee shall create incentives for faculties and units to grow revenues and maximize the use of resources while conforming to the following principles:

- Supremacy of academic priorities — the institution’s mission and academic priorities are paramount in all decision making.
- Transparency — relevant institutional resource data and decisions based on those data are available across all faculties and other units.
- Accountability — faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.
- Simplicity — rules and processes are understandable and actionable.
- Consistency — rules apply equally across all faculties and other units.
- Predictability — any changes to the model require broad consultation among all stakeholders.

There are worrying stories of faculties offering competition programs to "steal" revenue from each other under RCM models. Could this happen?

These things can happen when universities switch to RCM, but the institution itself can prevent such unwanted effects in the way it builds and uses its model.

Is there something wrong with the university’s current resource management model?

The current resource management model may be limiting the capacity of the university to achieve its academic objectives for two reasons: by preventing the
university from making optimum use of available resources; and by providing insufficient incentive to find and develop new sources of revenue.

Did the university’s current resource management model suddenly “break?”

Its shortcomings have become increasingly evident over the past several years due to continuing resource pressures, which result from the fact that expenditure increases consistently outpace revenue increases. Universities across the continent are experiencing similar pressures and many are turning to RCM to help address them.

14. Can RCM solve all the University of Alberta’s resource problems?

No. A new resource management model based on RCM principles has the potential to help, but it is not a panacea.

15. Which universities have adopted RCM?

Some of the universities that have adopted RCM include the University of Toronto, York University, Queen’s University, University of Pennsylvania, and the University of Michigan. Many more universities are now evaluating the potential of RCM. Examples can be found through a simple internet search.

16. Are U of A deans in favour of a change to the resource management model?

Deans have asked for more control of resource management in their faculties. They support the current exploration of whether RCM is the right approach for the university.

17. Who is sponsoring this exploration of RCM?

The process was initiated at Dean’s Council. The Office of the Provost continues to drive this, along with the VP F & A.

18. Has administration already decided to introduce RCM?

No. The university is only exploring this option. The incoming president, David Turpin, has asked the Resource Management Steering Committee to complete the investigation; he will review the committee’s findings after he becomes president.

Until President Turpin has received the steering committee’s report and had an opportunity to review it with his leadership team and consult as he deems appropriate, there will be no changes to the university’s resource management model.

19. How about the shift of ATB (across the board) and merit increases to the faculties? Isn’t that part of this?

No. That change is largely an administrative one that has already been discussed and decided. Read more about it in President Samarasekera’s blog post from November 27, 2014.

20. How will the steering committee go about this process?

Evaluating RCM in the context of the University of Alberta will require a lot of work. To assist the steering committee, several subcommittees have been established. They will gather data on all sources of revenue and cost. With that information they will generate a potential model that employs RCM principles and evaluate whether it would meet the needs of the university. One of the committees is assigned to ensure that any proposed model would meet all the required conditions as prescribed in university governance and staff agreements.

The steering committee, with the support of the Offices of the President, Provost, University Relations and Finance and
21. What is the role of the university community in this process?

The steering committee needs the university community to help identify possible risks, to provide feedback on the overall model, and to offer suggestions and alternatives.

22. Where can members of the university community provide input?

There will be numerous opportunities and venues to receive updated information and provide input:

- The steering committee, through the Offices of the Provost and VP Finance and Administration, will provide updates to General Faculties Council, Academic Planning Committee, Deans’ Council and to other groups, such as faculty councils, when appropriate.

- This website (Change@UAlberta) will be the primary public space for current documentation, including general information about the initiative, progress updates and timelines. There will also be a space available to comment and ask questions.

- Town halls will be scheduled as needed.

23. Is there a place I can email right now with comments?

Yes. You can email change@ualberta.ca.

List of Additional Resources on University Website

Responsibility centred management, and resource management in higher education generally, is very complex and no attempt is made in these pages to cover the subject exhaustively. There are many resources available to learn more. Here are a few:

- The University of Pennsylvania adopted RCM in 1974 and has placed several resources on its website: [http://www.budget.upenn.edu/RCM/](http://www.budget.upenn.edu/RCM/)

- The University of Oregon has a good overview of RCM: [http://budgetmodel.uoregon.edu/content/introduction-responsibility-centered-management](http://budgetmodel.uoregon.edu/content/introduction-responsibility-centered-management)

- John Curry and Jon Strauss provide an excellent summary of RCM and include numerous examples: [Responsibility Center Management: Lessons from 25 Years of Decentralized Management](#)

Blog Post from RMSC Co-Chairs

Blog post January 21, 2015 by Kerry Mummery and Phyllis Clark

http://www.ualbertablog.ca/2015/01/exploring-possibility-of-new-resource.html

This month, after extensive preparations by the Resource Management Steering Committee, academic and administrative staff members from across the university began exploring and evaluating the potential of introducing responsibility centred management (RCM) to the University of Alberta. You may have heard about this initiative since it has been a topic of discussion in several forums, from President Samarasekera’s weekly bulletin to Deans’ Council to General Faculties Council. As chairs of the Resource Management Steering Committee, we are writing today to tell you a little bit about RCM and the purpose, process and timing of this exploratory initiative, which we have named the Resource Management Model Project.

RCM is a method that a number of universities in North America have adopted to manage their resources. In RCM, revenues are allocated to the faculties that generate them; faculties are responsible for financing their expenses; central administration costs are allocated to faculties based on agreed-to assessments; and a central pool of resources is allocated to compensate for imbalances and to support university priorities.

In essence, RCM gives more accountability and responsibility to faculties for financial decision making. It creates incentives for faculties and units to generate revenue and maximize their resources. Universities that make the transition to a resource management model based on RCM do so because they believe it will improve their ability to meet their academic objectives, especially in the face of increasing resource pressures.

A move away from the U of A’s more traditional incremental budgeting to RCM would be a significant change and administration is being correspondingly circumspect in this evaluation. Over the next several months, a number of individual working groups will study various elements of the university’s current model, and, from there, imagine how the university might fare under RCM. (You can find more information about this project here, including the names and composition of the working groups). All of the working groups are under the direction of the Resource Management Steering Committee, and include representative vice presidents, deans, chairs, and administrative staff.

The goal of the steering committee is to collate the findings of the working groups, draft a report, and present it to incoming president David Turpin over the summer.
We expect the report to contain a comprehensive analysis of the university’s current budgeting and resource allocation practices. It will also contain a resource management model outlining how RCM might work at the University of Alberta. While the specific features of the proposed model could take any number of shapes, the model will nevertheless adhere to a number of process principles based on the supremacy of academic priorities, transparency and accountability.

We want to assure you that no decision has been made to move to RCM. We simply do not know yet if it is the right thing for the U of A. The purpose of this project is to do the background research and modelling needed to assess its potential value and viability for the U of A. Changes to the university’s budget model will not be made before David Turpin and his leadership team have had sufficient opportunity to review and assess the findings, and to decide next steps.

We should also highlight that this project will have no impact on current budget planning for 2015-2016—this planning is proceeding as in the past and next year’s institutional budget will be taken through the governance approval process as part of the university’s 2015 Comprehensive Institutional Plan.

We are committed to a transparent process for this period of research and evaluation. Please visit Change@UA, where detailed information about the project can be found under “Sustainable Finances” (Action Plan Item 2). A campus forum on this topic will be held in February. Please do not hesitate to write to us at change@ualberta.ca with any concerns or questions.

Phyllis Clark
Vice-President (Finance and Administration)
Kerry Mummery
Dean, Faculty of Physical Education and Recreation

---

**Campus Forum**

February 10, 2015

- All members of university community invited—turnout approximately 60
- Broadcast live on internet and archived on website

---

**Agenda**

1. Project overview  
2. Defining/describing RCM  
3. Why would we do this here?  
4. Project purpose and outcomes  
5. RCM Principles  
6. Who’s doing what?  
7. Timeline  
8. QUESTIONS
What is this about?

The project is to explore and report on the potential of employing **responsibility centred management** (RCM) at the University of Alberta.

What is RCM?

Responsibility Centre Management is a method used in universities to manage resources where:
1. Revenues are allocated to the units that generate them;
2. Faculties are responsible for financing their expenses;
3. Central administration costs are allocated to revenue generating units based on agreed-to assessments;
4. A central pool of resources is allocated to compensate for imbalances and to support university priorities.

What is RCM? (“purest” form)

**Traditional Model Flows**

- Grant
- Tuition and Fees
- Misc. Revenues
- Central University General Fund
- Faculties
- Administrative Units

**RCM Model Flows**

- Grant
- Tuition and Fees
- Misc. Revenues
- Faculties
- Central University General Fund
- Administrative Units

What does RCM do?

- Extends more decision making and accountability to the faculties and other revenue generating units
- Gives more control over revenue generation and resource allocation
- Provides incentives for academic decision-makers to find new sources of revenue and strategically manage resources to support their academic goals

Project drivers – why consider RCM?

1. Shifting funding environment of post-secondary institutions
2. Outmoded incremental funding model no longer fully supports the university’s ability to allocate resources to institutional academic priorities
3. Limited incentives in current model to grow revenue
4. Increasing competition for funding across sectors
5. Increasing competition from higher education institutions across Canada and around the world

Purpose of the project is to:

1. Assess the merits and risks of RCM at the U of A
2. Propose
   1. how academic priorities, operations, and new initiatives would be funded in RCM
   2. a set of principles that could guide decisions on resource allocations
   3. how the university’s revenue sources may be distributed
   4. how costs could be allocated to revenue generating units
### Expected outcomes

1. Improved understanding of the current model
2. Possible approaches to better secure and manage resources in support of the university’s vision and academic priorities
3. Enhanced understanding of the pressures on the current model among university stakeholders
4. Stakeholder understanding of advantages and disadvantages of an RCM approach
5. A report to the president select containing the pros and cons of RCM for the U of A

### Principles

- **Supremacy of academic priorities** — the institution’s mission and academic priorities are paramount in all decision making.
- **Transparency** — relevant institutional resource data and decisions based on those data are available across all faculties and other units.
- **Accountability** — faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets.
- **Simplicity** — rules and processes are understandable and actionable.
- **Consistency** — rules apply equally across all faculties and other units.
- **Predictability** — any changes to the model require broad consultation among all stakeholders.

### Steering Committee

Co-chairs: **Phyllis Clark (VP & A), Kerry Mummery**, Dean of Physical Education and Recreation

- Vic Adams, Professor, Resource Economics and Environmental Sociology and Vice-Dean, AES
- Gwen Bauer, Policy Standards Office
- Lisa Collins, Vice-Provost and Registrar
- Lesley Cormack, Dean of Arts
- Renee Elton, Professor, Computer Science
- Edith Fieczk, Academic Budget & Planning, Office of the Provost
- Don Hickey, Vice-President, F & O

- H. James Hoover, Professor Emeritus
- Jacqueline P. Leighton, Professor and Chair, Educational Psychology
- David T. Lynch, Dean of Engineering
- Mike MacGregor, Vice-Provost & AVP Information Technology
- Jonathan Schaefer, Dean of Science
- Philip Stack, AVP, Risk Management Services

### University Deans

- Academic oversight through Deans’ Council (Kerry Mummery)
- Ensures academic integrity and input on recommendations

### Working Groups

- Resource Management Model Project Final Report Appendicies  PAGE 17

### Timeline

- Consolidated Findings Report
- Working Group Findings
- May 19 - Final Development Draft Report
- May 23 - Final Development Final Report
- May 27 - Final Development Final Report
- May 31 - Final Development Final Report
- June 4 - Final Development Final Report
- June 8 - Final Development Final Report
- June 12 - Final Development Final Report
- June 16 - Final Development Final Report
- June 20 - Final Development Final Report
- June 24 - Final Development Final Report
- June 28 - Final Development Final Report
- July 2 - Final Development Final Report
- July 6 - Final Development Final Report
- July 10 - Final Development Final Report
- July 14 - Final Development Final Report
- July 18 - Final Development Final Report
- July 22 - Final Development Final Report
- July 26 - Final Development Final Report
- July 30 - Final Development Final Report
- August 3 - Final Development Final Report
- August 7 - Final Development Final Report

- Working Group Findings
- Consolidated Findings Report
Working Group and Steering Committee Project Orientation

January 26, 2015
January 29, 2015

Agenda

RMM Project Overview
- Why are we doing this?
- Why now?
- What are we hoping to achieve?
- Scope
- Deliverables
- RMM Project Timeline and Milestones
- Project and RMM Principles

Working Group Orientation
- Objectives, outcomes and key milestones
- Data management and process
- Roles and responsibilities
- Decision-making and consensus process
- Schedule development to deliver findings
- Additional Resources and Support

Why are we doing this?

The purpose of this project is to research, draft and submit a report to the incoming president that includes:
- An assessment of the merits and risks of deploying RCM at the university
- A proposal of how the institution's academic priorities, operations, and new initiatives would be funded within RCM
- A set of principles that could guide decisions on resource allocations within RCM
- An examination of how the university's revenue sources may be distributed within RCM
- A proposal of how costs could be allocated to revenue generating units within RCM

Why now?

The drivers of this project are:
- A fundamental shift in the funding environment of post-secondary institutions is occurring, which puts new pressures on institutional resources
- The current incremental funding model no longer fully supports the university's ability to allocate resources to the institution's academic priorities
- The current model does not incentivize faculty and unit leadership to grow resources
- Competition is increasing for limited resources across multiple sectors
- Competition from higher education institutions across Canada and around the world is increasing

What are we hoping to achieve?

The outcomes of the Resource Management Model Project will include:
- An improved understanding of the university's current resource management model
- A set of findings and recommendations that describes how the university could improve its ability to secure and manage the necessary resources to advance its vision and academic priorities
- Enhanced understanding, among members of the university community, of the changes in the funding environment and the pressures placed on the current resource management model
- An understanding, among members of the university community, of the advantages and disadvantages of an RCM approach to resource management
In-scope for the project:
- All revenue and non-revenue generating units
- All revenue funds
- All baskets of services and their related costs provided within the university
- Risks and mitigating strategies for adopting RCM at the U of A.
- Metrics or cost drivers for baskets of services
- Research and findings on how to allocate costs for specific WIGs

Out-of-scope for the project:
- Definition of the academic priorities for the institution
- Existing services currently provided within the faculty
- Selection of the recommended model(s)
- Implementation of the recommended model(s)
- Identifying ways to reduce expenditures or generate revenue
- Changes to the governance structure
- Community consultation on whether or not recommended model should be adopted

Primary Goal:
To deliver a comprehensive and concise final report

Objectives:
- An overall assessment of the benefits of deploying RCM at the university
- Proposals for how the institution’s academic priorities and new initiatives would be funded
- A set of principles to guide decisions on resource allocations
- An examination of how the university’s revenue sources may be distributed
- Proposals for how costs could be allocated to revenue generating units

Timeline: Milestones

<table>
<thead>
<tr>
<th>No.</th>
<th>Milestone</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Working Groups, RMMG Orientation</td>
<td>January 26 &amp; 29, 2015</td>
</tr>
<tr>
<td>2</td>
<td>Campus Forum</td>
<td>February 10, 2015</td>
</tr>
<tr>
<td>3</td>
<td>Consolidated Findings Report Outline</td>
<td>May 31, 2015</td>
</tr>
<tr>
<td>4</td>
<td>Working Groups provide draft findings</td>
<td>May 31, 2015</td>
</tr>
<tr>
<td>5</td>
<td>Working Groups to finalize findings</td>
<td>June 30, 2015</td>
</tr>
<tr>
<td>7</td>
<td>Final Consolidated Findings Report</td>
<td>July 22, 2015</td>
</tr>
<tr>
<td>8</td>
<td>Brief President on Findings</td>
<td>July 31, 2015</td>
</tr>
<tr>
<td>9</td>
<td>Campus Forum on findings</td>
<td>September XX, 2015</td>
</tr>
<tr>
<td>10</td>
<td>Next Steps</td>
<td>TBD</td>
</tr>
</tbody>
</table>

Project Principles

The following are proposed overarching project principles:
- Support Academic Prioritization: The project and its people will make decisions that best support the advancement of the institution’s academic priorities
- Transparency: Everyone understands the scope of the project and has equal access to the information they need
- Accountability: Decision makers have clear lines of responsibility
- Respect: People are treated with respect and materials are provided in a timely manner so people are prepared for project meetings and able to fulfill their project commitments
- Data Integrity: Data is accurate, is only used for the purposes of this project, and confidentiality is maintained as necessary

RMM Principles

The following principles will guide the project team in developing their findings and the development of a potential resource management model:

- Sovereignty of academic priorities — the institution’s mission and academic priorities are paramount in all decision making.
- Transparency — relevant institutional resource data and decisions based on those data are available across all faculties and other units
- Accountability — faculty and unit leadership are held accountable for achieving performance targets, including financial performance targets
- Simplicity — rules and processes are understandable and actionable
- Consistency — rules apply equally across all faculties and other units
- Predictability — any changes to the model require broad consultation among all stakeholders

Objectives:
- Identify and group like services, that are provided by your unit, to the institution (Cost Allocation WIGs)
- Identify easy-to-use, metric(s) or driver(s) for cost or revenue allocation
- Confirm the current total annual expenditures in providing these services (Cost Allocation WIGs)
- Identify potential models for allocating costs/revenue back to the user
- Identify data source(s) for the expenditures/revenue, metric, and cost/revenue drivers
- Identify pros and cons of the recommended model
- Prepare a report of findings not to exceed five pages

Outcome:
- WIG have been established to identify, assess and bring forward a recommended model to the Steering Committee
### Data Management and Process

| Resource Management Model Project Final Report Appendicies | PAGE 20 |

#### Data Management and Process

- **Consistency**
  - common name/data used within, and across, working groups
  - use of pre-defined data
  - analysis based on existing and readily available data

- **Sustainable**
  - data and data drivers are replicable
  - models in place for operational and long-term sustainability

- **Current State**
  - primary focus on current state not forecasting needs
  - "Unbiased" Modeling
  - top-down/pragmatic analysis vs. bottom-up

#### Keep it Simple
Support available through Project Management Team (PMT)

<table>
<thead>
<tr>
<th>Role</th>
<th>Requirements</th>
</tr>
</thead>
</table>
| Co-Lead | 1. Confirm WG members
         | 2. Attend meetings, being responsive and maintaining sufficient communication with Co-Leads
         | 3. Develop and review draft findings report
         | 4. Develop and finalize final findings report |
| Members | 1. Participate fully and consistently in WG meetings
         | 2. Attend meetings, being responsive and maintaining sufficient communication with Co-Leads
         | 3. Develop and review draft findings report
         | 4. Develop and finalize final findings report |

<table>
<thead>
<tr>
<th>Data</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR Cost Allocation</td>
<td>Core allocation of office of the Vice-Provost (Human Resources)</td>
</tr>
<tr>
<td>Forecasts to 2023</td>
<td>Approximately $1 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Requested Data</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Set 1: FTEs by faculty as at October 1</td>
<td></td>
</tr>
<tr>
<td>Data Set 2: Base budget and actual for each of 2022-23</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3 years for dept/0005</td>
</tr>
</tbody>
</table>

| Contact person | 1. W. Patterson
|----------------| 2. 1 week
| Other as required | 3. impossible, split FTE by academic vs. support |

### Decision Making and Consensus Structure

The five stages of developing a structured decision-making process is:

1. Clarify the decision-making context: Determine the problem(s) to be addressed and the questions to be answered.
2. Define objectives and evaluation criteria: Identify what is important or matters about the decision (e.g., values, metrics).
3. Develop options: Establish a range of policy or management alternatives designed to address the identified objectives and answer the questions posed to the WG.
4. Estimate Consequences: Analyze each option in terms of the evaluation criteria developed in stage two.
5. Evaluate trade-offs and select options: Make recommendation(s), which address the problems and questions identified in stage 1.
Questions to Consider

What is the desired outcome of your Working Groups decision-making process?

How will your working group define consensus?

How will you handle concerns or contention while striving for consensus?

What method will be used if a consensus cannot be found, based on the decision process?

Will outstanding concerns be captured? If so, how?

Exercise De-Brief

• What challenges did you have while working through this exercise?

• Do you anticipate having a unanimous recommended model?

• Any thoughts on how to improve this discussion within your working group?

• Did this exercise change how you might approach trying to reach consensus within your working group?

• Was this exercise helpful? Was it helpful discussing the options with other working group co-leads or members?

Schedule Development to Deliver Findings

Key Working Group Dates:

May 18: Provide WG Draft Findings Report

June 26: Finalize WG Findings Report

Working Group Findings Report Table of Contents:

1. Service Area Inventory
2. Value of Service Area
3. Relationship to Cost Drivers
4. Proposed Cost Drivers
5. Price and Cash
6. Other Issues/Notes

What is the schedule of key meeting dates and milestones to ensure your working group gains consensus and finalizes their report?

Questions to Consider

When will the WG co-leads need to be finalized?

When will the WG members need to be finalized?

When will the WG decision-making process be finalized?

When will the WG schedule be finalized?

How many times will the WG need to meet?

When will you need your data to be identified and analyzed by?

When should content and sections be finalized?

When will development begin on the Draft Findings document?

How much time will be needed for revisions and editing?

Exercise De-Brief

• Do you anticipate having enough time to finalize your report?

• What challenges did you have while working through this exercise?

• Are there specific dates or months where you anticipate it may be difficult to bring the working group together or hit critical milestones?

• Was this exercise helpful? Was it helpful discussing your schedule with other working group co-leads or members?

Overview of Change@UAlberta site

Action Plan Objective 2:
Sustainable Finances

Resource Management Model - Change@UAlberta
**Resource Management Model Project Talking Points**

[Provided to faculty deans to help in discussing this project]

**What is this project?**
The project is to explore and report on the potential of employing **responsibility centred management** (RCM) at the University of Alberta.

**What is RCM?**
RCM can be described as a method used in universities to manage resources. It generally includes these features:

- Revenues are allocated to the faculties that generate them;
- Faculties are responsible for financing their expenses;
- Central administration costs are allocated to faculties based on agreed-to assessments;
- A central pool of resources is allocated to compensate for imbalances and to support university priorities.

**Why do universities adopt RCM?**
Many experts and administrators say RCM is the best way for universities to support their academic goals, especially in the face of ongoing resource pressures.

**How does RCM work?**
RCM works by pushing more decision making and accountability out to the faculties by giving them greater control over, and accountability for, revenue generation and resource allocation. This, along with transparent cost information, provides incentives for academic decision-makers to find new sources of revenue and strategically manage resources to support their academic goals.

**Would making the transition to RCM be a significant change?**
A change to RCM at the U of A would be very significant. For example, RCM would bring greater transparency to all aspects of resource management across the university. Faculties would have more control over revenue and a better understanding of their program costs.

**Who is leading this?**
This exploration is being led by the Resource Management Steering Committee (RMSC), which includes academic and administrative leaders from across the university.

**Is a move to RCM already decided?**
There is **no decision** to make a transition to RCM at the University of Alberta. The steering committee is exploring this option and will present its findings to President Turpin by the fall of 2015.

**Where can I learn more?**
Visit [www.change.ualberta.ca](http://www.change.ualberta.ca) (under Action Plan Item 2: Sustainable Finances) to find much more, including an expanded Q and A, names of project contributors, glossary of terms, timelines, further reading, and where to send questions and comments.

*Important New Information for Working Group Co-Leads*

[Provided to all working groups; four bulletins were published during the project]

**Important Information about Fund 100**

Some of the working groups have asked about how to handle Fund 100.

For the allocation models, all costs should be included, regardless of whether they are classified as 100 or 210.

Similarly, associated revenues should be recognized/addressed within allocation proposals, or be identified as a revenue source within the unit(s) of the working group.

**Thesis-Based Graduate Student Counts**

For the scope of this project, please use the *fall head count* cost driver regarding thesis-based graduate students.

If you have concerns about using this measure, you can note them in the "Pros and Cons" section or the “Other Issues/Risks” section of the report. You can also suggest alternative drivers.

**What to do if a Unit is "Self-Funding"**

If you determine a unit is self-funding, don't remove it from your list of services. Instead, indicate on the report that it is self-funding. This ensures no units are lost or forgotten in the project.

**Accounting for Costs Partially Offset by Revenue**

The PMT will invite the financial representatives of the working groups to discuss strategies and agree on consistent treatment of revenues and associated costs.

**Changes to the Final Report Template**

There are three changes to the Report Template. The document is attached to this email. You can also download it at [https://www.ualberta.ca/~risk/RMM/](https://www.ualberta.ca/~risk/RMM/)

- The phrase "including budget" was deleted from the cost of service area section
- Clarified the description for the section "Potential Cost Drivers"
- Clarified the description for the section "Relationship to Cost Drivers"

**Change of Name for “Libraries” Working Group**

The group originally called "Libraries" was renamed "Learning Services" at the request of the co-leads.
Steering Committee and RMM Working Group Membership Listings

**Steering Committee**

**Co-Chairs:**
- Phyllis Clark, Vice-President (Finance & Administration)
- Kerry Mummery, Dean, Faculty of Physical Education and Recreation

**Members:**
- Vic Adamowicz, Vice-Dean, Faculty of Agriculture, Life and Environmental Sciences
- Gwen Bauer, Manager, Policy Standards Office
- Lisa Collins, Vice-Provost and University Registrar
- Lesley Cormack, Dean of Arts
- Renee Elio, Professor, Computer Science
- Edith Finczak, Director, Academic Budget & Planning
- Don Hickey, Vice-President, Facilities and Operations
- H. James Hoover, Professor Emeritus
- Jacqueline P. Leighton, Professor and Department Chair of Educational Psychology
- David T. Lynch, Dean of Engineering
- Mike MacGregor, Acting Vice-Provost & Associate Vice-President Information Technology
- Jonathan Schaeffer, Dean of Science
- Jay Spark, Vice-Provost and Associate Vice-President (Human Resources)
- Philip Stack, Associate Vice-President, Risk Management Services

**Cost Allocation Working Groups**

**Occupancy Cost**

- **Admin Lead:** Don Hickey, Vice-President, Facilities & Operations
- **Academic Lead:** Vic Adamowicz, Vice-Dean, Faculty of Agriculture, Life and Environmental Sciences
- **Staff Support:** Kezia Pendleton
- **Members:** Hugh Warren, Tony Maltais, Lorna Baker-Perri, Liliana Levesconte, Rob Pawliuk, Ray Dumouchel, Trina Innes, Keith Hollands, Ray Wong
- **Topics:** Buildings; Maintenance; Security; Utilities; Cleaning; Emergency Health & Safety; Insurance; Protective Services

**Information Technology**

- **Admin Lead:** Mike MacGregor, Vice-Provost and AVP Information Technology
- **Academic Lead:** Jim Hoover, Professor Emeritus
- **Staff Support:** Tashie Macapagal
- **Members:** Keith Hollands, Jacqueline P. Leighton, Steve Dew, Edith Finczak
- **Topics:** Service Models (central, unit+central, unit, external); Service Costing; Ensuring Standards: audit, security and privacy, reputation, services; Providing for collaboration, innovation, and new systems.
University Administration
Admin Lead: Phyllis Clark, Vice-President (Finance & Administration) / Connie Harrison (delegate)
Academic Lead: Stuart Landon, Economics, Faculty of Arts
Staff Support: June Leister
Members: Edith Finczak, Ray Wong, Andrea Smith, Marion Haggarty-France, Chad Schultz, Rob Munro
Topics: University Fund (Academic Expense); University Wide General Expense, Costs associated with Administration (President, VPs (except VPR), Governance, Legal, Internal Audit Services)

Financial Management
Admin Lead: Martin Coutts, AVP, Finance and SMS
Academic Lead: Karim Jamal, Chair, Department of Accounting, Operations and Information Systems, School of Business
Staff Support: Alex Maid-Sokol, Sandra Selthun
Members: Michele Pearce, Ron Ritter, Wendy Abel, Phil Webb
Topics: Financial Accounting & Reporting, Internal Controls & Processes, Student Fees & Receivables, Cashiers & Commercial A/R, Customs, Distribution Services, Payment Services, Procurement & Contract Management, Travel Management

Human Resources
Admin Lead: Wayne Patterson, Director, HR Operations
Academic Lead: Jacqueline Leighton, Chair, Educational Psychology
Staff Support: Pearl Raglon
Members: Joyce Hiller, Ray Wong, Stefan Thordarson, Susan Buchsdrueker, Annette Kudja, Edith Finczak, Deborah Williams, Liliana Levesconte, Cheryl Earle
Faculty Reps: Cindy Imppola, Trevor Mireau, Renee Elio, Marry-Ellen Compton, Judy Carrs

Advancement
Admin Lead: Kelly Spencer, Associate Vice-President, Advancement
Academic Lead: Lloyd P. Steier, Vice-Dean, Faculty of Business
Staff Support: Patricia Hurst
Members: Matt Weaver, Lesley Cormack, Ben Mclsaac, Junaid Habib, Melissa Padfield
Topics: ...
Learning Services
Admin Lead: Gerald Beasley, Vice-Provost and Chief Librarian
Academic Lead: Li-Kwong Cheah, LS Senior Financial Officer
Members: Kathleen DeLong, Kathryn Arbuckle
Topics: Compensation, Collective Development, $ Exchange Rate, Library Public Space Plans, Library Storage Plans, Other Learning Services

Research Administration Advancement, Oversight, and Administration
Admin Lead: Renee Elio
Academic Lead: Lorraine Deydey
Members: Susan Babcock, Michael Walesiak, Chris Lumb (or designate), Annette Kujda, Vivian Wulff, Michele Pearce, Lan Chan-Marbles, Simaan AbouRizk, Royston Greenwood
Topics: Strategy, Planning, and Governance; Compliance, Ethics, and Certification; Audit Facilitation; Institutional Research Infrastructure (e.g., animal services); Institutional Research Support Offices (PDF Office, Field Research Office, University Vet); Individual and Institutional Research Awards
1. internal communication, education, and procurement; liaison with provincial/national funding agencies and programs (e.g., CFI, CRC, CERC, Canada First, Tri-Council, Mitacs, etc); contracts & agreements/legal services; internal financial services; external financial services (cross agency and cross-institutional transactions); external reporting to funding agencies; internal reporting (e.g., to Deans); CIHR graduate student training awards (note: FGSR does NSERC and SSHRC); Provincial Graduate stipend processing; Technology Transfer and Commercialization; Internal Centres and Institutes; National Partnerships (e.g., TRIUMF, NINT, Mitacs, SNO-Lab); Internal and External Faculty Awards

Student Enrolment and Services
Admin Lead: Lisa Collins, Vice-Provost and University Registrar
Academic Lead: Heather Zwicker, Incoming Dean, Faculty of Graduate Studies & Research
Members: Robin Everall, Doug Weir, Jonathan Schaeffer, Edith Finczak
SFO Resources: Sam Stowe, Associate Registrar & Director of Admin Systems, Registrar’s Office; Debbie Ritchie, Acting SFO, FGSR; Kemi Kufuor-Boakye, SFO, Dean of Students; Amber Holder, Administrative Officer, UAI
Topics: Groups of services provided to prospective students, current students, faculties, and other stakeholders by four central service units: Office of the Registrar, the Office of the Dean of Students, University of Alberta International, and the Faculty of Graduate Studies & Research. Student services provided by faculties and other service units are out of scope.
University Relations
Admin Lead: Debra Pozega Osburn
Academic Lead: Fern Snart, Dean, Faculty of Education
Members: Anita Molzahn, Doug Dawson, Jacqui Tam, Patricia Demers, Julie Naylor, Andrea Smith

Topics:

Revenue Distribution Working Group
Admin Lead: Philip Stack, Associate Vice-President, Risk Management Services
Academic Lead: Jacqueline P. Leighton, Chair, Educational Psychology
Members: David Lynch, Judy Carss, Vivien Wolfe, Geoff Rode, Pat Jansen, Ian Bernard, Krista Predy
Appendix 8.4 Advancement WG

University of Alberta

Resource Management Model (RMM)
Working Group Recommendation Report

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Advancement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Leads:</td>
<td>Kelly Spencer and Lloyd Steier</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>May 7, 2015</td>
</tr>
</tbody>
</table>
Table of Contents

Service Areas Inventory
Value of Service Area
Relationship to Cost Drivers
Proposed Cost Drivers
Pros and Cons
Other Issues/Risks
Service Areas Inventory

The service area inventory section provides an overview and description of the service baskets and services the working group reviewed.

Advancement is considered one holistic service basket.

Given the integrated nature of programs and operations in Advancement, the working group chose to forego the complex exercise of grouping services into smaller segments.

1. University Development
   1.1. Individual Giving
   1.2. Planned Giving
   1.3. Annual Fund
       1.3.1. Student Calling Program
       1.3.2. Direct Mail Program
       1.3.3. Online Giving

3. Faculty Development
   3.1. Corporate and Foundation Relations
   3.2. The following faculties have jointly-reporting lead fundraisers who report to both institutional Advancement and a Dean. In addition, joint-reporting positions are jointly funded:

   3.2.1. Arts
   3.2.2. ALES
   3.2.3. Augustana
   3.2.4. Business
   3.2.5. Education
   3.2.6. Engineering
   3.2.7. Law
   3.2.8. Medicine & Dentistry
   3.2.9. Nursing
   3.2.10. Physical Education and Recreation
   3.2.11. Pharmacy
   3.2.12. Rehabilitation Medicine
   3.2.13. Science
The following faculties are supported by both Faculty Development and Individual Giving:
  Campus Saint-Jean
  Native Studies
  Public Health
  Learning Services

4. Alumni Relations
   4.1. Alumni Association
   4.2. Affinity Programs
   4.3. Alumni and Student Engagement

5. Strategic Communications and Marketing

6. Operations and Planning
   6.1. Campaign Planning
   6.2. Donor Relations, Events, & Stewardship
   6.2. Recording Secretary & Gift Processing
   6.3. Information Services
   6.4. Alumni and Donor Records
   6.5. Prospect Research

Cost of Service Area

While many universities fund Advancement programs through assessments on donations, the University of Alberta has chosen to forego this approach.

The source report provides details to the University of Alberta’s general operating budgets at the close of the 2013-14 fiscal year. It includes base operating budgets but not actuals or temporary budget allocations.
Relationship to Cost Drivers

A description of any and all institutional relationships between the working groups services and cost drivers.

The Advancement cost drivers are related to engaging alumni and donors.

Alumni Relations, in collaboration with the Alumni Association, engages and represents more than a quarter of a million alumni for the benefit of the University. Programs provide alumni with a sense of community and belonging for the purpose of keeping them emotionally connected and actively engaged with the University throughout their lives.
The drivers attempt to capture the cost of efforts to promote the University, engage stakeholders, and secure philanthropic support from alumni, donors, and friends.

Potential Cost Drivers

1. Number of degrees granted by faculty  
   *Rationale:* the number of graduates from each faculty represents the audience size for engagement in alumni relations and fundraising programs. A 5-year rolling average is used, by faculty, as it accounts for changes to faculty size over time.

2. Number of donations by faculty  
   *Rationale:* A 5-year rolling averages is used by faculty. Number of donations attempts to capture costs of fundraising including records, receipts, stewardship, and donor retention programs. These costs are generated per donation, and therefore it seems reasonable to see this as a true cost driver.

3. Dollars raised by faculty  
   *Rationale:* dollars raised captures the costs related to major gift fundraising. A 10-year rolling average is recommended. The University’s Donation Acceptance Policy and Counting Guidelines came into effect in fiscal year 11/12 and therefore, the committee recommends building toward 10 years of data beginning with FY12 to ensure consistent data across the range.

The weighting of the cost drivers attempts to find an appropriate balance between the size of the faculty’s engagement audience (alumni) and the costs associated with administering and stewarding funds raised for those faculties.

*Please refer to Appendix 1 for a list of models considered.*

**Recommended model for allocating costs:**

Model K: 50% degrees awarded, 25% number of donations, 25% funds raised
Pros and Cons

The pros and cons section will list any specific pros and cons about the recommendation. This section will contain important observations by the working group.

Pros:

- The proposed model is simple and relies on data readily available and reported
- The three-cost-driver weighted model provides more stability than a two-element model
- Of the three variables, number of degrees awarded drives the cost most directly and is therefore weighted most heavily. Equal importance is distributed between number of donations and funds raised and reflects the diverse realities in the faculties. These two variables incorporate the different cost drivers associated with various giving levels and situations.
- Alumni Relations and communications costs are considered by factoring in the number of degrees/alumni.
- A ten year average of fundraising achievement will flatten anomalies such as campaigns and transformational donations.
- Reflects the actual work in Advancement and therefore the true cost: work is based on the number of alumni, number of donations
- Cost drivers provide benchmarking and metrics

Cons:

- The model could incentivize certain behaviours that might not be in the best interest of the Faculty - i.e. limit the number of small donations to keep the number of donations down.

Other Issues/Risks

A listing of proposed issues and risks associated with the working groups recommendation will be listed here. Where able, the risk identified will be accompanied with mitigation strategies to minimize their probability and impact. If applicable, document the concern(s) or other important aspects about the final recommendation not covered in previous sections.
Additional information:

- The lead fundraiser in each faculty (where such a position exists) is a cost shared position split between the faculty and Advancement.
- Some faculties have invested in additional fundraising and alumni relations personnel and programs. The costs of the additional positions and programs are primarily assumed by the faculty. In other words, the cost drivers exclude costs related to development and alumni relations professionals that are funded 100% by the faculties.
- A portion of the annual administrative assessment applied to the University Endowment Pool’s (UEP) earnings flows to Advancement to fund fundraising programs. The portion of Advancement’s budget funded from the UEP’s earnings assessment should factored out of the cost calculation.

Risks:

- All the models are untested and so no benchmarks exist. Testing and monitoring will be needed.

Recommended Appendices

- All sources and calculations of data for the recommended model
- Summary of all options and their data and calculations

Please refer to Appendix 1 for the models that were contemplated.
Appendix 8.5 Financial Management WG

University of Alberta

Resource Management Model (RMM)
Working Group Recommendation Report

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Financial Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin Leads:</td>
<td>Martin Coutts, Karim Jamal</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>June 24, 2015</td>
</tr>
<tr>
<td>Document Version:</td>
<td>Version 2</td>
</tr>
</tbody>
</table>
# Table of Contents

- Service Areas Inventory ................................................................. 3
- Cost of Service Area ........................................................................ 5
- Potential Cost Drivers ..................................................................... 6
- Relationship to Cost Drivers .......................................................... 6
- Pros and Cons ................................................................................. 6
- Other Issues/Risks ......................................................................... 7
- Appendices ....................................................................................... 8
Service Areas Inventory

A. Financial Services - Financial Accounting and Reporting
- Provide the University’s legislative and statutory reporting requirements, including the annual audited financial statements, the government reporting entity template for GoA consolidation, CAUBO report (Federal), FIRS report (Provincial), Canadian and U.S. Charities Returns.
- Provide financial reporting to senior executive and Board Committees (BAC, BFPC). Maintain many reporting formats for various stakeholders across the institution, including Faculties, Departments and Admin units.
- Coordinate month-end, quarter-end and year-end finance activities to ensure the accuracy of the University’s general ledger and financial reporting.
- PeopleSoft Finance System business owner
- Maintain finance policies, procedures and Guide to Financial Management information
- Endowment (Charitable Purpose Trusts) administration

B. Financial Services - Production Support Services
i. Cashiering and Accounts Receivable - responsible for all collection activity related to commercial A/R and works collaboratively with the Research Services Office on collection activity related to research A/R. Also responsible for preparing the majority of the University’s bank deposits.

ii. Maintain and Support Billing Process - the billing module generates official University of Alberta invoices and is fully integrated with commercial and research accounts receivable. Support is provided to all billing units that use this module to process all non-point of sale revenue activity.

iii. Bank Reconciliation - responsible for the reconciliation of all University bank accounts and providing infrastructure support for credit and debit card processing to units with point of sale revenue activity.

iv. Student Fees - responsible for all collection activity related to student fees receivable. Student Fees processes all student fee payments that are received electronically, through student loans or from other third parties. Student Fees is also responsible for all billing activity related to students who are sponsored by third parties.

C. SMS - Procurement & Contract Management
Procurement & Contract Management (PCM) is responsible for coordinating the procurement of goods and services and administering agreements for all University faculties, departments and research initiatives. PCM ensures that procurement activity complies with the Supply of Goods and Services Policy and is conducted in a fair, transparent and non-discriminatory process that provides the greatest benefit to the University and is in compliance with University policy, competitive bidding laws and trade agreements.

- Issuance of Purchase Orders for goods and services
- Issue and manage competitive bid processes for the institution, including competitive bid exception oversight and reporting
- Management of Preferred Supplier (campus wide) Agreements for products and services to ensure institutional spend is effectively managed for product/service categories
- Administration and management of the Corporate Purchasing Card program
- Management of contractor/vendor performance evaluations and contract issues
- Provides business functional requirements and recommendations for development, testing and management of PeopleSoft requisitions and purchasing modules
- Review, draft and execute contracts for goods and services in accordance with the Contract Review & Signing Authority Policy

**D. SMS - Distribution Services**
Distribution Services provides four main services to campus including Logistics Services (Receiving-Delivery-Shipping-Mail-Office Moves), Warehouse Services (on-campus storage), Equipment Inventory Services (tagging and electronic management of equipment assets) and Surplus Services (removal and/or sale of University assets). These services are provided to all University faculties, departments and admin units on a daily basis through a hub and spoke distribution model. Distribution Services provides expertise relating to government rules and regulations, University processes including Policies and Procedures and ensures the reputation of the University is considered when dealing with sensitive/hazardous materials.

**E. SMS - Business Services**

i. Payment Services – maintain database of external suppliers’ and entities’ names, addresses and banking information for ordering and payment transactions. Enter invoices, payment requests, and non-employee travel expenses into PeopleSoft Accounts Payable to initiate payment to external entities and to record financial transactions to the General Ledger. Manage supplier credit balances to recover funds owing to the University.

ii. Cheque Production – generates all cheques, electronic funds transfers and wire transfers to external suppliers/entities, students and non-employees.

iii. Travel Management – establishes and maintains University-wide contracts with travel agency, airlines, airport parking and travel credit card provider. Establishes and maintains University-wide price agreements with hotels and car rental agencies, as well as an effective online travel booking tool.

iv. Customs Services – establishes and maintains a University-wide Customs broker contract. Coordinates with the customs broker, transportation companies, regulatory and government agencies, end-using departments/PIs and foreign suppliers for the timely and accurate transportation and release of imported shipments. Provides the University community with guidance on documentary and permit requirements for import and export shipments. Generates export documentation in the prescribed format for shipments leaving Canada.
Cost of Service Areas

(Refer to Appendix 2 for detailed information by department and by budget line item)

Financial Services
1. Financial Services – Production Support Services - Cashiering and Accounts Receivable and Bank Reconciliation
2. Financial Services – Production Support Services – Student Fees
3. Financial Services – Financial Accounting and Reporting

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cashiering &amp; Accounts Receivable &amp; Bank Reconciliation</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$812,277</td>
</tr>
<tr>
<td>Student Fees</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$607,302</td>
</tr>
<tr>
<td><strong>Sub Total - Production Support Services</strong></td>
<td></td>
<td></td>
<td>$1,419,579</td>
</tr>
<tr>
<td>Financial Accounting and Reporting</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$2,803,495</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$4,223,073</strong></td>
</tr>
</tbody>
</table>

Supply Management Services
1. SMS – Procurement & Contract Management
2. SMS – Distribution Services
3. SMS – Business Services

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement &amp; Contract Management</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$1,772,639</td>
</tr>
<tr>
<td>Distribution Services</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$2,478,000</td>
</tr>
<tr>
<td>Business Services</td>
<td>$xxxxx</td>
<td>$xxxxx</td>
<td>$1,269,637</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$5,520,276</strong></td>
</tr>
</tbody>
</table>
Potential Cost Drivers

Financial Services

The working group recommends that the cost allocation metric for Financial Accounting and Reporting be based on total expenditures (all funds).

The working group recommends that the cost allocation metric for Cashiering & Accounts Receivable & Bank Reconciliation be based on total revenues (all funds).

The working group recommends that the cost allocation metric for Student Fees be based on student enrollment (ideally, student head count rather than student FTEs).

Supply Management Services

The working group recommends that the cost allocation metric for all divisions within Supply Management Services be based on non-salary expenditures (all funds).

(For each recommended metric, refer to Appendix 3 for allocation percentages by Faculty)

Relationship to Cost Drivers

Financial Accounting and Reporting – total expenditures (all funds) is a good indicator of the size and complexity of the University for accounting and reporting purposes, as evidenced by its use by the Auditor General as the basis for calculating materiality for the audit of the University’s consolidated financial statements.

Cashiering/AR/Bank Reconciliation - the processing time and effort associated with collecting and processing commercial and research payments to the University of Alberta is indirectly linked to the total revenue being generated.

Student Fees - the processing time and effort associated with collecting and processing student fee payments is directly linked to the number of students.

Supply Management Services – the fundamental purpose of the entire SMS department is the procurement, distribution and payment for the goods and services consumed by the University community. SMS can be thought of as the complementary department to Human Resource Services in that HRS deals with all employee salary (and benefits) expenditures while SMS deals with all non-salary goods and services expenditures.

Pros and Cons

Pros:
- Simplicity and ease of implementation; each cost allocation metric is transparent and well understood
Relatively strong relationship between the costs and the allocation metrics

Cons:

**Financial Services**

- **Cashiering & Accounts Receivable** would be best linked to the number of revenue transactions, as the time and effort associated with processing a $100 payment is basically the same as for a $100,000 payment.
- **Bank reconciliation** time and effort involves not only incoming payments (revenue) but also outgoing cheques (expenses), the latter of which is not captured by the proposed cost metric.
- Time and effort associated with in-person student fees payment at the cashiers is not isolated and allocated by student enrollment, but is instead aggregated and allocated by total revenue.
- An argument could be made that certain segments of the student population require a greater degree of time and effort in collecting and processing their fees (e.g. international students). This is not captured by the proposed cost allocation metric.

**Supply Management Services**

- Procurement & Contract Management – the number/dollar amount of research grants was considered as a cost allocation metric, but research represents only a portion of procurement activity. In addition, salary & benefits expenditures consume the majority of research grant funding, which is unrelated to SMS activity.
- Procurement & Contract Management – capital construction costs was also considered as a cost allocation metric, but only 3.0 FTEs work exclusively in capital construction procurement, and the vast majority of this activity is done for another central service unit, i.e. Facilities & Operations.
- Distribution Services – the number of delivery locations (physical stops within each building) was considered as a cost allocation metric but this only applies to a portion of Distribution activity (i.e. the delivery and pick up of mail).
- Business Services – Payment Services and Cheque Production would be best linked to the number of expense transactions, as the time and effort associated with processing a $100 payment is basically the same as for a $100,000 payment. But, again, this cost allocation metric only applies to a portion of Business Services activity.

**Other Issues/Risks**

The cost of the Treasury unit within Financial Services has always been recovered from investment income. Based on time and effort analysis, approximately 1/3 of the costs are recovered from central operating investment income while the remaining 2/3 are recovered from restricted endowment investment income. The recommendation of the Revenue Distribution working group is to allocate operating investment income to individual budget units. Accordingly, the Financial Management working group recommends that the investment income allocation be the net amount after deducting the related 1/3 of the Treasury costs.
Appendix 1: Responsibility for Legislative Compliance

As identified by the Auditor General, the university is subject to the following legislation, with which it is required to demonstrate compliance. The Resource Management Model Project Working Group identified compliance with the legislation listed below to be the responsibility of central units responsible for Financial Management.

Items with an asterisk (*) were identified by Risk Management as posing a higher risk to the university if it is found to be in noncompliance.

- Alberta Income Tax Act
- Auditor General Act
- Capital and Repair Expenditure Survey
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)
- Cultural Property Export and Import Act
- *Customs Act & Customs Tariff
- Economic Action Plan
- Election Accountability Amendment Act
- Election Finances and Contributions Disclosure Act
- Excise Tax Act
- *Export and Import Permits Act
- *Fiscal Management Act
- *Income Tax Act
- Insurance Act
- NAFTA Regulations
- New West Partnership Trade Agreement (NWPTA)
- Not-for-Profit Accounting Standards
- PCI Security Standards
- Results-based Budgeting Act
- Scrap Metal Dealers and Recyclers Identification Act (Bill 201)
- Special Import Measures Act
- Treasury Board Directives - Internal Audit Policy Director (01-2009) Financial Administration Act
- *Trustee Act
- Unclaimed Personal Property and Vested Property Act
Appendix 2: Cost of Service Areas (detailed information by department and by budget line item)

### Financial Services
**Base Budget 2015-16**

<table>
<thead>
<tr>
<th>Department</th>
<th>FS Admin. 710200</th>
<th>FS Accounting &amp; Reporting 710201</th>
<th>Cashiering and A/R 710202</th>
<th>Student Fees 710203</th>
<th>FS Fees 710204</th>
<th>FS Treasury 710207</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$937,588</td>
<td>1,605,598</td>
<td>561,802</td>
<td>420,033</td>
<td>981,835</td>
<td>667,223</td>
<td>$4,192,244</td>
</tr>
<tr>
<td>Benefits</td>
<td>193,170</td>
<td>374,760</td>
<td>140,817</td>
<td>105,283</td>
<td>246,100</td>
<td>152,190</td>
<td>966,220</td>
</tr>
<tr>
<td>Non-salary</td>
<td>214,609</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>214,609</td>
<td>-</td>
<td>214,609</td>
</tr>
<tr>
<td>Revenue/recoveries</td>
<td>- 1,150,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,150,000</td>
</tr>
<tr>
<td>Integrated Finance redistribution</td>
<td>- 620,000</td>
<td>620,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FS Admin redistribution</td>
<td>- 725,367</td>
<td>405,838</td>
<td>109,658</td>
<td>81,986</td>
<td>191,644</td>
<td>127,886</td>
<td>-</td>
</tr>
<tr>
<td>Recoveries redistribution</td>
<td>1,150,000</td>
<td>- 202,701</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>947,299</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Salaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Non-salary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Revenue/recoveries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Integrated Finance redistribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>FS Admin redistribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
<tr>
<td>Recoveries redistribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$4,223,073</td>
</tr>
</tbody>
</table>

### Supply Management Services
**Base Budget 2015-16**

<table>
<thead>
<tr>
<th>Department</th>
<th>Administration 710400</th>
<th>Procurement 710401</th>
<th>Distribution 710402</th>
<th>Business Services 710403</th>
<th>OIS 710410</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$148,128</td>
<td>1,677,736</td>
<td>2,203,762</td>
<td>910,879</td>
<td>41,112</td>
<td>$4,981,617</td>
</tr>
<tr>
<td>Benefits</td>
<td>41,550</td>
<td>430,090</td>
<td>566,710</td>
<td>242,660</td>
<td>9,460</td>
<td>1,290,470</td>
</tr>
<tr>
<td>Non-salary</td>
<td>93,364</td>
<td>-</td>
<td>76,817</td>
<td>51,000</td>
<td>-</td>
<td>221,181</td>
</tr>
<tr>
<td>Revenue/recoveries</td>
<td>-</td>
<td>-</td>
<td>350,000</td>
<td>-</td>
<td>-</td>
<td>126,648</td>
</tr>
<tr>
<td>OIS redistribution</td>
<td>-</td>
<td>-</td>
<td>76,076</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SMS Admin redistribution</td>
<td>283,042</td>
<td>90,889</td>
<td>127,055</td>
<td>65,098</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>$1,772,639</td>
<td>2,478,000</td>
<td>1,269,637</td>
<td>-</td>
<td>-</td>
<td>$5,520,276</td>
</tr>
</tbody>
</table>

## Appendix 3: Recommended Metric

### Driver 1 - Total expenditures (all funds)

<table>
<thead>
<tr>
<th>Services</th>
<th>Total $ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
</tr>
<tr>
<td>Accounting &amp; Reporting</td>
<td>61.9%</td>
</tr>
<tr>
<td>Integrated Finance Services</td>
<td>22.1%</td>
</tr>
<tr>
<td>Fin. Controls &amp; Processes</td>
<td>16.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>$ 2,803,495</strong></td>
<td></td>
</tr>
</tbody>
</table>

% Used per Faculty

- ALES: 7.4%
- Augustana: 2.0%
- Arts: 9.4%
- Education: 3.5%
- Engineering: 10.9%
- Extension: 2.1%
- Law: 1.1%
- Native Studies: 0.2%
- Medicine & Dentistry: 30.8%
- Nursing: 3.1%
- Pharmacy: 1.0%
- Physical Ed & Rec: 3.6%
- Rehabilitation Med: 2.2%
- Saint-Jean: 1.2%
- Business: 4.2%
- Public Health: 2.0%
- Science: 15.3%

100.0%

### Driver 2 - Total revenues (all funds)

<table>
<thead>
<tr>
<th>Services</th>
<th>Total $ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
</tr>
<tr>
<td>Cashiering, A/R and Bank Rec.</td>
<td>100.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
<tr>
<td><strong>$ 812,277</strong></td>
<td></td>
</tr>
</tbody>
</table>

% Used per Faculty

- ALES: 8.3%
- Augustana: 1.0%
- Arts: 2.3%
- Education: 1.0%
- Engineering: 11.5%
- Extension: 2.9%
- Law: 1.0%
- Native Studies: 0.1%
- Medicine & Dentistry: 43.6%
- Nursing: 0.9%
- Pharmacy: 0.6%
- Physical Ed & Rec: 4.3%
- Rehabilitation Med: 1.7%
- Saint-Jean: 0.9%
- Business: 3.8%
- Public Health: 2.7%
- Science: 13.3%

100.0%
### Appendix 3: Recommended Metric (continued)

**Driver 3 - Student headcount**

<table>
<thead>
<tr>
<th>Services</th>
<th>Total $ Amount</th>
<th>% Used per Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Fees</td>
<td>100.0%</td>
<td>$ 607,302</td>
</tr>
<tr>
<td>ALES</td>
<td>5.8%</td>
<td></td>
</tr>
<tr>
<td>Augustana</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>Arts</td>
<td>18.5%</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>15.0%</td>
<td></td>
</tr>
<tr>
<td>Extension</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Native Studies</td>
<td>0.4%</td>
<td></td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>4.3%</td>
<td></td>
</tr>
<tr>
<td>Nursing</td>
<td>4.7%</td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Physical Ed &amp; Rec</td>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation Med</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>Saint-Jean</td>
<td>1.6%</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>7.0%</td>
<td></td>
</tr>
<tr>
<td>Public Health</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>20.4%</td>
<td></td>
</tr>
</tbody>
</table>

100.0%

**Driver 4 - Non-salary expenditures (all funds)**

<table>
<thead>
<tr>
<th>Services</th>
<th>Total $ Amount</th>
<th>% Used per Faculty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Supply Management Services:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement &amp; Contract Mgmt.</td>
<td>32.1%</td>
<td>ALES 9.9%</td>
</tr>
<tr>
<td>Distribution Services</td>
<td>44.9%</td>
<td>Augustana 1.7%</td>
</tr>
<tr>
<td>Business Services</td>
<td>23.0%</td>
<td>Arts 4.0%</td>
</tr>
</tbody>
</table>

100.0% $ 5,520,276

100.0%
### Appendix 8.6 Human Resources WG

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>HR Cost Allocation</th>
</tr>
</thead>
</table>
| Co-Leads:     | Wayne Patterson, Human Resource Services  
Jacqueline Leighton, Faculty of Education |
| Members:      | Alberta School of Business (Trevor Mireau)  
Facilities & Operations/Ancillary Services (Liliana Levesconte)  
Faculty of Agriculture, Life, Environmental Sciences (Judy Carrs, John Bell)  
Faculty of Arts (Cindy Imppola)  
Faculty of Engineering (Mary-Ellen Compton)  
Faculty & Staff Relations (Susan Buchsdrueker)  
Human Resource Services (Kiersten Crane, Dan Charlton, Joyce Hiller)  
Information Services & Technology (Cheryl Earl)  
Provost Office (Edith Finczak)  
Research Services Office (Annette Kudja)  
Resource Planning (Ray Wong)  
Strategic Analysis (Deborah Williams) |
| Creation Date: | May 6, 2015 |
# Table of Contents

**Service Areas Inventory**.................................................................1  
**Cost of Service Area** ......................................................................2  
**Potential Cost Drivers** .................................................................2  
**Relationship to Cost Drivers** .........................................................3  
**Pros and Cons** .............................................................................4  
**Other Issues/Risks** ......................................................................5  
**Appendices**....................................................................................6

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appendix A</td>
<td>HRS/FSR Organizational Chart</td>
</tr>
<tr>
<td>Appendix B</td>
<td>HRS/FSR Service Inventory</td>
</tr>
<tr>
<td>Appendix C</td>
<td>Employee Type: HR Service Matrix with Expenditures</td>
</tr>
<tr>
<td>Appendix D</td>
<td>Institutional Account Expenses</td>
</tr>
<tr>
<td>Appendix E1</td>
<td>Staff FTE-Headcount by Faculty 2012-14</td>
</tr>
<tr>
<td>Appendix E2</td>
<td>Unpaid Academic Headcount by Faculty 2013-14</td>
</tr>
<tr>
<td>Appendix F</td>
<td>HR Cost Allocation Model</td>
</tr>
</tbody>
</table>
Service Areas Inventory

The service area inventory section will provide an overview and description of the service baskets and services the working group reviewed.

Human Resource Services (HRS) and Faculty & Staff Relations (FSR) delivers a large array of services supporting the entire life-cycle of the University’s faculty, academic staff, support staff, graduate students, undergrads, postdoctoral fellows and others. Through the offices of the Vice-Provost and AVP Human Resources (see Appendix A), these two portfolios provide strategic and operational services to over 15,000 employees. In addition, HRS/FSR also supports the appointment and processing of several categories of academic colleagues including Clinical Academics, Clinical Preceptors, Adjunct Academics, Secondees and Emeriti and serves as paymaster for other University affiliated organizations. The services considered in the HR Cost Allocation working group’s analysis were organized into service categories based on similar service functions. Appendix B provides a list and description of the services provided.

Each service and service category was assessed to identify the service as either core, optional or potentially fee-for-service. Core services are those that HRS must deliver due to legislation, policy, procedure or best business practice (ie. Payroll, immigration, pension/benefits, employee relations). Optional services are those that faculties could have the option to purchase from another provider or provide themselves while fee-for-service are those items where the entire cost of the service could be paid for by the client utilizing the HRS/FSR resources (ie. Relocation). In some cases, a category of services was deemed necessary to support the operation and delivery of other core services (e.g. HRS/FSR budgeting, communications, records, reception, AVP admin) and therefore was automatically identified as a core service.

After careful review, the working group determined that all of the services delivered by HRS/FSR are deemed as core.

While all HRS/FSR services are deemed as core, some are targeted or specific to one particular type of employee or client and some may not be available to all employee types. The working group assessed whether the services provided by HRS/FSR applied to all types of employees and clients supported by HRS/FSR and whether including or excluding a service or service category from costing would have a material impact on the HR cost allocation model. The HR cost allocation model allows for services to be included or excluded from costing for each individual employee category if necessary. A matrix of the service categories by client group is included in Appendix C.

In addition to the services provided directly by HRS/FSR, there are several other institutional programs and benefit programs that are managed by HRS/FSR. Some programs and benefits are already charged to departments through premiums and are not included in the model costing. However, programs funded centrally, including employee recognition, orientation, leadership development, professional
expense reimbursement, academic supplemental retirement plan, academic child care and more, are included in the HR cost allocation model. See Appendix D.

Due to the decentralized nature of supporting human resources on campus, many faculties and departments employ individuals within their areas to support or deliver HR related functions. Staff employed and paid by faculties and units are not included in the cost allocation model however in cases where the faculty has funded an HR partner and that partner is employed by HRS/FSR, the costs for the partner are included in the HR cost allocation model.

**Cost of Service Area**

This section will provide an overview description of the working group’s annual expenditures, including budget.

To assess the costs of the services included within the HR service categories, the working group reviewed the actual 2012/13, 2013/14 and forecasted 2014/15 net expenditures for the entire HRS/FSR unit and Faculty and Staff Relations. While much of the services provided by HRS/FSR are funded centrally through base budgets, some services are currently provided using soft funds or by revenues received from benefit accounts or service fees (ie. Off-Cycle payments, Interim Staff Solutions).

For each service category, an allocation of net expenditures and budgeted FTE was made. The 2013/14 costs allocated within the HR cost allocation model were $10.75M for services, $8.4M for institutional programs/services along with revenues of $1.22M. A total of 109 base-funded FTE provide the HRS/FSR services. See Appendix C.

The HR cost allocation model shows the total expenditure less the received revenue to calculate a net expenditure for each service category which is then used to identify a per-head and per-FTE cost for each service category.

**Potential Cost Drivers**

This section will present the recommended cost drivers that will be used to allocate the cost of services reviewed by the Working Group.

While many possible cost drivers may exist, the working group explored the use of FTE, headcount and transactions as valid cost drivers for the allocation of HR costs.

**FTE** is a representation of the amount of time an employee worked throughout a 12 month period divided by the maximum time available in that period. An employee working full-time for an entire calendar year would be considered 1 FTE. However, an hourly paid employee working for a 12 month period may only represent a .30 FTE. FTE provides a more accurate reflection of the amount of effort...
required to work throughout the year; however the group thought it provided more granularity than is
needed to distribute HRS costs.

**Headcount** is a count of each employee or person at a given point in time. It is reflective of the number
of people that HRS/FSR provides services to within each category.

Using data provided from ACORN, the University’s data warehouse, FTE and headcounts were extracted
as of October 1, 2014 for each type of employee within each faculty and administrative area. Also
extracted were headcounts for each type of non-employee (ie. Unpaid Academics including Clinical
Academics, Clinical Preceptors, Adjunct, Secondees and Emeriti). FTE for this category is not available so
an FTE estimation variable was added to the model.

When exploring using transactions as a cost driver, costs would be allocated based on the number of
transactions each unit had as a percentage of the total transactions. For example, faculty A had 500 of
the 2300 terminations so would pay 22% of the costs. The group quickly decided that there would be
little value in using this driver as it would be much too time consuming to count and track transactions.

Within the HR cost allocation model, the working group determined that it was appropriate to include
both headcount and FTE in the model for comparative purposes. However, the group decided that costs
should be allocated based on employee headcount for all service categories as headcount allows each
faculty to pay an appropriate amount based on the number of people within their faculty that are
served by HRS/FSR, whether or not that person works part-time or full-time. Headcount is also easily
measured across all faculties and requires no calculations of effort or work for people who don’t work
full-time.

**Recommendation: Allocate all HRS/FSR costs based on employee headcount**

See Appendix E1 and Appendix E2.

**Relationship to Cost Drivers**

This section will provide a description of how expenditures are allocated proportionately among the Working
Group’s services, demonstrating the relationship between the service and cost driver(s). This section should clearly
articulate the relevance and importance of the recommended cost driver(s).

The working group considered the nature of the services provided and the volume of work provided
within that service. For example, if the same amount of HR effort is necessary to review the terms and
conditions of a new appointment for a salaried employee as an hourly paid employee, headcount is a
more appropriate driver to use.

However, some faculties employ a large percentage of part-time or unpaid appointments and the
working group evaluated the impact of using headcount as a driver for all cost allocations, In some
faculties, for example the Faculty of Medicine and Dentistry, there are over 2650 unpaid academic appointments (clinicals, adjuncts, etc.) making up 47% of their total headcount however only 11% of their FTE count. The working group reviewed the materiality of using FTE in cost allocations and the costing model was built to allow either headcount or FTE to be costed. While it was found that using FTE would result in a lower allocation of costs to faculties with a high number of unpaid appointments, the working group determined that the difference in effort to process a paid appointment compared to an unpaid appointment was immaterial and therefore there was no value in using FTE in the costing.

The working group also considered whether the funding source of the employee, operating versus restricted funds would have a material impact on which cost driver to use and deemed that there was no impact.

Pros and Cons

The pros and cons section will list any specific pros and cons about the recommendation. This section will contain important observations by the working group.

The HR cost allocation model recommended by the working group has several significant advantages over other models that could be used.

Pros

  Transparency
  1. HR service categories are closely tied to the functional structure of Human Resource Services.
  2. The HR cost allocation model clearly identifies actual HR costs for each service category and can be easily linked back to institutional financial reporting sources.
  3. Cost drivers are based on actual FTEs and headcounts, pulled from well-established data sources at agreed upon intervals.
  4. The model reflects the core HR services that all faculties/units have equal access to.

  Simplicity
  1. Grouping of HR services into categories is based on functional level rather than detailed transactional level.
  2. Service costs and costs drivers can be easily extracted from ACORN and financial reports and populated into the model.
  3. In employee types where FTE is not easily calculated, the model allows for an FTE calculation variable to be used and FTE for those employee types to be estimated.

  Flexibility
  1. Services costs may be allocated based on FTE or headcount as necessary depending on the best driver for each service category and service.
2. Services that are not available for specific groups of employees can be excluded from FTE or headcount costing for that specific employee type if necessary (ie. Relocation services are not available to graduate students therefore graduate students can be excluded from the costing).

3. While headcounts and FTE for the entire staff population are included in the cost drivers, the model provides an indicator to allow costs to only be allocated directly to revenue-generating units.

4. Forecasting costs for future years based on changes to a cost driver or to a service cost can be accommodated within the model.

**Cons**

1. Faculties may be allocated costs for HR services they may not actually use.

2. Service costs are allocated within the model based on expenses from the previous year(s) and current service levels and offerings. Funds for services that need growth to sustain demand (ie Immigration) would not be available within the cost allocation model when the funds are needed. The increased cost of one service category would need to be offset by a reduction in costs from another service category.

3. Faculties paying for HR services may have a higher expectation of service or deliverable than is currently offered or can be funded within the current budgets.

**Other Issues/Risks**

A listing of proposed issues and risks associated with the working groups recommendation will be listed here. Where able, the risk identified will be accompanied with mitigation strategies to minimize their probability and impact. If applicable, document the concern(s) or other important aspects about the final recommendation not covered in previous sections.

While the HR cost allocation model is based on factual data and allows for many different variables and factors, there are some inherent risks and issues that the model cannot adequately address. These are identified below.

1. The model allocates costs on previous fiscal year expenses, which may be higher or lower than the current years’ service costs. If there is a high level of demand for a service category in the current year, HRS/FSR would have difficulty changing the deliverable without additional funding provided. Essential services provided by HRS/FSR need to be adequately funded to ensure that services can be delivered and the best interests of the University are protected.

2. A process needs to be developed to allow service units to request additional revenue to support new service costs when justified. The working group discussed the need for a float or contingency fund to allow non-revenue generating units to request additional funding when costs increase but are not yet allocated.

3. Some institutional account costs that are allocated are not easily predicted as they are entirely based on use of the service. For example, in years when the University has exceptionally high
retirement rates, the cost of the recognition program increases. Relocation costs are dependent on the recruitment activity of academic staff. Non-premium based benefits (ie. ASRP, PER) expenses will change based on usage.

4. Costs that have already been allocated to Faculties and departments for HRS/FSR services need to be assessed within the new model to ensure that costs are not allocated more than once for that service (ie. Faculties contributing financially to the HRS Partner model would need credit so they are not allocated costs for the same service again).

5. Revenue generating units will expect that service units are managing their costs in an efficient and effective manner and be accountable to hold costs to a minimum. Service units will need to develop metrics and measurements to evaluate their costs and service levels.

6. When costs are allocated to revenue generating units, there may be an expectation from that unit that they can purchase or demand a higher level of service than is normally offered. For example, if Faculty A wants to have HR representation on every non-academic recruitment, could they pay extra for that service? If HRS/FSR needs to provide more resources to one faculty than another based on demand, it may be difficult to continue to support the service for the rest of the University and difficult to allocate costs directly to that unit for that service.

7. While RMM allows revenue earners to purchase services outside the service catalogue, it will be critical that HRS/FSR stay connected to that service to ensure that policy, procedure, collective agreements, standards and best practice are followed. The oversight necessary may then increase service deliverable costs for other faculties and jeopardize other services if inadequate resourcing occurs.

8. Core HRS/FSR services must be delivered to all client areas, regardless of their ability to pay for the service, to ensure consistency of practice and standard. Many services are based on the requirements of the collective agreements and/or UAPPOL policies and procedures outside of HRS/FSR control. Units will not be given an option to not pay for a core HRS/FSR service.

9. HRS/FSR service costs may not be deemed eligible expenses for allocation to restricted funding sources and therefore would have to be allocated to operating budgets only. The HR cost allocation working group reviewed whether it was necessary to separate out cost drivers for restricted and operating funds and determined it would not have a material impact on the model.

Appendices

- Appendix A: HRS/FSR Organizational Chart
- Appendix B: HRS/FSR Service Inventory
- Appendix C: Employee Type: HRS/FSR Service Matrix with Expenditures
- Appendix D: Institutional Account Expenses
- Appendix E1: Staff FTE-Headcount by Faculty 2012-14
- Appendix E2: Unpaid Academic Headcount by Faculty 2013-14
- Appendix F: HR Cost Allocation Model
Appendix B: HRS Service Inventory

HR Services Value Chain

Job & Organization Design
- Defining Requirements
  - Competencies
  - Accountabilities
  - Skills
  - Roles
  - Job Design

Recruitment
- Finding the Best
  - Advertising
  - Postings
  - Selection Criteria
  - Assessment
  - Reference Checks

Selection/Compensation
- Hiring the Best
  - Paying for Performance
  - Benefits
  - Set-up
  - Payroll
  - Orientation

Care and Support
- Retention Programs
  - Performance Management
  - Recognition
  - Professional Development
  - Short & Long Term Leave

Leaving the Organization
- Retirement
  - Severance
  - Resignation
  - Lay-Offs
  - Dismissal

Operational Readiness
- Policies and Standards
  - Competencies
  - Accountabilities
  - Skills
  - Roles
  - Job Design

Planning and Support
- Workforce Planning
- Succession Planning
- Healthy Work-Life Planning
- Best Practice Research
- Compensation Planning
- Strategic Planning
- Association Relationship Management
- Agreement Interpretation

Paying for Performance
- Benefits
- Set-up
- Payroll
- Orientation
- Retirement
- Severance
- Resignation
- Lay-Offs
- Dismissal

END OF RELATIONSHIP
Human Resource Services – Service Inventory

Strategic Services

• Labour Relations
  o Lead negotiations for Agreements on behalf of the University
  o Consult with departments on staff/collective agreements
  o Manage relationships with Union/Association

• Total Compensation
  o Develop compensation policy and strategies
  o Develop benefit and pension programs
  o Develop job evaluation systems and standards

• Talent Management
  o Develop strategies for promoting and assessing staff engagement
  o Define institutional recruitment strategies and policy
  o Design processes for staff performance development/review
  o Develop institutional recognition, orientation, succession and career progression strategies/programs
  o Consult on job design and organizational structure
  o Develop organizational learning strategies including building leadership capacity
  o Develop immigration and relocation strategies and policies

• Organizational and Individual Health
  o Define and develop organizational health and wellness strategies, programs and policy
  o Define and develop health recovery support and work life services
  o Design dispute prevention and conflict management services and strategies

• HR Systems and Business Processes
  o Design strategies to enhance operational efficiency and effectiveness of payroll and other HR processes
  o Develop and design HR technology strategy
  o Assess, define and prioritize the continuous improvement of HR technology and PeopleSoft
  o Define institutional HR business intelligence strategy and analytics

• HR Training and Orientation
  o Design an HR role orientation curriculum and program
  o Develop comprehensive training programs and tools
  o Develop the HRS communication strategy

• Service Delivery Management
  o Negotiate contracts and define service levels with vendors
  o Build and maintain vendor relations
  o Evaluate the effectiveness of both internally and externally delivered HR programs
  o Define and design HR metrics

• Faculty and Department Consulting
  o Support faculties in their strategic planning and execution
  o Advise faculties and units on HR policies and standards
  o Provide change management and change readiness services
  o Identify trending faculty and unit HR issues

• Monitor and support departmental compliance with HR standards
Appendix B: HRS Service Inventory

Transactional Services

- Staff/Association Agreement Administration
  - Maintain transactional compliance with agreements and legislation
  - Administer Agreements

- Total Compensation
  - Evaluate job descriptions/fact sheets
  - Process payroll payments and deductions
  - Remit payments to other parties.
  - Generate year-end slips (T4, T4A, and T4-NR)
  - Administer Pension and Benefits programs

- Recruitment and Talent Management
  - Provide employment service to fill temporary (not casual) vacancies - ISS
  - Administer staff learning programs
  - Administer institutional orientation and recognition programs
  - Vet and post job opportunities
  - Coordinate external advertising
  - Deliver HR orientation and training

- Organizational and Individual Health
  - Deliver organizational health and wellness programs
  - Deliver health recovery and support services to individual staff
  - Administer claim reporting and adjudication process
  - Facilitate conflict resolution processes

- Faculty and Department Advising
  - Triage HRS requests from faculties and departments
  - Identify HRS resources to support requests
  - Administering and processing terms and conditions of employment
  - Manage and data enter the full lifecycle of interactions with an employee

- HR Application and System
  - Re-engineer software to realign with process or requirements
  - Maintain HR specific applications
  - Maintain various HCM control tables in PeopleSoft
  - Manage the configuration, business analysis, testing, and maintenance of projects and upgrades
  - Manage, prioritize, and implement service request
  - Respond to requests for HR data
  - Comply with requests from auditors

- Service Delivery Management
  - Manage vendor service requests
  - Administer the staff engagement survey and compile results

- Communication Services

- Maintain HRS publication channels
  - Craft interdepartmental communications

- Records Management
  - Maintain the HRS filing systems for all University employee files
  - Retrieve documentation from auditor requests
  - Transition to and maintain electronic records
## Appendix C: Employee Type: HR Service Matrix with Expenditures

<table>
<thead>
<tr>
<th>Employee Types</th>
<th>AVP Admin/Comm/Finance/Records/Reception</th>
<th>PeopleSoft &amp; App Dev’t</th>
<th>Terms &amp; Conditions</th>
<th>Payroll</th>
<th>Pension &amp; Benefits</th>
<th>Advertising</th>
<th>Relocation</th>
<th>Immigration</th>
<th>Comp &amp; Job Design</th>
<th>Annual Increments</th>
<th>Organizational Health</th>
<th>Training &amp; Dev’t/Leadership/Trans Change</th>
<th>HR Partners</th>
<th>Faculty &amp; Staff Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.8M, 17 FTE, 1 Soft</td>
<td>$600K, 6 FTE</td>
<td>$900K, 13 FTE, 3 Soft</td>
<td>$2.0M, 15.8 FTE, 3.2 Soft</td>
<td>$1.2M, 12.6 FTE, 1.0 Soft</td>
<td>$2.0M, 12 FTE, 4.5 Soft</td>
<td>$1.0M, 12 FTE</td>
<td>$1.3M, 6.33 FTE, 1.5 Soft</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Academic Staff

- Administrative Appointments (e.g. AVPs, Vice-Provosts, Deans, Chairs, etc.)
- Contract Academic Staff: Teaching (CAST)
- Administrative & Professional Officer (APO)
- Faculty
- Faculty Service Officer (FSO)
- Librarian
- Sessional and Other Temporary Staff (SOTS)
- Trust/Research Academic Staff (TRAS)
- Excluded from Agreements (based on workload, length of appointment, discipline)

### Academic Colleagues

- Clinical Academic Colleagues (unpaid)
- Clinical Preceptors (unpaid)
- Adjunct Academic Colleagues (unpaid)
- External Secondeerees
- Emeriti (Professor, Librarian, Clinical) (unpaid)
- Special "Continuing" (unpaid)

### Academic Visitors (some register w/ the Academic Visitor Office)

- Visiting Speakers
- Visiting Professor
- Exchange Professor
- Self-Funded Researcher
- Self-Funded Researcher (some register w/ the Academic Visitor Office)
- Business Visitor

### Support Staff

- Regular (established & non-established)
- Auxiliary
- Casual Level 1 (Vac-Time UofA Student)
- Casual Level 2

### Special Registrations

- Instructor (governed by CAST Agreement)
- Lab Supervisor/Assistant/Marker (non-laboratory student)

### Graduate Students
### Employee Types

<table>
<thead>
<tr>
<th>Employee Types</th>
<th>AVP Admin/Comm/Finance/Records/Reception</th>
<th>PeopleSoft &amp; App Dev’t</th>
<th>Terms &amp; Conditions</th>
<th>Payroll</th>
<th>Pension &amp; Benefits</th>
<th>Advertising</th>
<th>Relocation</th>
<th>Immigration</th>
<th>Comp &amp; Job Design</th>
<th>Annual Increments</th>
<th>Organizational Health</th>
<th>Training &amp; Dev’t/Leadership/Trans Change</th>
<th>HR Partners</th>
<th>Faculty &amp; Staff Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Teaching/Research Assistant</td>
<td>$1.8M, 17 FTE, 1 Soft</td>
<td>$600K, 6 FTE</td>
<td>$900K, 13 FTE, 3 Soft</td>
<td>$2.0M, 15.8 FTE, 3.2 Soft</td>
<td>$1.2M, 12.6 FTE, 1.0 Soft</td>
<td>$2.0M, 12 FTE, 4.5 Soft</td>
<td>$2.0M, 12 FTE</td>
<td>$1.0M, 12 FTE</td>
<td>$1.3M, 6.33 FTE, 1.5 Soft</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic-Related Employment (Other than Assistantship -- CASUAL)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award/Scholarship</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Undergraduate Students

<table>
<thead>
<tr>
<th>Employee Types</th>
<th>AVP Admin/Comm/Finance/Records/Reception</th>
<th>PeopleSoft &amp; App Dev’t</th>
<th>Terms &amp; Conditions</th>
<th>Payroll</th>
<th>Pension &amp; Benefits</th>
<th>Advertising</th>
<th>Relocation</th>
<th>Immigration</th>
<th>Comp &amp; Job Design</th>
<th>Annual Increments</th>
<th>Organizational Health</th>
<th>Training &amp; Dev’t/Leadership/Trans Change</th>
<th>HR Partners</th>
<th>Faculty &amp; Staff Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Teaching/Research Assistant</td>
<td>$1.8M, 17 FTE, 1 Soft</td>
<td>$600K, 6 FTE</td>
<td>$900K, 13 FTE, 3 Soft</td>
<td>$2.0M, 15.8 FTE, 3.2 Soft</td>
<td>$1.2M, 12.6 FTE, 1.0 Soft</td>
<td>$2.0M, 12 FTE, 4.5 Soft</td>
<td>$2.0M, 12 FTE</td>
<td>$1.0M, 12 FTE</td>
<td>$1.3M, 6.33 FTE, 1.5 Soft</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic-Related Employment (Other than Assistantship -- CASUAL)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award/Scholarship</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Paymaster Services (e.g. St. Joes)

<table>
<thead>
<tr>
<th>Employee Types</th>
<th>AVP Admin/Comm/Finance/Records/Reception</th>
<th>PeopleSoft &amp; App Dev’t</th>
<th>Terms &amp; Conditions</th>
<th>Payroll</th>
<th>Pension &amp; Benefits</th>
<th>Advertising</th>
<th>Relocation</th>
<th>Immigration</th>
<th>Comp &amp; Job Design</th>
<th>Annual Increments</th>
<th>Organizational Health</th>
<th>Training &amp; Dev’t/Leadership/Trans Change</th>
<th>HR Partners</th>
<th>Faculty &amp; Staff Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Teaching/Research Assistant</td>
<td>$1.8M, 17 FTE, 1 Soft</td>
<td>$600K, 6 FTE</td>
<td>$900K, 13 FTE, 3 Soft</td>
<td>$2.0M, 15.8 FTE, 3.2 Soft</td>
<td>$1.2M, 12.6 FTE, 1.0 Soft</td>
<td>$2.0M, 12 FTE, 4.5 Soft</td>
<td>$2.0M, 12 FTE</td>
<td>$1.0M, 12 FTE</td>
<td>$1.3M, 6.33 FTE, 1.5 Soft</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic-Related Employment (Other than Assistantship -- CASUAL)</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Award/Scholarship</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AVP Administration, Communications, Records, Reception, Finance:** provide administrative support to the HRS portfolio

**PeopleSoft & Application Development:** assess, define and prioritize the continuous improvement of HR technology and PS, define institutional HR business intelligence strategy and analytics

**Terms & Conditions:** administer the employment terms and conditions of AASUA, NASA and GSA agreements, and PDFs, provide process advice, guidance, education and support to HR resources across campus

**Payroll:** processes payroll payments and deductions, ensures compliance with all statutory and regulatory reporting of taxes, pensions and records of employment, generates year-end slips

**Pension & Benefits Admin:** develop and administer pension & benefit programs

**Advertising:** vet and post job opportunities, coordinate external advertising, provide employment services to fill temporary vacancies (ISS)

**Relocation:** develop and administer relocation policies

**Immigration:** develop and administer immigration strategies and policies

**Job Evaluation:** evaluate job descriptions/job sheets, consult on job design and organizational structure, develop job evaluation systems and standards

**Organizational Health:** define, develop and administer health and wellness strategies, programs and policy, health recovery support and work life services, dispute prevention and conflict management, administer claim reporting and adjudication process

**Training & Dev’t/Leadership/Trans Formative Change:** design, develop and deliver comprehensive training programs and tools, institutional orientation and recognition, change management and readiness, organizational learning strategies including building leadership capacity

**HR Partners:** facilitates a broad range of HR services including performance/discipline mgmnt, employee relations & issues management, advice on app of collective agreements, legislation & employ best practices

**Faculty & Staff Relations:** leads negotiations for agreements, consults with departments on agreements, manages relations with associations, maintains transactional compliance with agreements and legislation

---

**Revised after 05-15**
## Appendix D: HRS INSTITUTIONAL ACCOUNTS

### NON-BENEFIT INSTITUTIONAL ACCOUNTS

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Expenditure</th>
<th>Premium Based</th>
<th>Charge Out</th>
<th>Amount to Charge Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>720125</td>
<td>Recognition Events</td>
<td>122,108</td>
<td>Yes</td>
<td></td>
<td>122,108</td>
</tr>
<tr>
<td>720325</td>
<td>Relocation Expenses</td>
<td>553,397</td>
<td>Yes</td>
<td></td>
<td>553,397</td>
</tr>
<tr>
<td>720325</td>
<td>Human Resources Dev Fund</td>
<td>353,790</td>
<td>Yes</td>
<td></td>
<td>353,790</td>
</tr>
<tr>
<td>720325</td>
<td>Supervisory Develop Initiative</td>
<td>91,082</td>
<td>Yes</td>
<td></td>
<td>91,082</td>
</tr>
<tr>
<td>720325</td>
<td>Short Workshops Initiatives</td>
<td>20,511</td>
<td>Yes</td>
<td></td>
<td>20,511</td>
</tr>
<tr>
<td>720325</td>
<td>Staff Orientation Initiative</td>
<td>20,000</td>
<td>Yes</td>
<td></td>
<td>20,000</td>
</tr>
<tr>
<td>720325</td>
<td>Staff Disruption Training</td>
<td>20,186</td>
<td>Yes</td>
<td></td>
<td>20,186</td>
</tr>
<tr>
<td>720325</td>
<td>Employment Equity Pror for Adm</td>
<td>12,613</td>
<td>Yes</td>
<td></td>
<td>12,613</td>
</tr>
<tr>
<td>720325</td>
<td>Coaching &amp; Consulting</td>
<td></td>
<td>Yes</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>720600</td>
<td>Payroll Reconciliing Write-off</td>
<td>24,997</td>
<td>Yes</td>
<td></td>
<td>24,997</td>
</tr>
<tr>
<td>720625</td>
<td>Central Prof Devel Fund</td>
<td>23,067</td>
<td>Yes</td>
<td></td>
<td>23,067</td>
</tr>
<tr>
<td>720625</td>
<td>UofA Advantage Program</td>
<td>30,000</td>
<td>Yes</td>
<td></td>
<td>30,000</td>
</tr>
<tr>
<td>720625</td>
<td>Academic Leadership Development</td>
<td>108,997</td>
<td>Yes</td>
<td></td>
<td>108,997</td>
</tr>
<tr>
<td>710150</td>
<td>Payroll Supsense</td>
<td>313,240</td>
<td>No</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>710150</td>
<td>Union Related Time Off</td>
<td>11,656</td>
<td>No</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

### BENEFIT RELATED INSTITUTIONAL ACCOUNTS

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Expenditure</th>
<th>Premium Based</th>
<th>Charge Out</th>
<th>Amount to Charge Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>720350</td>
<td>Bridge Benefit Plan - Academic</td>
<td>223,328</td>
<td>Yes</td>
<td></td>
<td>223,328</td>
</tr>
<tr>
<td>720350</td>
<td>Insured Disability - Academic</td>
<td>240,435</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Disability - Academic</td>
<td>2,976,688</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Life Insurance - Academic</td>
<td>308,418</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Dental Plan - Academic</td>
<td>5,556,554</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Supplem Health Care - Academic</td>
<td>6,701,528</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Benefit Continuation - Academic</td>
<td>24,625</td>
<td>No</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>TABS - Trust Benefits Academic</td>
<td>75,065</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Academic Child Care Benefits</td>
<td>86,937</td>
<td>Yes</td>
<td></td>
<td>86,937</td>
</tr>
<tr>
<td>720350</td>
<td>Professiona Exp Reimbursement</td>
<td>3,738,133</td>
<td>Yes</td>
<td></td>
<td>3,738,133</td>
</tr>
<tr>
<td>720350</td>
<td>EFAP</td>
<td>933,665</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Bridge Benefit Plan - Support</td>
<td>980,842</td>
<td>No</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Disability - Support</td>
<td>3,801,063</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Dental Plan - Support</td>
<td>5,355,598</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Supplem Health Care - Support</td>
<td>7,911,322</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Life Insurance - Support</td>
<td>480,607</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>Postdoctoral Fellow Benefits</td>
<td>2,416</td>
<td>*</td>
<td>No</td>
<td>-</td>
</tr>
<tr>
<td>720350</td>
<td>GradStudents Assistance Program</td>
<td>118,222</td>
<td>Yes</td>
<td></td>
<td>118,222</td>
</tr>
<tr>
<td>720425</td>
<td>ASRP Expense</td>
<td>2,829,066</td>
<td>Yes</td>
<td></td>
<td>2,829,066</td>
</tr>
<tr>
<td>720425</td>
<td>RAF Emp w/ Disabilities</td>
<td>6,953</td>
<td>Yes</td>
<td></td>
<td>6,953</td>
</tr>
<tr>
<td>720200</td>
<td>Staff Benefits-Undistributed</td>
<td>380,000</td>
<td>No</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>500144</td>
<td>Spousal Support</td>
<td>11,492</td>
<td>Yes</td>
<td></td>
<td>11,492</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Total</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,408,392</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
Some institutional accounts may already be charged directly to faculties and departments through the use of premiums (ie. Benefits). Column E indicates which accounts are premium based and those costs are not included in the HR cost allocation model.
### Appendix E1: Staff Headcount and FTE by Faculty (Not including Unpaid)

#### as of October 1

<table>
<thead>
<tr>
<th>Faculty</th>
<th>HeadCount</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration &amp; Student Services</td>
<td>2,615</td>
<td>2,279.2</td>
</tr>
<tr>
<td>Agricultural Life &amp; Environmental Sciences</td>
<td>864</td>
<td>575.2</td>
</tr>
<tr>
<td>Alberta School of Business</td>
<td>366</td>
<td>211.9</td>
</tr>
<tr>
<td>Arts</td>
<td>1,328</td>
<td>829.4</td>
</tr>
<tr>
<td>Augustana Campus</td>
<td>357</td>
<td>216.0</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>144</td>
<td>95.6</td>
</tr>
<tr>
<td>Education</td>
<td>505</td>
<td>300.2</td>
</tr>
<tr>
<td>Engineering</td>
<td>1,647</td>
<td>933.9</td>
</tr>
<tr>
<td>Extension</td>
<td>328</td>
<td>199.0</td>
</tr>
<tr>
<td>Graduate Studies &amp; Research</td>
<td>41</td>
<td>28.1</td>
</tr>
<tr>
<td>Law</td>
<td>104</td>
<td>69.0</td>
</tr>
<tr>
<td>Libraries</td>
<td>300</td>
<td>222.6</td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>2,919</td>
<td>2,260.0</td>
</tr>
<tr>
<td>Native Studies</td>
<td>38</td>
<td>24.0</td>
</tr>
<tr>
<td>Nursing</td>
<td>390</td>
<td>287.5</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sciences</td>
<td>115</td>
<td>74.9</td>
</tr>
<tr>
<td>Physical Education &amp; Recreation</td>
<td>623</td>
<td>309.4</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>252</td>
<td>163.6</td>
</tr>
<tr>
<td>School of Public Health</td>
<td>215</td>
<td>147.5</td>
</tr>
<tr>
<td>Science</td>
<td>1,875</td>
<td>1,224.5</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>14,801</strong></td>
<td><strong>10,451.4</strong></td>
</tr>
</tbody>
</table>

**Source:** Acorn Data Warehouse

**Notes:**
- Data is as of October 1 of the reported year
- Headcount is a distinct count of staff
- Other Academic includes Excluded Academics and Not Eligible
# Appendix E2: Unpaid Academic Headcount by Faculty

Headcount as of October 1, 2014

<table>
<thead>
<tr>
<th>Faculty</th>
<th>Adjunct Academic Staff</th>
<th>Clinical Academic Staff</th>
<th>Continuing Acad Staff</th>
<th>Secondment to UOA</th>
<th>Visiting Professor</th>
<th>Academic Visitor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>3</td>
<td>2</td>
<td>11</td>
<td>179</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural Life &amp; Envir Sc</td>
<td>81</td>
<td>6</td>
<td>18</td>
<td>68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta School of Business</td>
<td>18</td>
<td>5</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arts</td>
<td>73</td>
<td>1</td>
<td>15</td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Augustana Campus</td>
<td>2</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>1</td>
<td>1</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>145</td>
<td></td>
<td>13</td>
<td>188</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering</td>
<td>87</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension</td>
<td>9</td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>403</td>
<td>2,064</td>
<td>108</td>
<td>7</td>
<td>71</td>
<td>822</td>
</tr>
<tr>
<td>Native Studies</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing</td>
<td>21</td>
<td>33</td>
<td>6</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sc</td>
<td>18</td>
<td>74</td>
<td>5</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical Ed &amp; Recreation</td>
<td>1</td>
<td>2</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>35</td>
<td></td>
<td>1</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School of Public Health</td>
<td>107</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>76</td>
<td>1</td>
<td>26</td>
<td>172</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Services</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>1,083</strong></td>
<td><strong>2,173</strong></td>
<td><strong>108</strong></td>
<td><strong>13</strong></td>
<td><strong>160</strong></td>
<td><strong>822</strong></td>
</tr>
<tr>
<td>Faculty / IT Type/Association</td>
<td>Revenue Generating Unit</td>
<td>Head Count</td>
<td>% of Total FTE</td>
<td>% of Total Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------------</td>
<td>-------------------------</td>
<td>------------</td>
<td>----------------</td>
<td>------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration &amp; Student Services N</td>
<td>N</td>
<td>2,823</td>
<td>14.5%</td>
<td>2,300.7</td>
<td>21.1%</td>
<td></td>
</tr>
<tr>
<td>Agricultural Life &amp; Environmental Sciences Y</td>
<td>Y</td>
<td>1053</td>
<td>5.4%</td>
<td>592.6</td>
<td>5.4%</td>
<td></td>
</tr>
<tr>
<td>Alberta School of Business</td>
<td>Y</td>
<td>411</td>
<td>2.1%</td>
<td>216.2</td>
<td>2.0%</td>
<td></td>
</tr>
<tr>
<td>Arts Y</td>
<td>Y</td>
<td>1,471</td>
<td>7.5%</td>
<td>841.6</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Augmentus Campus Y</td>
<td>Y</td>
<td>509</td>
<td>2.6%</td>
<td>252</td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>Campus Saint Jean Y</td>
<td>Y</td>
<td>153</td>
<td>0.8%</td>
<td>96.2</td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td>Education Y</td>
<td>Y</td>
<td>691</td>
<td>3.5%</td>
<td>317.5</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>Engineering Y</td>
<td>Y</td>
<td>1,981</td>
<td>10.1%</td>
<td>1,130.9</td>
<td>10.5%</td>
<td></td>
</tr>
<tr>
<td>Extension Y</td>
<td>Y</td>
<td>149</td>
<td>0.8%</td>
<td>82.1</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>Graduate Studies &amp; Research N</td>
<td>N</td>
<td>41</td>
<td>0.2%</td>
<td>21.7</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Law Y</td>
<td>Y</td>
<td>107</td>
<td>0.5%</td>
<td>65.4</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>Libraries</td>
<td>N</td>
<td>150</td>
<td>1.2%</td>
<td>33.0</td>
<td>0.3%</td>
<td></td>
</tr>
<tr>
<td>Medicine &amp; Dentistry Y</td>
<td>Y</td>
<td>5,187</td>
<td>28.6%</td>
<td>2,751.8</td>
<td>25.6%</td>
<td></td>
</tr>
<tr>
<td>Native Studies</td>
<td>N</td>
<td>43</td>
<td>0.2%</td>
<td>23.3</td>
<td>0.2%</td>
<td></td>
</tr>
<tr>
<td>Nursing Y</td>
<td>Y</td>
<td>487</td>
<td>2.6%</td>
<td>261.4</td>
<td>2.4%</td>
<td></td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sciences Y</td>
<td>Y</td>
<td>221</td>
<td>1.1%</td>
<td>138.1</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Physical Education &amp; Recreation Y</td>
<td>Y</td>
<td>615</td>
<td>3.3%</td>
<td>305</td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation Medicine Y</td>
<td>Y</td>
<td>298</td>
<td>1.6%</td>
<td>161.6</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>School of Public Health Y</td>
<td>Y</td>
<td>336</td>
<td>1.8%</td>
<td>159.2</td>
<td>1.5%</td>
<td></td>
</tr>
<tr>
<td>Science Y</td>
<td>Y</td>
<td>2,185</td>
<td>11.5%</td>
<td>1,252.9</td>
<td>11.5%</td>
<td></td>
</tr>
<tr>
<td>Other Revenue Producing Units Y</td>
<td>Y</td>
<td>0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

Total Cost Distribution - Specific Driver

- Faculty and Staff Relations
- FTE Non-Benefits
- Total HR Service Costs Allocation

Instructions: Update Y/N in any green box to include/exclude a service by faculty. Unpaid FTE Factor 20%
Appendix 8.7 Information Services and Technology WG

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Information Services and Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Leads:</td>
<td>Mike MacGregor, H. James Hoover</td>
</tr>
<tr>
<td>Committee Members</td>
<td>Stephen Dew, Engineering</td>
</tr>
<tr>
<td></td>
<td>Cheryl Earle, Information Services &amp; Technology</td>
</tr>
<tr>
<td></td>
<td>Edith Finczak, Office of Provost &amp; VP Academic</td>
</tr>
<tr>
<td></td>
<td>Keith Holland, F&amp;O – Planning Technologies</td>
</tr>
<tr>
<td></td>
<td>Jacqueline Leighton, Educational Psychology</td>
</tr>
<tr>
<td></td>
<td>Tony Maltais, F&amp;O</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>June 18 2015</td>
</tr>
<tr>
<td>Document Version:</td>
<td>0.5</td>
</tr>
</tbody>
</table>
# Table of Contents

1. Service Areas Inventory 3
2. Value of Service Area 3
3. Proposed Cost Drivers 4
4. Relationship to Cost Drivers 4
5. Pros and Cons 6
6. Other Issues/Risks 6
7. Appendices
   - Appendix A Service Listing 9
   - Appendix B Comparison of Cost Drivers 12
1. Service Areas Inventory

Information Technology services are provided using a combination of a centralized and decentralized model on campus. Information Services & Technology (IST) is the centralized service provider on campus; however, even for centralized faculties and departments there may be different definitions and/or service levels of the individual services included in the following service categories. Some of the individual services within these baskets may also be provided as both a core service and as an enhanced or optional service that is provided by IST on a cost recovery basis. The following is the list of service categories developed and included in the IT cost model. See Appendix A for a more detailed listing of individual services included in each category:

- IT Program Management & Business Analysis
- Classroom Technology Support
- Teaching & Public Access Labs
- Service desk & onsite technical support
- Identity & Access Management
- Office productivity
- Network infrastructure & telephony
- Server & application hosting, storage & support
- Enterprise Applications
- Research support
- Other IT Services

2. Value of Service Area

The IST budget can be split roughly into three components: operating (Fund 210), institutional technology refresh (Fund 100), and institutional projects (also Fund 100). The working group used a combination of 2013/14 budgets and actuals for purposes of this report.

Operating:
The operating costs of IST are currently funded by a combination of centrally provided base funds, soft funds provided annually by some of the consolidated units and by revenue generated from cost recovery services. It is important to note that consolidation of IT units with the core IST has been occurring since 2011-12 and as such the annual expenditures of IST have not been consistent. This variability will likely continue as the consolidation program continues.

Over time as the services and technology infrastructure of the consolidated units are rationalized with the core infrastructure of IST, it is expected the ongoing cost of operations will become relatively predictable year-over-year. IST expects to be able to manage long-term costs by agreeing to service definitions and establishing quality-of-service metrics. For purposes of this report, actual 2014 costs of $37.4 million were used to develop the structure of the model.
(Note: the model excludes the costs of the services provided on a cost recovery basis, to the extent they could be identified or reasonably estimated.)

Institutional Technology Refresh:
For institutional technology refresh and PeopleSoft upgrades and maintenance, IST is currently funded by a sinking fund method whereby any surplus or deficit is carried forward year-over-year because the nature of these expenses are planned and managed over a multi-year horizon. For purposes of this report, the working group used the 2014 budget of $7.5 million. (Note: in 2013, IST absorbed a $1.5 million cut to this fund).

Institutional Projects:
IST is also funded via a sinking fund method for institutional projects. Currently funds are often allocated before a project is completely scoped or planned, which can result in projects not being properly funded. The incremental cost of supporting new services as a result of projects is often not factored into the funds provided for IST’s operations. As the governance structure evolves, IST feels it will be possible to identify project priorities and estimate project expenses over a two to three year horizon, as well as identify ongoing operating costs. The amount of funding in this category will fluctuate from year to year depending on which projects are approved, so for purposes of this report they have been excluded from the cost models.

3. Proposed Cost Drivers

The cost drivers considered for the various services in this portfolio were:

- Space – determined to not be relevant for any of the IT services
- Student FTE or head count - considered and included in analysis
- Staff FTE or head count - considered and included in analysis
- Faculty FTE or head count - considered and included in analysis
- Research Dollars – further analysis is required to confirm the appropriate cost driver for research IT support. Many research related services should be recoverable directly from research grants. However, further consultation is required to determine the extent of reliance on core IT infrastructure
- Course Hours – although this may be useful for services related to classroom services, it was decided by the working group that student headcount was likely a suitable proxy
- Total Revenue – was not identified as a reasonable driver for any IT service

4. Relationship to Cost Drivers

The cost driver recommended for each service was arrived at through discussion in the working group, and subsequent testing in the IST cost model. All of the following cost drivers were included in the analysis of cost drivers:

- staff headcount only
- staff FTE only
- student headcount only
- combinations of Staff FTE/ HC and student HC.

Although the cost model does not indicate a significant variance in cost allocations between the use of staff FTE versus staff headcount, it does confirm that the cost driver for most services must include student headcount. See Appendix B for the comparison of cost allocation by each of the above cost driver combinations. The impact of student headcount is most evident in variance in cost allocation to the Faculty of Medicine & Dentistry (FOMD). The following table summarizes the cost drivers that would provide the best cost allocation for IT services. We recommend three cost drivers – staff headcount, student headcount and student FLE – be used as noted below to distribute the costs of the 12 IT service categories.

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Cost Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program &amp; Project Services</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Classroom Support Service</td>
<td>Student FLE</td>
</tr>
<tr>
<td>Teaching &amp; Public Access Lab Service</td>
<td>Student FLE</td>
</tr>
<tr>
<td>Service Desk &amp; Technical Support Services</td>
<td>Staff HC</td>
</tr>
<tr>
<td>Identity &amp; Access Mgmt Services</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Productivity</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>NW Infrastructure &amp; Communication Services</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Server &amp; App Hosting Services</td>
<td>Staff HC</td>
</tr>
<tr>
<td>Enterprise Application Services</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Research Support</td>
<td>To be Determined</td>
</tr>
<tr>
<td>Security</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Institutional</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Other</td>
<td>Staff &amp; Student HC</td>
</tr>
<tr>
<td>Cost Recovery Services</td>
<td>Excluded from Model</td>
</tr>
</tbody>
</table>

The selection of staff headcount versus staff FTE is primarily based on the assumption that headcount is more representative of IT service consumption. However, if there is a decision to
proceed with RMM, further analysis would be required to confirm because within FOMD there is a significant variance between the staff headcount and FTE numbers. The working group understands this relates to a large number of clinical staff. To validate the assumption that headcount is appropriate, consultation with FOMD would be required to better understand the role of these staff and their IT service requirements.

The other area requiring further analysis is research IT support. The current research services offered by IST are predominantly related to Research Ethics and high performance computing. Utilization of these services can vary greatly; as a result further analysis would be required.

5. Pros and Cons

Covered by Section 6

6. Other Issues/Risks

This section includes listing of proposed issues and risks associated with the working groups recommendations. Where possible, the working group identified mitigation strategies to minimize impacts.

- **Use of 2014 data may not represent real cost of IT related services**
  There was an initiative started in 2010, which was intended to consolidate all IT services within IST. Initially the intent was to transfer the staff and IT budgets of the individual units to IST such that resources could be pooled, which would eliminate duplication of services and enable IST to provide services more efficiently and effectively. The challenge is in trying to develop a cost model during a time when there has been constant change in the IT service model. In addition to the evolving service delivery model, consolidation has also highlighted the fact that IT was underfunded in many faculties and departments. As part of the consolidation process, a review of each unit’s technical environment and service requirements was completed. This process identified that a significant portion of the technology in many units was aging, budget cuts over the years had resulted in reduced staff levels being transitioned to IST, and that no specific budget for IT operations existed within many units. IST absorbed the employees of the consolidated units into its service units but IST often had to supplement staff and/or technology to maintain service during the transition period. To mitigate these effects, the working group did exclude some costs from the data set used. As a result the model can only be used for proof of concept and to assess the appropriateness of cost driver relationships to service, and cannot be used for quantitative or rate setting purposes. It is also important to note that consolidation has caused significant variability in IT cost over the last 5 years. This makes the use of historic cost to determine future IT service costs extremely challenging.

- **Changing and Variable Service Delivery Model & Service Expectations**
IST currently provides infrastructure services to all faculties on campus but other services vary greatly. During the process of consolidation, it has been identified that the service definition for core IT services is not consistent across all units on campus. For example, in some units desktop support services include managing technology refresh programs - including procurement and inventory management; for other units it means only responding to incidents associated with the desktop technology. The service - although different - is provided by the same team; in order to allocate the cost fairly to all faculties the service definitions and service levels need to be standardized for core services. Service definitions for enhanced services could also be defined and funded separately by those units that require a specific service. For purposes of this cost model it was assumed that there is a consistent definition and that all 2014 costs associated with the services were core and required by all faculties subscribing to that service.

• **Impact of Autonomous Decision-making on Central IT Costs**
  The IT service lifecycle (i.e. retiring old services and developing new services) requires substantial and consistent support from institutional IT governance so that IST can manage systems and overall architecture long term. However, at present, Faculties and administrative units often make isolated technology decisions that have implications for the entire institution, and for the total cost of IT services. For example, a isolated decision to implement a software solution requiring data integration with PeopleSoft can result in costs for central IT, and potential delays in other units’ projects. Active participation in the institutional IT governance model that supports IT investment decisions is essential on the part of all Faculties and administrative units. Without this, RMM has the potential to increase the total institutional cost of IT by replicating systems, increasing support costs, and delaying essential projects.

• **Process for Funding projects and Ongoing Operations of new services**
  Funding for current projects is often estimated and committed before the total project is scoped. This can result in funding deficits. In particular, the ongoing cost to support and maintain new services is often not part of the project scope and therefore is not funded as part of the handoff to IST. Continuation of this process will be even more challenging with RMM: the time lag resulting from needing to use historical information to set rates for new services will require IST to carry deficits for new services. This, coupled with the fact that the annual project costs vary depending on the initiatives underway, indicate that an alternate method of funding projects should be considered. It may be more effective to allocate funding for institutional initiatives from a central fund that is allocated as part of the IT governance process. The funding of ongoing operating costs for new services can likely be based on the cost drivers but the timing of when rates for these services are calculated would have to be considered carefully.

• **Unfunded Liability**
  The funds allocated to Fund 100 are intended to refresh the entire technology infrastructure that IST manages. However, the total cost of the institution’s IT infrastructure is estimated at approximately $90 to $100 million. The refresh cycle depends on the nature of the
technology but on average is estimated at 5 to 7 years. The sinking fund required to properly evergreen is approximately $15 to $20 million annually, however IST is only provided approximately $4.5 million annually. To mitigate this, the working group allocated $10 million to a category of unfunded liability in the model in an effort to more adequately represent the real cost of maintaining the institutional IT infrastructure.
Appendix A. Service Listing

1.1 Program Management & Business Analysis

This basket includes all the services required for planning and delivering new business capabilities. The services include:

- project management – for IT projects, based on Project Management Institute standards
- business analysis – developing project requirements from business needs
- organizational change management – leading and implementing business change
- project assessment – includes initial feasibility analysis and business case development
- enterprise architecture & planning – setting strategies and directions for institutional systems
- IT governance – business-led intentional decision making for IT programs and projects

1.2 Classroom Support

This basket includes all the services required to deliver instruction in physical classrooms. The services include:

- classroom technology maintenance & support – keeping classroom technology running
- technology refresh – replacing existing technology as it ages, and deploying new technologies as directed by IT governance

1.3 Teaching & Public Access Labs

- lab technology maintenance & support
- technology refresh – replacing existing technology as it ages, and deploying new technologies as directed by IT governance

1.4 Service desk & onsite technical support

This basket includes all services that enable IST to intake and manage all incidents and service requests. The services include:

- onsite support – in-person support of hardware and applications
- remote support - telephone/web chat support of hardware and applications
- helpdesk – e-mail, telephone and in-person support provided at IST Service desk locations
- service management support – ticketing systems that enable IST to respond to and manage its services (ServiceNow, OTRS)
1.5 Identity & Access management
- LDAP & Active Directory
- CCID administration – creating, suspending, retiring and modifying user identities

1.6 Office productivity
- e-mail and calendaring services – currently Google services
- support for desktop applications (eg. Google, Microsoft office suite)

1.7 Network infrastructure & telephones
- campus area networks – connecting buildings on a campus
- wide area networks – connecting campuses and remote facilities
- local area networks - within units
- University wireless - UWS
- edge networking & firewalls – connecting LANs to the campus area network, managing traffic to / from specific networks
- data centre operations – currently 3 data centres (CCIS, Enterprise Square and GSB)
- telephones – hard-wired desk sets, cellular phones and plans

1.8 Server & application hosting, storage & support
- virtual machines
- system administration
- application & Web hosting
- backup
- storage

1.9 Enterprise Applications
This basket includes the implementation and the ongoing support and maintenance of the following applications:
- PeopleSoft Finance (FS)
- PeopleSoft Human Capital Management (HCM) – HR services
- PeopleSoft Campus Solutions – student information system
- Research Ethics (REMO)
- Electronic Document & Records Management (EDRMS) - not in 2014 costs (new service)
- Application development & maintenance
- Learning Management - eClass
- Institutional data warehouse
- Graduate & undergraduate student progress - not in 2014 costs will be a new service
- Application support for Enterprise applications
- Site licenses
1.10 Research support

IST onsite support and server & application hosting teams within IST provide some services for

- High performance computing – includes WestGrid

1.11 Other IT services

The following services are primarily provided on a fee for service basis so everything other than the overhead associated with managing the availability of the service has been included in the cost model:

- Large format printing
- End-user software sales & support
- Test scoring and questionnaire services (TSQS) - incl. eUSRI
- Event production & AV support
- Lecture capture
- Custom application development
Appendix B  Comparison of Cost Drivers

Comparison of Cost Allocations based on different Cost Drivers
Appendix 8.8 Learning Services WG

Report to RMM Steering Committee by Learning Services (LS) Cost Allocation Working Group

Learning Services Cost Allocation Working Group

Gerald Beasley  (Co-Chair)  Vice-Provost and Chief Librarian
Li-Kwong Cheah (Co-Chair)  Senior Financial Officer, Learning Services
Kathleen De Long  Senior Human Resources Officer, Learning Services
Kathryn Arbuckle  Associate University Librarian, University of Alberta Libraries

Guests:
Janine Andrews  Executive Director, Museums & Collections Services
Linda Cameron  Director, University of Alberta Press

Date:  May 28, 2015

Table of Contents

1. Service Area Inventory
   - The Learning Services Portfolio of Academic Units
2. Value of Service Area
   - 2014-15 Base Budget by LS Unit.
3. Relationship to Cost Drivers
   - Potential models for allocating LS costs back to the user.
4. Proposed Cost Drivers
   - Cost Drivers
   - Metric to be used for Allocation
5. Pros and Cons
6. Other Issues/Risks
7. Appendix
Service Area Inventory

Learning Services (LS) comprises diverse units within the academic sector that support the university’s mission by providing access to an exceptional range of resources and related services. Primary stakeholders are faculty, students and staff but LS also has strong ties with the wider community.

This portfolio comprises the following Units:

Libraries (UAL) – provides learning and research resources (e.g. collections, research consulting, reference materials, research data management, study spaces)

Museums & Collections Services (MACS) – facilitates museum policy, standard practices, and initiatives that ensure object-based research collections meet compliance requirements and provide access to faculty, students, researchers and community.

University of Alberta Press (UAP) – publishes approximately 20 new books annually in Humanities, Energy, Environment and other areas.

Copyright Office – provides copyright information, resources and guidelines.

Office of the Vice-Provost, Learning Services – provides administrative/financial services to the Portfolio.

University Bookstore – an ancillary service for the sale of books, course materials and other products.

Technology Training Centre – an ancillary service providing technology training on and off campus.

Exclusions:

For the purposes of the RMM Cost Allocation, the University Bookstore and Technology Training Centre are excluded from the costs to be allocated as both are self-funding units (Bookstore is Fund 310 Ancillary, and Technology Training Centre is a self-funding Fund 210 Unit, i.e., expenditures are offset by the Revenues raised by these 2 units).
## 2. Value of Service Area

<table>
<thead>
<tr>
<th>Learning Services</th>
<th>Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014-15 Base Budget Net Expenditures</strong></td>
<td>Amount $</td>
</tr>
<tr>
<td>University Library</td>
<td>$ 22,486,949.00</td>
</tr>
<tr>
<td>&gt; Fund 210</td>
<td>$ 21,506,451.00</td>
</tr>
<tr>
<td>Total Library</td>
<td>$ 43,993,400.00</td>
</tr>
<tr>
<td>Museums &amp; Collections</td>
<td>$ 1,647,475.00</td>
</tr>
<tr>
<td>University Press</td>
<td>$ 586,217.00</td>
</tr>
<tr>
<td>Copyright Office</td>
<td>$ 190,000.00</td>
</tr>
<tr>
<td>Vice Provost, Learning Services</td>
<td>$ 584,895.00</td>
</tr>
<tr>
<td><strong>Total (Included Units)</strong></td>
<td>$ 47,001,987.00</td>
</tr>
<tr>
<td><strong>Excluded Units:</strong></td>
<td></td>
</tr>
<tr>
<td>Technology Training Centre</td>
<td>0</td>
</tr>
<tr>
<td>University Bookstore</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total (Excluded Units)</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:** The above includes both Fund 100 and Fund 210 Base Budget and excludes Flex and Temporary Budget Items. Source of data: PeopleSoft nVision V12 Reports.

The Base Budget of the Learning Services Portfolio amounted to $47M Net Expenditures for the Fiscal Year ending March 31, 2015.

From the above chart, the Libraries constitutes 94% of the Net Expenditure of LS at almost $41M, whilst the other LS Units have a net expenditure of $3.0M, or 6% of the Total. Museums & Collections Services constitutes the largest of the other LS Units at 3.5%, with the remainder at 2.5%.
3. Relationship to Cost Drivers

We considered two general approaches towards Cost drivers as a means of allocating cost to Faculties.

LS Resources are available to all members of the academic community, and are used by various individuals in multiple combinations of services and use intensity. Effectively, there is a pool of shared resources and services consumed by a population, without restrictions on amount or mix consumed. In this scenario, a per capita approach presents a fair approach to charging Faculties as the representatives of each sub-community of consumers. Our recommended cost driver of population is discussed in Section 4.

An alternative approach is the direct allocation of expenditures incurred by LS in support of specific Faculties. However, this approach is limited as many LS expenditures are not directly incurred for a single Faculty, but support the entire population – e.g. student late night study areas, such as the Knowledge Commons, benefit the entire student community. Also, an analysis of Fund 100 (Collections expenditures) indicated that only 47% of collections expenditures could be linked to a single Faculty, and such linkage assumes no inter- or trans-disciplinary activity.
4. Proposed Cost Driver and Metric

Our conclusion was that the proposed cost driver to be used for allocating LS costs to the Faculties is the total number of Student FLE’s and Academic Staff FTE’s in each Faculty, i.e., each Faculty would receive a portion of LS costs based on the number of Student FLE’s and Academic FTE’s in the Faculty.

For Students, we believe that the Full Load Equivalent (FLE) is the best measure of usage by students, as consumption of services varies with their course load for the academic year. For Academic Staff, we believe that the Full Time Equivalent (FTE) is the best measure of usage, as the number of FTE determines the Library resources and services that are utilized.

This would also be largely true for the other LS Units in that their costs relationship to the Faculties is influenced by the number of Student FLE’s and Academic Staff FTE’s.

We propose that the Total LS costs be allocated to Faculties rather than individual LS Units making an allocation based on individual cost drivers as Museums & Collections Services, University of Alberta Press, Copyright Office and Office of the Vice-Provost, Learning Services, represent only 6% of the LS Costs. The data for allocation (Student FLE and Academic FTE) are readily available from the Data Book of the University kept in ACORN and can be accessed using Tableau.

The proposed metric is the Total Cost of LS per FLE+FTE. For 2014-15, using Budget Net Expenditures for Total LS, the metric is $1,122 per FLE+FTE.

This metric is recommended as it is easy to use and understand, the data is readily available for each year, and the results show a consistency of charges to the Faculties which do not vary widely from year to year.
5. Pros and Cons

Pros –

Cost data, FLE and FTE information are easily obtained from published University systems and are verifiable and objective.

The methodology is easy to use and understood by Faculties.

There is an implicit and widely held University assumption that costs incurred vary with the number of students and academic staff.

The methodology is consistent and should not cause large fluctuations in costs allocated from year to year.

The methodology does not require a lot of time in trying to identify the amount of specific resources or services being used by each Faculty.

Cons -

The methodology may not provide 100% correlation with Faculty usage and therefore some Faculties may be overcharged and some may be undercharged.

6. Other Issues/Risks

There may be disagreements or pushback by Faculties who disagree with the methodology or who feel that they are not getting value for the costs charged to them. This could cause unnecessary negotiations between the Cost Unit and the Faculties that may have to be arbitrated at a higher level.

Faculties may feel inclined to opt out of receiving services from Learning Services or other Cost Units if they feel they can get better value from other suppliers or sources, or as a means of improving their financial results.

The metric used may be quite suitable as a simple means of allocating LS services to the Faculties, but there could be individual Faculties who utilize resources above the allocated amount based on the metric; on the other hand, some Faculties may believe that their usage is less than the published metric.
APPENDIX

Table 1 – Total Net Expenditures of Learning Services
    Fund 210 and Fund 100
    Faculty Headcount (Students and Academic Staff)
    Cost Factor Metrics – Cost per FLE+FTE

Table 2 - Student FLE by Faculty
    Academic Staff FTE by Faculty

Table 3 - Total Student FLE and Academic Staff FTE by Faculty

Table 4 – Definition of Academic Staff FTE

Table 5 - LS Cost Allocation to Faculties by % (4 Years)
### Net Expenditures

#### Fund 210

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Libraries</td>
<td>$21,931,073</td>
<td>$21,864,845</td>
<td>$21,965,784</td>
<td>$22,486,949</td>
</tr>
<tr>
<td>Museums and Collections</td>
<td>$1,738,623</td>
<td>$1,623,412</td>
<td>$1,185,503</td>
<td>$1,647,475</td>
</tr>
<tr>
<td>University Press</td>
<td>$961,711</td>
<td>$729,110</td>
<td>$1,224,319</td>
<td>$586,217</td>
</tr>
<tr>
<td>Copyright Office</td>
<td>$57,034</td>
<td>$117,476</td>
<td>$171,304</td>
<td>$190,000</td>
</tr>
<tr>
<td>Vice Provost LS</td>
<td>$957,943</td>
<td>$399,372</td>
<td>$282,152</td>
<td>$584,895</td>
</tr>
<tr>
<td><strong>NET Expenditure</strong></td>
<td>$25,646,383</td>
<td>$24,734,215</td>
<td>$24,829,063</td>
<td>$25,495,536</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Expenditures</td>
<td>$18,547,600</td>
<td>$21,092,930</td>
<td>$20,029,682</td>
<td>$21,366,854</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Fund 210 and 100</th>
<th>2011-12 Actuals</th>
<th>2012-13 Actuals</th>
<th>2013-14 Actuals</th>
<th>2014-15 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Expenditures</td>
<td>$44,193,983</td>
<td>$45,827,145</td>
<td>$44,858,745</td>
<td>$46,862,390</td>
</tr>
</tbody>
</table>

### Faculty Headcount

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td>36,863</td>
<td>37,580</td>
<td>37,302</td>
<td>36,736</td>
</tr>
<tr>
<td>Academic Staff</td>
<td>4,145</td>
<td>4,116</td>
<td>3,989</td>
<td>3,989</td>
</tr>
<tr>
<td>Students + Academic Staff</td>
<td>41,008</td>
<td>41,696</td>
<td>41,291</td>
<td>41,750</td>
</tr>
</tbody>
</table>

### Cost Factors

| Cost Factor per Student/Staff | $1,077.69 | $1,099.08 | $1,086.40 | $1,122.45 |

#### Fund 210

<table>
<thead>
<tr>
<th>Cost per student/staff</th>
<th>2011-12 Actuals</th>
<th>2012-13 Actuals</th>
<th>2013-14 Actuals</th>
<th>2014-15 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Libraries</td>
<td>$534.80</td>
<td>$524.39</td>
<td>$531.98</td>
<td>$538.61</td>
</tr>
<tr>
<td>Museums and Collections</td>
<td>$42.40</td>
<td>$38.93</td>
<td>$28.71</td>
<td>$39.46</td>
</tr>
<tr>
<td>University Press</td>
<td>$23.45</td>
<td>$17.49</td>
<td>$29.65</td>
<td>$14.04</td>
</tr>
<tr>
<td>Copyright Office</td>
<td>$1.39</td>
<td>$2.82</td>
<td>$4.15</td>
<td>$4.55</td>
</tr>
<tr>
<td>Vice Provost LS</td>
<td>$23.36</td>
<td>$9.58</td>
<td>$6.83</td>
<td>$14.01</td>
</tr>
<tr>
<td><strong>NET Expenditure</strong></td>
<td>$625.40</td>
<td>$593.20</td>
<td>$601.32</td>
<td>$610.67</td>
</tr>
</tbody>
</table>

#### Fund 100 (Library plus CRO)

<table>
<thead>
<tr>
<th>Cost per student/staff</th>
<th>2011-12 Actuals</th>
<th>2012-13 Actuals</th>
<th>2013-14 Actuals</th>
<th>2014-15 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Expenditure</td>
<td>$452.29</td>
<td>$505.87</td>
<td>$485.09</td>
<td>$511.78</td>
</tr>
</tbody>
</table>

#### Fund 210 and 100

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Libraries</td>
<td>$987.09</td>
<td>$1,030.26</td>
<td>$1,017.06</td>
<td>$1,050.39</td>
<td>93.6%</td>
</tr>
<tr>
<td>Museums and Collections</td>
<td>$42.40</td>
<td>$38.93</td>
<td>$28.71</td>
<td>$39.46</td>
<td>3.5%</td>
</tr>
<tr>
<td>University Press</td>
<td>$23.45</td>
<td>$17.49</td>
<td>$29.65</td>
<td>$14.04</td>
<td>1.3%</td>
</tr>
<tr>
<td>Copyright Office</td>
<td>$1.39</td>
<td>$2.82</td>
<td>$4.15</td>
<td>$4.55</td>
<td>0.4%</td>
</tr>
<tr>
<td>Vice Provost LS</td>
<td>$23.36</td>
<td>$9.58</td>
<td>$6.83</td>
<td>$14.01</td>
<td>1.2%</td>
</tr>
<tr>
<td><strong>NET Expenditure</strong></td>
<td>$1,077.69</td>
<td>$1,099.08</td>
<td>$1,086.40</td>
<td>$1,122.45</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
### Student FLE by Faculty

<table>
<thead>
<tr>
<th>Faculty</th>
<th>2011/12 FLE</th>
<th>2011/12 %</th>
<th>2012/13 FLE</th>
<th>2012/13 %</th>
<th>2013/14 FLE</th>
<th>2013/14 %</th>
<th>2014/15 FLE</th>
<th>2014/15 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric, Life &amp; Environ Sciences</td>
<td>1,949</td>
<td>5.3%</td>
<td>2,126</td>
<td>5.7%</td>
<td>2,147</td>
<td>5.8%</td>
<td>2,085</td>
<td>5.7%</td>
</tr>
<tr>
<td>Arts</td>
<td>6,975</td>
<td>18.9%</td>
<td>6,952</td>
<td>18.5%</td>
<td>6,900</td>
<td>18.5%</td>
<td>6,609</td>
<td>18.0%</td>
</tr>
<tr>
<td>Augustana Faculty</td>
<td>963</td>
<td>2.6%</td>
<td>1,004</td>
<td>2.7%</td>
<td>1,002</td>
<td>2.7%</td>
<td>1,068</td>
<td>2.9%</td>
</tr>
<tr>
<td>Business</td>
<td>2,558</td>
<td>6.9%</td>
<td>2,559</td>
<td>6.8%</td>
<td>2,627</td>
<td>7.0%</td>
<td>2,638</td>
<td>7.2%</td>
</tr>
<tr>
<td>Education</td>
<td>4,235</td>
<td>11.5%</td>
<td>4,320</td>
<td>11.5%</td>
<td>3,920</td>
<td>10.5%</td>
<td>3,609</td>
<td>9.8%</td>
</tr>
<tr>
<td>Engineering</td>
<td>5,397</td>
<td>14.6%</td>
<td>5,434</td>
<td>14.5%</td>
<td>5,607</td>
<td>15.0%</td>
<td>5,759</td>
<td>15.7%</td>
</tr>
<tr>
<td>Extension</td>
<td>60</td>
<td>0.2%</td>
<td>61</td>
<td>0.2%</td>
<td>51</td>
<td>0.1%</td>
<td>55</td>
<td>0.1%</td>
</tr>
<tr>
<td>Faculte Saint-Jean</td>
<td>565</td>
<td>1.5%</td>
<td>597</td>
<td>1.6%</td>
<td>592</td>
<td>1.6%</td>
<td>608</td>
<td>1.7%</td>
</tr>
<tr>
<td>Faculty of Native Studies</td>
<td>136</td>
<td>0.4%</td>
<td>135</td>
<td>0.4%</td>
<td>141</td>
<td>0.4%</td>
<td>166</td>
<td>0.5%</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>7</td>
<td>0.0%</td>
<td>3</td>
<td>0.0%</td>
<td>14</td>
<td>0.0%</td>
<td>13</td>
<td>0.0%</td>
</tr>
<tr>
<td>Law</td>
<td>545</td>
<td>1.5%</td>
<td>547</td>
<td>1.5%</td>
<td>542</td>
<td>1.5%</td>
<td>537</td>
<td>1.5%</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>1,648</td>
<td>4.5%</td>
<td>1,653</td>
<td>4.4%</td>
<td>1,614</td>
<td>4.3%</td>
<td>1,653</td>
<td>4.5%</td>
</tr>
<tr>
<td>Nursing</td>
<td>1,516</td>
<td>4.1%</td>
<td>1,586</td>
<td>4.2%</td>
<td>1,751</td>
<td>4.7%</td>
<td>1,746</td>
<td>4.8%</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sci</td>
<td>558</td>
<td>1.5%</td>
<td>554</td>
<td>1.5%</td>
<td>565</td>
<td>1.5%</td>
<td>569</td>
<td>1.5%</td>
</tr>
<tr>
<td>Physical Educ &amp; Recreation</td>
<td>1,164</td>
<td>3.2%</td>
<td>1,122</td>
<td>3.0%</td>
<td>1,118</td>
<td>3.0%</td>
<td>1,092</td>
<td>3.0%</td>
</tr>
<tr>
<td>Public Health</td>
<td>265</td>
<td>0.7%</td>
<td>273</td>
<td>0.7%</td>
<td>291</td>
<td>0.8%</td>
<td>289</td>
<td>0.8%</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>590</td>
<td>1.6%</td>
<td>725</td>
<td>1.9%</td>
<td>809</td>
<td>2.2%</td>
<td>807</td>
<td>2.2%</td>
</tr>
<tr>
<td>Science</td>
<td>7,732</td>
<td>21.0%</td>
<td>7,929</td>
<td>21.1%</td>
<td>7,611</td>
<td>20.4%</td>
<td>7,433</td>
<td>20.2%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>36,863</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>37,580</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>37,302</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>36,736</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

### Academic Staff FTE by Faculty

<table>
<thead>
<tr>
<th>Faculty</th>
<th>2011/12 FTE</th>
<th>2011/12 %</th>
<th>2012/13 FTE</th>
<th>2012/13 %</th>
<th>2013/14 FTE</th>
<th>2013/14 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric, Life &amp; Environ Sciences</td>
<td>260</td>
<td>6.3%</td>
<td>265</td>
<td>6.4%</td>
<td>254</td>
<td>6.4%</td>
</tr>
<tr>
<td>Arts</td>
<td>584</td>
<td>14.1%</td>
<td>569</td>
<td>13.8%</td>
<td>532</td>
<td>13.3%</td>
</tr>
<tr>
<td>Augustana Faculty</td>
<td>98</td>
<td>2.4%</td>
<td>92</td>
<td>2.2%</td>
<td>99</td>
<td>2.5%</td>
</tr>
<tr>
<td>Business</td>
<td>139</td>
<td>3.4%</td>
<td>135</td>
<td>3.3%</td>
<td>128</td>
<td>3.2%</td>
</tr>
<tr>
<td>Education</td>
<td>189</td>
<td>4.6%</td>
<td>181</td>
<td>4.4%</td>
<td>168</td>
<td>4.2%</td>
</tr>
<tr>
<td>Engineering</td>
<td>402</td>
<td>9.7%</td>
<td>427</td>
<td>10.4%</td>
<td>407</td>
<td>10.2%</td>
</tr>
<tr>
<td>Extension</td>
<td>72</td>
<td>1.7%</td>
<td>75</td>
<td>1.8%</td>
<td>75</td>
<td>1.9%</td>
</tr>
<tr>
<td>Faculte Saint-Jean</td>
<td>71</td>
<td>1.7%</td>
<td>66</td>
<td>1.6%</td>
<td>59</td>
<td>1.5%</td>
</tr>
<tr>
<td>Faculty of Native Studies</td>
<td>12</td>
<td>0.3%</td>
<td>11</td>
<td>0.3%</td>
<td>13</td>
<td>0.3%</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>3</td>
<td>0.1%</td>
<td>3</td>
<td>0.1%</td>
<td>2</td>
<td>0.1%</td>
</tr>
<tr>
<td>Law</td>
<td>59</td>
<td>1.4%</td>
<td>58</td>
<td>1.4%</td>
<td>54</td>
<td>1.4%</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>1,122</td>
<td>27.1%</td>
<td>1,102</td>
<td>26.8%</td>
<td>1,108</td>
<td>27.8%</td>
</tr>
<tr>
<td>Nursing</td>
<td>194</td>
<td>4.7%</td>
<td>197</td>
<td>4.8%</td>
<td>191</td>
<td>4.8%</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sci</td>
<td>56</td>
<td>1.4%</td>
<td>52</td>
<td>1.3%</td>
<td>53</td>
<td>1.3%</td>
</tr>
<tr>
<td>Physical Educ &amp; Recreation</td>
<td>109</td>
<td>2.6%</td>
<td>106</td>
<td>2.6%</td>
<td>101</td>
<td>2.5%</td>
</tr>
<tr>
<td>Public Health</td>
<td>73</td>
<td>1.8%</td>
<td>72</td>
<td>1.7%</td>
<td>68</td>
<td>1.7%</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>98</td>
<td>2.4%</td>
<td>101</td>
<td>2.5%</td>
<td>101</td>
<td>2.5%</td>
</tr>
<tr>
<td>Science</td>
<td>604</td>
<td>14.6%</td>
<td>604</td>
<td>14.7%</td>
<td>576</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>4,145</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>4,116</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>3,989</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
## Academic Staff and Students by Faculty

<table>
<thead>
<tr>
<th>Faculty</th>
<th>2011/12 FTE/FLE</th>
<th>2012/13 FTE/FLE</th>
<th>2013/14 FTE/FLE</th>
<th>2014/15 FTE/FLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric, Life &amp; Environ Sciences</td>
<td>2,209</td>
<td>2,391</td>
<td>2,401</td>
<td>2,339</td>
</tr>
<tr>
<td>Arts</td>
<td>7,559</td>
<td>7,521</td>
<td>7,432</td>
<td>7,141</td>
</tr>
<tr>
<td>Augustana Faculty</td>
<td>1,061</td>
<td>1,096</td>
<td>1,101</td>
<td>1,167</td>
</tr>
<tr>
<td>Business</td>
<td>2,697</td>
<td>2,694</td>
<td>2,755</td>
<td>2,766</td>
</tr>
<tr>
<td>Education</td>
<td>4,424</td>
<td>4,501</td>
<td>4,088</td>
<td>3,777</td>
</tr>
<tr>
<td>Engineering</td>
<td>5,799</td>
<td>5,861</td>
<td>6,014</td>
<td>6,166</td>
</tr>
<tr>
<td>Extension</td>
<td>132</td>
<td>136</td>
<td>126</td>
<td>130</td>
</tr>
<tr>
<td>Faculte Saint-Jean</td>
<td>636</td>
<td>663</td>
<td>651</td>
<td>667</td>
</tr>
<tr>
<td>Faculty of Native Studies</td>
<td>148</td>
<td>146</td>
<td>154</td>
<td>179</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>10</td>
<td>6</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Law</td>
<td>604</td>
<td>605</td>
<td>596</td>
<td>591</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>2,770</td>
<td>2,755</td>
<td>2,722</td>
<td>2,761</td>
</tr>
<tr>
<td>Nursing</td>
<td>1,710</td>
<td>1,783</td>
<td>1,942</td>
<td>1,937</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sci</td>
<td>614</td>
<td>606</td>
<td>618</td>
<td>622</td>
</tr>
<tr>
<td>Physical Educ &amp; Recreation</td>
<td>1,273</td>
<td>1,228</td>
<td>1,219</td>
<td>1,193</td>
</tr>
<tr>
<td>Public Health</td>
<td>338</td>
<td>345</td>
<td>359</td>
<td>357</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>688</td>
<td>826</td>
<td>910</td>
<td>908</td>
</tr>
<tr>
<td>Science</td>
<td>8,336</td>
<td>8,533</td>
<td>8,187</td>
<td>8,009</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>41,008</strong></td>
<td><strong>41,696</strong></td>
<td><strong>41,291</strong></td>
<td><strong>40,725</strong></td>
</tr>
<tr>
<td>Faculty</td>
<td>FAC</td>
<td>CAST</td>
<td>PDF</td>
<td>CF</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----</td>
<td>------</td>
<td>-----</td>
<td>----</td>
</tr>
<tr>
<td>Agric, Life &amp; Environ Sciences</td>
<td>108</td>
<td>8</td>
<td>70</td>
<td>4</td>
</tr>
<tr>
<td>Arts</td>
<td>318</td>
<td>152</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Augustana Faculty</td>
<td>57</td>
<td>25</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Business</td>
<td>74</td>
<td>22</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Education</td>
<td>101</td>
<td>38</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Engineering</td>
<td>194</td>
<td>8</td>
<td>115</td>
<td>1</td>
</tr>
<tr>
<td>Extension</td>
<td>16</td>
<td>30</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Faculte Saint-Jean</td>
<td>25</td>
<td>30</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Faculty of Native Studies</td>
<td>8</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Law</td>
<td>29</td>
<td>5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>212</td>
<td>19</td>
<td>166</td>
<td>411</td>
</tr>
<tr>
<td>Nursing</td>
<td>49</td>
<td>125</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>Open Studies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sci.</td>
<td>20</td>
<td>14</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Physical Educ &amp; Recreation</td>
<td>39</td>
<td>32</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Public Health</td>
<td>24</td>
<td>5</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>42</td>
<td>23</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Science</td>
<td>288</td>
<td>41</td>
<td>149</td>
<td>-</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1,605</td>
<td>581</td>
<td>556</td>
<td>428</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Employee Agreement</th>
<th>Code</th>
<th>Employee Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAC</td>
<td>Faculty</td>
<td>OTH</td>
<td>Other Academic Staff</td>
</tr>
<tr>
<td>CAST</td>
<td>Contract Acad Staff, Teaching</td>
<td>APO</td>
<td>Admin Professional Officer</td>
</tr>
<tr>
<td>PDF</td>
<td>Post Doctoral Fellows</td>
<td>TAP</td>
<td>Temp Admin Professional</td>
</tr>
<tr>
<td>CF</td>
<td>Contingent Faculty</td>
<td>FSO</td>
<td>Faculty Service Officer</td>
</tr>
<tr>
<td>RAS</td>
<td>Research Academic Staff</td>
<td>CF SO</td>
<td>Contingent Fac Serv Officer</td>
</tr>
</tbody>
</table>
## LS Cost Allocation to Faculties in %

All Learning Services Units (Fund 210 + Fund 100 Costs) allocated by Number of Students FLE and Academic Staff FTE in each Faculty

<table>
<thead>
<tr>
<th>Faculty</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agric, Life &amp; Environ Sciences</td>
<td>5.4%</td>
<td>5.7%</td>
<td>5.8%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Arts</td>
<td>18.4%</td>
<td>18.0%</td>
<td>18.0%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Augustana Faculty</td>
<td>2.6%</td>
<td>2.6%</td>
<td>2.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Business</td>
<td>6.6%</td>
<td>6.5%</td>
<td>6.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Education</td>
<td>10.8%</td>
<td>10.8%</td>
<td>9.9%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Engineering</td>
<td>14.1%</td>
<td>14.1%</td>
<td>14.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Extension</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Faculte Saint-Jean</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Faculty of Native Studies</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Graduate Studies and Research</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Law</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>6.8%</td>
<td>6.6%</td>
<td>6.6%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Nursing</td>
<td>4.2%</td>
<td>4.3%</td>
<td>4.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Pharmacy &amp; Pharmaceutical Sci</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Physical Educ &amp; Recreation</td>
<td>3.1%</td>
<td>2.9%</td>
<td>3.0%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Public Health</td>
<td>0.8%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Rehabilitation Medicine</td>
<td>1.7%</td>
<td>2.0%</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Science</td>
<td>20.3%</td>
<td>20.5%</td>
<td>19.8%</td>
<td>19.7%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
Appendix 8.9 Occupancy WG

University of Alberta

Resource Management Model (RMM)
Working Group Recommendation Report

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Occupancy Cost – Final Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Leads:</td>
<td>Don Hickey, Vic Adamowicz</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>May 29, 2015</td>
</tr>
<tr>
<td>Document Version:</td>
<td>1.0 June 1, 2015</td>
</tr>
</tbody>
</table>
# Table of Contents

Glossary of Terms .......................................................................................................................... 3  
Introduction .................................................................................................................................. 7  
Service Areas Inventory .................................................................................................................. 7  
Cost of Service Area ..................................................................................................................... 8  
Influence Factors .......................................................................................................................... 11  
Relationship to Cost Drivers ........................................................................................................ 12  
Pros and Cons ............................................................................................................................... 12  
Other Issues/Risks ....................................................................................................................... 15  
Appendix 1: RCM Institutional Survey - Key Comments ............................................................ 16  
Appendix 2: Possible Options ....................................................................................................... 17  
Appendix 3: F&O Organization Descriptions ................................................................................. 25  
Appendix 4: Deferred Maintenance and Impact of Facility Renewal ........................................... 28  
Appendix 5: Benchmarking Comparison Data ................................................................................ 30
Glossary of Terms

**Lights on Funding (LOF)** is facility operations funding made available, upon request and government approval by the Alberta Innovation and Advanced Education, for new space, with the exception of facilities associated with Ancillary Enterprises and other non-academic space. LOF is allocated to the University of Alberta on an ongoing basis via the Campus Alberta grant and it is calculated based on the gross square meters of new space. LOF must be directed to costs associated with maintenance, custodial, utilities, grounds, facilities administration and services. The utilization of LOF is monitored by Alberta Infrastructure. LOF does not always cover the full cost of operations, and it’s expected that these additional costs are funded through alternate sources, such as institutional revenue, indirect cost recoveries from contracts and grants, recovery from program delivery, tuition fees or any other entrepreneurial activity.

Note: LOF, being part of the Campus Alberta grant, is subject to adjustments, according to the approved institutional grant.


**Space** is centrally tracked and reported through a computer-aided facility management system. Space is classified into fifteen categories, which are based on the Alberta Post-Secondary Space Classification System, Alberta Infrastructure’s Building and Land Management System. The central management of the space inventories ensures consistent reporting of all University supported gross area to the Government of Alberta. This data is used to determine grant funding for Lights on Funding and for Campus Alberta bench marking.

*Source: University of Alberta Space Management Manual*

**Planning:** Central stewardship/management of all University space is required to remain in compliance with the Province’s established standards for the efficient space use in post-secondary institutions. The distribution of space is based on supported standards and guidelines and is in accordance with prioritized need, to support the ongoing growth and development of the University. The University’s use of space is bench marked against peer North American Institutions and is used by the Government of Alberta to assess utilization, Lights on Funding, major renovation and capital requests.

*Source: UAPPOL-University of Alberta Space Management Policy*

**Facility Classification - Technical Complexity** is the classification of institutional facilities based on five (5) levels of technical complexity for the purpose of assessing operational, utility and maintenance costs. The classification of technical space is also the standard for requesting lights on funding.

**LOF Supported Infrastructure Space (Supported Gross Area)** includes recognized space for which the institution is eligible to receive general operations grants funding. Both preventative and operating maintenance of building system infrastructure are funded through the general operations grant.

*Source: Government of Alberta IMP Grant Guideline and the LOF Guideline*

**Infrastructure Maintenance Program Grant (IMP)** is a restricted funding source provided on an annual basis by the Government of Alberta for the purpose of addressing institutional deferred maintenance. Requirements for application of the grant include development of three (3) year rolling plans, addressing installation, replacement, upgrading or major repair of existing building components and / or elements on a priority basis:

- Highest priority projects are building code, life safety, major building or structural failures, system operability that could affect program delivery
- Medium priority projects are those that address building system infrastructure elements that require attention, as they are impacting the ability of a facility or its systems in a manner that impacts program delivery.
- Low priority projects are those that are non-urgent and which can be planned over a period of time and do not impact facility occupants or facility operability,
Cost Recovery Services are requested elements of work that are not covered under the Institutional LOF or IMP grant. This work is generally funded by the requesting department and managed by F&O on the basis of recovery of direct costs (labor, contracts, and materials) for undertaking of minor projects on campus. Work is performed in compliance with all applicable codes and standards.

Deferred Maintenance is an outcome of maintenance work that should have been carried out or that was planned for and was not carried out. By definition deferred maintenance is maintenance, system upgrades, or repairs that are deferred to a future budget cycle or postponed until funding becomes available. Increased deferred maintenance results in an increase in the risk of building system failures. To prevent an increase in deferred maintenance and to increase the life cycle of building system a functional funded preventative maintenance program is required.

Building Safety Code / Quality Management Plan (QMP) - The Quality Management Plan (QMP) is registered with the Alberta Municipal Affairs outlining the policies and procedures which are in effect at the University to ensure continuing compliance monitoring for all safety aspects for Building, Electrical, Plumbing, Natural Gas and Fire codes. Through acceptances of the QMP by Alberta Municipal affairs, the University is designated as an accredited corporation and holds the “Authority Having Jurisdiction” (having the delegated authority to determine, mandate, and enforce code requirements established by jurisdictional governing bodies) for these safety code disciplines. Permits for construction and operating are issued by the University under this designation. This is a unique situation at the University of Alberta as we are not tied to the city of Edmonton permit issuing program or inspection process.

Building Hazardous Materials – Campus facility hazardous material inventory for asbestos, lead paint, mercury is maintained by Facilities and Operations and reported on annually as part of the financial statement on reduction of liability.

Project Management - Project Management is the management of a unique objective (generally a planning, programming to construction objective) that is not a regular operations task. Project management in context of this report, requires prolonged involvement in program, budget, funding source development, extensive consultant selection, design coordination, estimating, procurement, and construction. Project management services are on a cost recovery basis.

Office of Sustainability (OOS) - The Office of Sustainability serves as the hub of the Campus Sustainability Initiative. It is mandated to accelerate engagement of the campus community in sustainability solutions. This team focuses on individual and organizational changes addressing social, environmental and economic sustainability in all aspects of facilities & operations, teaching & research and campus life. The functional services of this unit are to: a) Facilitate strategic sustainability planning, performance measurement and reporting; b) Develop activities to encourage positive changes in thinking/behavior that improve our institution’s sustainability performance (e.g., awareness campaigns, behaviour change programs, action/capacity-building projects); c) Communicate activities, resources, knowledge/trends, practices and achievements in sustainability within and beyond the campus community; d) Promote networking, foster collaborations/ partnerships to enable new knowledge, innovation and best practices; and e) Ensure ample opportunities for students, faculty and staff to engage in sustainability education, research, and leadership.

Direct benefits of the University’s corporate sustainability strategy include: attracting and retaining great people, managing potential risks and liabilities through sustainable practices, optimizing costs with consideration to the triple-bottom-line, and differentiating our institution in ways that enhance our reputation/brand.

Sustainability services are funded by: Office of the Provost, IBP, Utilities, VP F&A, VP F&O, Ancillary Services, Energy Management Program and Cost Recovery (i.e., sponsorships, partnerships and project collaborations).
Energy Management and Sustainable Operations (EMSO) focuses on University-owned facility energy reduction and infrastructure renewal, implementation of renewable energy projects, campus-wide water conservation, and creating awareness of sustainability practices through partnering with the Office of sustainability on campus-wide education programs. Direct benefits from this team are a reduction of University expenditures for utility payments, reduced operations and maintenance costs and support of the goals and objectives of a sustainable campus. Reducing the university’s impact on the environment is realized through many initiatives such as, reduction of utility consumption through energy efficiency projects, water reduction projects, waste to landfill reduction, recycling programs, optimization of facility systems, facility renewals, facility retrofits, and greening the energy supply through alternative and renewable energy projects.

Fleet Management/Fleet Safety - Fleet Management/Fleet Safety are centrally provided services on a cost recovery basis. Centralized management of the fleet enhances preferential pricing, ensures preventive maintenance is tracked and performed, and tracks sustainability metrics. This reduces risk to the University by meeting legislative compliance and stewardship of the fleet through comprehensive management. In addition, the Fleet Safety Division reduces risk by training prospective drivers, maintaining driving records and tracking licencing, thereby reducing risk to personnel and assets and lowering insurance costs.

Office of the University Architect (OUA) - The OUA is responsible for planning and design for all new and renewal of campus facilities to ensure quality environment for teaching, learning and research as well as for student success, recruitment and advancement purposes. The OUA is also responsible for the central space management of all University facilities.

Utilities - Provision of utility services: Utility services are provided as a district energy system to all university buildings in the North Campus and to the University of Alberta Hospital, the Stollery Children’s Hospital, the Cross Cancer Institute, the Jubilee Auditorium, Canadian Blood Services and other smaller entities (Greater Campus Area). The Utilities Department operates as a public utility under the Public Utilities Act. Each building is metered and charged for the consumption of each service based on a rate schedule. Finance and Administration (F&A) pays the bills on a monthly basis on behalf of all the buildings. Utility costs in the off-campus areas are paid by F&A on a flow-through basis. Utilities Operations (production) is an ancillary-type activity to the university and operates on a full cost recovery model. As a participant in Alberta’s deregulated energy market and under the authority of the Alberta Public Utilities Act, Utilities is able to realize cost savings through active management of the power production and natural gas purchases which helps to reduce the operating costs of the university, and each of its clients. The utility consumption for university’s facilities is funded through Light on Funding.

Ancillary Services - Ancillary Services is an ancillary-type activity to the university and operates on a full cost recovery model. Ancillary Services are focused on enhancing the quality of life of the university’s students, faculty and staff, as well as the wider community by providing a wide-range of services in support of academic and research activities. These services include student housing, parking, hospitality services (food, conferences, and guest suites), identification management (ONEcard), print and photocopy management and commercial and academic real estate services.

Facilities Operating Grant (FOG) – Historically, FOG was part of the Enrolment Planning Envelope (EPE) which was discontinued in 2010-11, at which time FOG was also discontinued. At the time of inception, it was designed to provide additional funding associated with the increased enrolment into academic programs, and it was calculated based on incremental FLE numbers. The funding serviced facility management, custodial services, utilities, maintenance, and building amortization, based on increased student population, rather that new space, which is usually funded by LOF.

Non Supported Space – funded through space rental. Unsupported space is not funded through LOF for operational costs. Unsupported space includes student residences, parkades, food courts, other ancillary spaces and space leased off-campus.

Campus Infrastructure - Infrastructure is defined as the basic physical and organizational structures and facilities (e.g., buildings, roads, and power supplies) needed for the operation of a society or enterprise.
These would include the core electrical, plumbing, heating, cooling, building envelope and structural architectural systems required for campus to function. It does not include non-core assets like research equipment, computers, tools, etc. Generally, Campus Infrastructure is considered to be the infrastructure allowed to be renewed under the IMP Grant.


**Capital Funding (Restricted)** - Capital funding is mostly generated through Capital Grants and mortgages. Occasionally, funding may be topped-up from Federal Grants, endowments or other revenue generated by the client faculty or unit. Capital funds cannot be used for operational purposes due to their purpose restricted nature. Both Capital Grants and mortgages are approved by the province and reported back on the completion of the projects.

**Design and Technical Services (DTS)** - Design and Technical Services provides technical (Engineering & Architectural) resources that support; facilities, Operations & Maintenance, Planning, Project management and they complete design solutions as required. This service provides timely response to operational issues and continuity of standards for construction projects.

**Operations and Maintenance (O&M)** - Through LOF O&M is responsible for operating the base building heating, ventilating, air conditioning, and plumbing systems to maintain comfortable environmental conditions for the occupants in each building at the university. O&M also operates a 24/7 Communication Control Centre to monitor and operate the various systems in each building via the Remote Control and Monitoring System (RCMS) and Building Automation System (BAS), and responds to events that may occur on campus at any given time.

**Buildings and Grounds Services (BGS)** - Buildings and Grounds Services keeps the University of Alberta’s buildings & grounds healthy and aesthetically pleasing using the most effective and environmentally sustainable cleaning methods possible. It has three broad areas of responsibility; the provision of custodial services to the Universities facilities at a desired cleaning level, environmental waste and recycling services and the maintenance and management of University landscape areas, vehicular and pedestrian surfaces.

**Campus-Wide Facility Systems** – Security, Mass Notification, Video Surveillance, Fire Alarm, Building Controls – The university has a number of campus wide systems that provide centralized control, monitoring and alarm functions back to the 24/7 operations and dispatch centres. These systems are designed to a standard for seamless integration of all campus facilities (i.e. no standalone reporting or alarming systems).

**Shared Services** - F&O operates a shared services model for administrative support services, communications, human resources and payroll, and financial services. The F&O shared services model has a hybrid costing model, being funded partly through LOF and partly through cost distribution against other F&O units generating recoveries and other revenues, such as project management and ancillary enterprises.

**Building Maintenance** - A collection of technical services that maintains building performance in all aspects of the infrastructure. The provision of these services incorporates legislated requirements, stewardship and strategy to ensure return on investment from the building assets. Generally, long term operation and maintenance of a building will far exceed the initial capital cost required to build it. In order to carry out building maintenance, certified trades must be used, in consultation with Design and Technical Services where necessary, with overall management by Facilities and Operations.

*Source: UAPPOL*

**Real Estate – 3rd Party Contracts** - Real Estate at the University of Alberta involves the acquisition and disposition of real property, defined as land and/or buildings. Real Estate contracts for real property off the university campuses and with 3rd parties on the university campuses. Real Estate manages access to university land that may require rights of access, easements or right of way agreements. Real Estate also undertakes a property management function with HUB Mall and oversees Enterprise Square.
Introduction

Given on-going budget pressures, the University of Alberta senior leadership team requested a review of resource allocation models, specifically based on principles under responsibility centered management, to determine if there are options that would improve effectiveness, consistency, transparency and accountability in the application of University revenue streams. The Occupancy Cost Working Group was tasked with reviewing shared costs required to support campus infrastructure. The units reviewed for this report are currently funded through a combination of government grants and cost recovery. This report was guided by the following key principals and research:

- That the delivery of the institutions academic and research priorities is the overarching priority required to be supported by the units responsible for services delivered within the Occupancy Cost Working Group,
- The application of government grants, performance tracking and reporting requirements for campus infrastructure (operations & maintenance, utilities, space, deferred maintenance, and reporting will continue to follow the units responsible for the end delivery of service,
- To ensure consistency in delivery and accountability related to government Regulations, Acts and Codes, and activities related to infrastructure and people will continue to be managed centrally,
- The delivery of leading institutional priorities such as sustainability, energy management, campus planning, campus security and environmental health and safety will be managed centrally,
- Benchmarking to peer institutions are presented with independent third party data,
- Best Practices and issues related to RCM budget models were obtained from comparison reviews of Facility Operations from a number of post-secondary institutions either operating under or considering moving to a RCM budget model, (Refer to Appendix 1)
- That the option presented preserve current forward looking influences and best practices for facility management to provided best in class stewardship when compared to PEER academic research institutions, and
- Baseline services standards would be applied consistently and equally to all facilities and users across the institution.

Service Areas Inventory

A. Facilities and Operations

Facilities and Operations (F&O) is a diverse, complex and dynamic institutional portfolio. The breadth and diversity of the portfolio includes long-term real estate planning and development; operations of a large not-for-profit public utility; office of sustainability; capital planning and construction; maintenance and operations of grounds and facilities, and ancillary operations including residences, residence life, commercial property management, conference/hospitality services. Utilities and Ancillary Services operate as separate, full cost recovery units with no general funding from the institution’s operating grant.

Five years of budget cuts have placed significant pressure on our operations with services levels, standards and flexibility being impacted. We responded early to lessen the impact through various cost reduction initiatives including out- and co-sourcing several services including building services, trades work, project management and inspection services, as well as cost recovery on specific services not fully
central services. In general most services provided are essential central services serving the institution generally. Projects and services benefiting specific areas are typically charged for their services either through a percentage fee or cost allocation.

Please refer to Organization Descriptions in Appendix 3

Cost of Service Area

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUND 210</td>
<td>Operating Expense budgets (non-Ancillary Type Operations) $106,431,624</td>
</tr>
<tr>
<td>FUND 310</td>
<td>Utility Operations Expense budget (production) $78,714,162</td>
</tr>
<tr>
<td></td>
<td>Ancillary Operations Expense budget $60,101,600</td>
</tr>
<tr>
<td>FUND 100</td>
<td>Utilities Consumption $36,252,000</td>
</tr>
<tr>
<td></td>
<td>Plant Revenue and Expenses $7,730,000</td>
</tr>
<tr>
<td></td>
<td>Reno projects, KSI, F&amp;O Reserves $29,692,074</td>
</tr>
<tr>
<td></td>
<td>Average Annual Capital Budget $150,000,000</td>
</tr>
</tbody>
</table>

F&O base dollars are provided through the UofA Operating Grant, under the definition of Lights on Funding (LOF), advanced by the province for the operations and maintenance of supported facilities.
The Operating Expense Budget (Fund 210) is funded through base funding, and generated revenue from internal and external recoveries from various sources, such as capital projects, Infrastructure Maintenance Program (IMP) Grant, and miscellaneous smaller sources.

Capital Projects are funded by internally and externally restricted sources, such as:
- Capital Grants externally restricted by provider (mostly, but not limited to, the Province of AB) for specific capital projects
- Other Capital Funding from faculties, central institutional funding, mortgages and internal loans, partnerships with other public or private institutions, donations, indirect costs of research, interest on capital grants
- Infrastructure Maintenance Program (IMP) externally restricted by the province for Deferred Maintenance
- Facilities Operating Grant (FOG), internally restricted for capital projects

Utilities Production and Ancillary Services (Fund 310) are considered ancillary-type operations and they are self-funded through their own revenue generation. Utilities recover costs from the University (Fund 100 Utilities Consumption) and other Greater Campus Users (external clients, such as the University Hospital, and Ancillary Services – Residences).

Under Fund 100, Utilities Consumption and Plant Revenue & Expenses are only flow-through the F&O accounts; they are funded and managed by central F&A. Renovation projects are funded by various units and faculties across campus. F&O reserves are restricted money for specific initiatives, such as NINT agreement, Energy Management, etc.

Potential Cost Drivers*

*Refer to Appendix 2 for detailed information for the three models reviewed.

Complexity and gross area of buildings – LOF is currently granted based on the complexity of a facility and its total building gross area. The granting of LOF is unique to the province of Alberta Post-Secondary System and provides a core financial level of stewardship for campus facilities which allows faculties to focus on their Academic Mission. The recommended model is based on keeping the LOF model with the ability to have modifications.

Within the current LOF model the UA manages facility stewardship in a very cost effective manner. Benchmarking activities are undertaken on a regular basis for western, national and North American peer institutions. Refer to Appendix 5 for detailed benchmarking information. A sample benchmarking of key activities follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Avg. Facility Operational Expenditures per GSF</th>
<th>Custodial Service Level (higher the number the poorer the condition)</th>
<th>Custodial Cost per GSF</th>
<th>Maintenance Service Level (higher the number the poorer the service)</th>
<th>Maintenance cost per GSF</th>
<th>Facility Admin Cost per GSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>U of A</td>
<td>$4.47</td>
<td>2</td>
<td>$1.19</td>
<td>3</td>
<td>$1.43</td>
<td>$0.31</td>
</tr>
<tr>
<td>Cdn Avg</td>
<td>$5.07</td>
<td>2.8</td>
<td>$1.50</td>
<td>3.2</td>
<td>$1.77</td>
<td>$0.39</td>
</tr>
<tr>
<td>A</td>
<td>$4.59</td>
<td>4</td>
<td>$1.29</td>
<td>4</td>
<td>$1.92</td>
<td>$0.33</td>
</tr>
<tr>
<td>B</td>
<td>$6.01</td>
<td>3</td>
<td>$1.86</td>
<td>3</td>
<td>$2.13</td>
<td>$0.50</td>
</tr>
<tr>
<td>C</td>
<td>$7.70</td>
<td>5</td>
<td>$2.56</td>
<td>3</td>
<td>$2.15</td>
<td>$0.29</td>
</tr>
</tbody>
</table>
Service Level Grading

Custodial: 2 Ordinary Tidiness, 3 Casual Inattention, 4 Moderate Dinginess, 5 Unkempt Neglect
Maintenance: 2 Comprehensive Stewardship, 3 Managed Care, 4 Reactive (Breakdown) Maintenance

Technical Complexity – Analysis of UA Facilities has determined 5 levels of technical complexity to campus facilities. As levels 1 and 2 form a relatively small portion of overall costs the costs for these facilities will be assigned on a prorated basis to Tech level’s 3, 4 and 5. The technical level of space will be the parent for assigning costs on a gross square meter basis. As technical complexity is primary cost driver for utilities, building operations, maintenance and custodial at a building level, we have been working with the Government of Alberta to recognize this as the factor for funding of new and renewed facilities.

**UNIVERSITY FACILITIES**

**COMPLEXITY AS THE DRIVER OF OPERATIONAL COSTS**

<table>
<thead>
<tr>
<th>Tech Rating Criteria</th>
<th>Sample Facilities</th>
<th>Operational Average Cost $/SQM</th>
<th>% of Current Space</th>
<th>10 Year Forecast* of Space (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.</td>
<td>KATZ, Li Ka Shing, NINT, Van Vliet</td>
<td>126.26</td>
<td>9.6</td>
<td>18.7</td>
</tr>
<tr>
<td>4.</td>
<td>CCIS, ECHA, ECERF</td>
<td>88.68</td>
<td>48</td>
<td>33.9</td>
</tr>
<tr>
<td>3.</td>
<td>Cameron Library Fine Arts Tory</td>
<td>67.73</td>
<td>42</td>
<td>41.6</td>
</tr>
<tr>
<td>2.</td>
<td>Founders Hall Convention Centre</td>
<td>72.59</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>1.</td>
<td>Storage Sheds, Barns</td>
<td>83.02**</td>
<td>0.12</td>
<td>0.12</td>
</tr>
</tbody>
</table>

* Based on current building inventory (no new facilities) and conversion/renewal of existing building space to high tech research space.
** Average is high due to Facility area’s being very small.

Assigned Space – For buildings in which there are multiple faculty occupancies, individual faculties that are assigned space have space tracked as a % of overall area. Space as an asset to campus is a valued commodity and is tracked centrally. Underutilization of space is a concern that will need to be reviewed as space that is not fully utilized is a cost inefficiency that impacts campus operation both financially and capitaly.

Common areas – Assignment of common area costs is based on three factors:

1. For facilities (primarily single faculty) common area costs are part of the overall facility gross square meters and form part of the total building costs. Examples of facilities in this category include CCIS, Li Ka Shing, Katz, ECERF / ETLC
2. For facilities that have common areas that are shared for campus, the overall the common area benefits the full campus and are tracked on a gross square meter (GSQM) basis. Examples of facilities in this category include CAB, NREF, and PAW
3. Costs for University administrative space are maintained within the LOF model and tracked on a building (non-faculty space – SMS, Administration) GSQM basis.

**Campus Wide Facility Systems / Services** – Campus has a number of central systems / services that serve the overall University function and population. These services would continue to be covered with the allocation of LOF as split between F&O and F&A. Services / systems in this category include; grounds, QMP, OUA, Planning, technical support, building hazardous material management, sustainability, card access, intrusion alarm, video surveillance. It should be noted that the costs for systems in this category are for the central network only. Users / Faculties would be responsible for covering costs of deployment within the individual buildings.

**Classrooms** – Classroom utilization -- Underutilization of classrooms impacts a wide range of institutions costs. Recent installation of technology that allows for counting of people using classrooms has identified an opportunity to examine classroom booking methods. Centralized booking of classrooms facilitates calculation of classroom space utilized by faculties. A centralized classroom management model would provide efficiencies in use, renewal, potential re-purposing and direction for capital construction.

**Cost Recovery and Self-Funded Services** – Services that are funded through cost recovery (project management, project design technical services, campus fleet). Self-funded services include energy management savings initiatives (Energy Management and Sustainable Operations). These services are not attributed to space and are managed separately.

**Influence Factors**

Factors that can affect cost drivers at a building level include:

**Deferred Maintenance** – Renewal of a facility infrastructure can significantly drop operations and maintenance costs. Refer to Appendix 4 for deferred maintenance and example of renewal of system impacts on the General Services Building. Savings to utilities and maintenance through facility renewal are shared on a campus basis.

**Hours of Operation** – Hours of operation of campus facilities directly impacts utility consumption. The highest utility use facilities (Tech level 4 / 5) are required to operate 24 / 7 to support laboratory / research requirements. This represents approximately 60% of the overall area. For the select facilities on campus that could go to an "off mode" calculated savings are approximately $2.6M per year based on 190 days and no summer use. The biggest savings would be realized only through the complete shutdown of facilities, which to maintain academic operation is not practical.

**Summer Occupancy** – In order to realize savings for summer occupancy, due to ventilation system design, buildings would have to be fully shut down. For the majority of the older buildings partial occupancy means full operation of the mechanical ventilation systems. Increased use in summer for summer programs will result in an increase in utility consumption for cooling and electrical to handle the increased utilization and will require major mechanical upgrades for some of the older buildings.

**Functionality / Need for Renewal** – This factor is readily apparent in classroom bookings and utilization. Classrooms that are older, in poor locations (long travel distance) are much less desirable for use and are booked less frequently. Similarly once older facilities are renewed the modernization may result in higher energy usage as the new systems that are put in place meet current codes for ventilation, cooling and increased power for user requirements.
**Building Standards** – Varying building custodial and operational standards can influence operations and maintenance costs. Under the current operational standards the University is very efficient for application of funds. Refer to Appendix 5 for benchmarking data to other post-secondary institutions.

**Space Utilization** – Underutilized space represents an opportunity through re-assignment to reduce both capital and operational costs.

**Relationship to Cost Drivers**
Annual operating costs are a direct result of the cost drivers previously identified. The portfolio tracks all costs to an appropriate level based on current funding model generally attributable on a building-by-building basis and where not practical, on a unit-by-unit basis. Funding has generally been recovered and utilized on an as needed basis to keep the institution functioning.

Under the current model LOF is managed as a pooled fund for all campus facilities. As new buildings come on line standards are maintained evenly across campus and funding is utilized in the same manner for each facility. The use of a pooled approach allows for direction of operational dollars to emergent issues in a timely manner and also serves to address buildings that come on line for which LOF is not received.

A ten year deferred maintenance master plan guides a three-year rolling plan to address deferred maintenance liability, space functionality/renewal and maintenance priorities on both a tactical and strategic institutional basis.

**Pros and Cons**
The pros and cons section will list any specific pros and cons about the recommendation. This section will contain important observations by the working group.

While the committee has found that the existing LOF model is serving the institution very well, opportunities for improvement have been identified. This has resulted in a recommendation for a hybrid operational model of existing LOF with adjustments.
HYBRID RCM MODEL

UA Campuses

University of Alberta Campuses
1.7 M SQM/440 Buildings

5 Levels Technical Complexity for Buildings

Pro-rated Levels 1 & 2 on % Basis Assigned to Levels 3, 4, 5

Building Technical Complexity
3, 4, 5

Building Area Cost/GSM
By Technical Complexity

Define Classroom Space

Classrooms Area removed from Building

Defined Buildings Dedicated to Faculties

Dedicated Faculty Buildings $/GSM

Defined Operational Costs that could be dropped as a credit to faculties

Defined Use Building
Shared Use Building
Shared by Building Cost $/GSM

Define % Space by User Group

Financial Costs

Campus Wide System Service Standards Defined

Utilities, Operations, Maintenance Custodial Tracked

Move to Central Booking for Usage Model
Hybrid Model – LOF with Adjustments

Pros

1. Stewardship of campus facilities is maintained evenly across campus and there is not a situation created with have or have not faculties
2. LOF is unique to the Province of Alberta and has allowed for campus infrastructure to be maintained at a level that maintains facilities operational for core academic / research functions.
3. Central system and service support is provided and maintained.
4. Standards for campus facilities for design, construction, space tracking & utilization and facility services are maintained at an equal level for all users.
5. Reporting to Government is consistent for all facilities as the grants (LOF & IMP) are directed to the units that responsible for the service and which in turn become the budget holders.
6. Faculties and users would be made aware of the cost of operation of facilities related to energy, operations and space utilization
7. Classrooms would move to a centrally managed model with feedback from new technology that is tracking utilization.
8. A standard service catalogue would be applied to campus facilities. Within the catalogue there would be defined operational items that could be dropped with savings provided back to faculties.
9. External rentals of facilities would be reviewed and an appropriate assignment of operational costs for use of facilities would be applied to external rentals to cover the additional costs of operation.

Cons

1. Standard service level catalogues are difficult to build and maintain when dealing with a wide variety of user groups.
2. Faculties are not charged for afterhours, weekend or extended use periods. This has allowed faculties to create revenue streams from rental of space for camps and external users. While this is of benefit to faculties the extended wear on building systems has to be covered within existing budgets.
3. External rentals of facilities would be reviewed and an appropriate assignment of operational costs for use of facilities would be applied to external rentals to cover the additional costs of operation.
Other Issues/Risks

1. Under a full RCM model benchmarking has established that initiatives that support the overall Institutional mission are at risk.
2. Future funding models for facilities change based on a change in Government direction. The change could be from an area based model to student head count with each student carrying a dollar amount to support facilities.
3. The current campus operation is based on supporting infrastructure for operational habits and culture that is present in today’s academic / research environment. If there is a shift in the delivery of academic and research programs the support operation will need to shift as well.
4. Space utilization is a significant issue that will need to be openly discussed. As an example the people counter project is showing a need for review of classroom scheduling. The cost of building and then operating new space is significant burden to the institution.
5. Faculties having capital to build facilities and the government not supporting the operation of the facility as the facility was not seen or carried as a government priority. We have at times been advised if a facility is constructed without government funding the operational costs may have to be borne by the institution.
6. Increasing energy costs and increasing energy to support research activities is a future burden. Internal tracking of the costs of technical complexity is showing the more technically complex facilities coming with a higher cost of operation.
Appendix 1: RCM Institutional Survey - Key Comments

As part of the cost allocation group work, a review was undertaken of a number of institutions that are fully in a RCM budget model or either in a modified budget model or working towards one. Key comments obtained specific to Facilities and Operations services obtained from Michigan, U of T, U of S, Queens, and Victoria as well as from Sightlines (US based PSE benchmarking specialist) include:

- The Alberta model with funding for operations and maintenance is great and we wish we had it here. Do not change.
- The “have” faculties make out like bandits – business and medicine. National advertising for the faculty of business, while “have not” faculties suffer – how is this right?
- Central will not support a space management program yet the faculty of Medicine needed this and they had funding so they implemented a program. Medicine now sell services to other faculties for space management and planning.
- We have not had an increase to facilities budgets since 2008. Contract escalations and facility pressures are handled through existing budgets which has meant layoffs and a pullback in services.
- The level of services provided do not match what is being provided at other non RCM institutions in the area. This is one reason I do not benchmark as no one is operating as low in terms of service and budget.
- Dean’s control the space standards, equipment selected and budget. I have to go directly to Dean’s to negotiate for funding for roofing replacements, upgrades to system infrastructure etc.
- We have a number of aged control systems on campus that have to be replaced and no means of funding. I have to prepare a business case for review by a Dean’s committee or central for funding for the expenditure.
- Dean’s control the standards used for construction of their facilities and the involvement of internal staff. They can choose to use internal project management and planning or go elsewhere if they feel it is more economical.
- Individual Dean’s control funding for the condition of grounds around their respective facilities. This has various ranges of care for the campus
- We had a large operations and maintenance group working on campus that was funded from overheads. The Deans committee determined no overheads to be charged to faculties so the unit has been downsized.
- The two areas that have the most to fear from RCM are central IT and Facilities and Operations as they will see less in funding and more pressure to do more with less.
- The physical condition of facilities deteriorates with a pull back on maintenance funding, increasing deferred maintenance.
- Benchmarking has institutions that are 10 years into RCM changing their model to provide more support to facility infrastructure.
- We do not have a sustainability group as the Deans did not see value.
- Planning and Project management are fully cost recovery and have to be able to adjust to changing work load demands through layoffs.
Appendix 2: Possible Options

Existing Model – Lights on Funding

Potential Cost Drivers

Lights on Funding – Is currently granted based on the complexity of a facility and its total building gross area. The granting of LOF is unique to the province of Alberta Post-Secondary System and provides a core financial level of stewardship for campus facilities which allows faculties to focus on their Academic Mission. For the University of Alberta LOF for campus facilities is split with 50% going to Facilities and Operations for activities required for campus infrastructure. The remaining 50% is managed by Finance and Administration to cover utilities and costs for shared common services (insurance, security). The use (application) of LOF is tracked through financial reporting back to the Government of Alberta on an annual basis.

Technical Complexity – Analysis of UA Facilities has determined 5 levels of technical complexity to campus facilities. The technical level of space will be the parent for tracking costs on a gross square meter basis. As technical complexity is primary cost driver for utilities, building operations, maintenance and custodial at a building level, we have been working with the Government of Alberta to recognize this as the factor for funding of new and renewed facilities.

Assigned Space – Under the current funding Government of Alberta funding model we are required to report on space utilization on an annual basis. For the purpose of the Government report space is tracked and reported on 17 classifications. For buildings in which there are multiple faculty occupancies, individual faculties that are assigned space have space tracked as a % of overall area. The 17 classifications of assignable space include; classrooms & support, instruction laboratories & support, research & research support, academic offices, administrative offices, library and study space, athletic, farm, central support, assembly and exhibition, housing & support, ancillary operations, student community, unclassified, parking, clinical. Non-assignable space includes roof, void areas, circulation areas, mechanical and building service / custodial.

Campus Wide Facility Systems / Services – Campus has a number of central systems / services that serve the overall University function and population. These services are supported within the allocation of LOF as split between F&O and F&A. Services / systems in this category include; grounds, QMP, OUA, Planning, technical support, building hazardous material management, sustainability, card access, intrusion alarm, video surveillance, environmental health and safety, insurance and risk management. It should be noted that the costs for network systems in this category are for the central network only. Users / Faculties would be responsible for covering costs of deployment within the individual buildings.

Cost Recovery and Self-Funded Services – Services that are funded through cost recovery (project management, project design technical services, campus fleet). Self-funded services include energy management savings initiatives (Energy Management and Sustainable Operations). These services are not attributed to space and are managed separately.

INFLUENCE FACTORS

Factors that can affect cost drivers at a building level include:

Deferred Maintenance – Renewal of a facility infrastructure can significant drop operations and maintenance costs. Savings to utilities and maintenance through facility renewal are shared on a campus basis.

Hours of Operation – Hours of operation of campus facilities directly impacts utility consumption. The highest utility use facilities (Tech level 4 / 5) are required to operate 24 / 7 to support laboratory / research requirements. This represents approximately 60% of the overall area. For the select facilities on campus that could go to an “off mode” calculated savings are approximately $2.6M per year based on 190 days and no summer use. Testing of facility operating hours for weekends and shutting down for holiday periods of facilities that could work with modified hours has found savings in the range of $250.00 per day for a facility like Zeidler Ledcor Centre.
**Summer Occupancy** – In order to realize savings for summer occupancy, due to ventilation system design, buildings would have to be fully shut down. For the majority of the older buildings partial occupancy means full operation of the mechanical ventilation systems. Increased use in summer for summer programs will result in an increase in utility consumption for cooling and electrical to handle the increased utilization.

**Functionality / Need for Renewal** – This factor is readily apparent in classroom bookings and utilization. Classrooms that are older, in poor locations (long travel distance) are much less desirable for use and are booked less frequently. Similarly once older facilities are renewed the modernization will result in higher energy usage as the new systems that are put in place meet current codes for ventilation, cooling and increased power for user requirements.

**Building Standards** – Varying building custodial and operational standards can influence operations and maintenance costs. Under the current operational standards the University is very efficient for application of funds.

---

**CURRENT LOF MODEL**

**UA Campuses**

- University of Alberta Campuses
  - 1.7 M SQM/440 Buildings
- New capital Construction
  - 5 Levels
  - Technical Complexity for Buildings
- 50% LOF to F&O
- 50% LOF to F&A

**Operations, Maintenance, Custodial, Repairs Central Systems**

- Costs for Utilities, O&M, Custodial Projects Tracked
- Cost Tracking on a Facility Basis

**Utilities**

- Common Costs
- EHS, Utilities, Insurance, Etc.
- Cost Reporting to GovA through FIRS
FULL RCM

Potential Cost Drivers

Technical Complexity – Analysis of UA Facilities has determined 5 levels of technical complexity to campus facilities. As levels 1 and 2 form a relatively small portion of overall costs the costs for these facilities will be assigned on a prorated basis to Tech level’s 3, 4 and 5. The technical level of space will be the parent for assigning costs on a gross square meter basis. Technical complexity is primary cost driver for utilities, building operations, maintenance and custodial at a building level. As the majority of campus facilities are assigned to one faculty technical complexity will be the cost driver for assigned space. Classroom space within buildings would be managed as a separate cost driver.

Assigned Space – For buildings in which there are multiple faculty occupancies, individual faculties that are assigned space will have costs assigned as a % of overall area.

Common areas – Assignment of common area costs will be based on three factors:

1. For facilities (primarily single faculty) common area costs will be part of the overall facility gross square meters and form part of the total building costs. Examples of facilities in this category include CCIS, La Ki Shing, Katz, ECERF / ETLC
2. For facilities have common areas that are shared for campus overall the common area will be deducted from the technical complexity gross and assigned out on a % head count (staff and students) basis. Examples of facilities in this category include CAB, NREF, and PAW
3. Costs for University administrative space (non-faculty space – SMS, Administration) will be assigned on a % basis based on gross assigned area.

Campus Wide Facility Systems / Services – Campus has a number of central systems / services that serve the overall University function and population. These services would be assigned out on a % head count (staff and student) basis. Services / systems in this category include; grounds, QMP, OUA, Planning, technical support, building hazardous material management, sustainability, card access, intrusion alarm, video surveillance. It should be noted that the costs for systems in this category are for the central network only. Users / Faculties would be responsible for covering costs of deployment within the individual buildings.

Classrooms – We would recommend moving to a model of centrally scheduled with billings for use. Classrooms would be tracked centrally and billed on a booking basis (hours of use) back to the respective user group. Classroom costs on a sq. meter basis would vary by the building type (Technical Complexity).

Cost Recovery and Self-Funded Services – Services that are funded through cost recovery (project management, project design technical services, campus fleet). Self-funded services include energy management savings initiatives (Energy Management and Sustainable Operations). These services are not attributed to space and are managed separately.

INFLUENCE FACTORS

Factors that can affect cost drivers at a building level include:

Deferred Maintenance – Renewal of a facility infrastructure can significant drop operations and maintenance costs. Savings to utilities and maintenance through facility renewal are shared on a campus basis.

Hours of Operation – Hours of operation of campus facilities directly impacts utility consumption. The highest utility use facilities (Tech level 4 / 5) are required to operate 24 / 7 to support laboratory / research requirements. This represents approximately 60% of the overall area. For the select facilities on campus that could go to an “off mode” calculated savings are approximately $2.6M per year based on 190 days and no summer use.

Summer Occupancy – In order to realize savings for summer occupancy, due to ventilation system design, buildings would have to be fully shut down. For the majority of the older buildings partial occupancy means full operation of the mechanical ventilation systems. Increased use in summer for summer programs will result in an increase in utility consumption for cooling and electrical to handle the increased utilization.

Functionality / Need for Renewal – This factor is readily apparent in classroom bookings and utilization. Classrooms that are older, in poor locations (long travel distance) are much less desirable for use and are
booked less frequently. Similarly once older facilities are renewed the modernization will result in higher energy usage as the new systems that are put in place meet current codes for ventilation, cooling and increased power for user requirements.

**Building Standards** – Varying building custodial and operational standards can influence operations and maintenance costs. Under the current operational standards the University is very efficient for application of funds
FULL RCM MODEL

UA Campuses

University of Alberta Campuses
1.7 M SQM/440 Buildings

5 Levels
Technical Complexity for Buildings

Pro-rated Levels 1 & 2
on % Basis Assigned to Levels 3, 4, 5

Bring out Central Support Space – Average
Re-assign % Gross Area

Building Technical Complexity
3, 4, 5

Building Area Cost/GSM
By Technical Complexity

Define Common Area & Classroom Space

Split Out Common Costs

Shared Common

Defined Buildings Dedicated to Faculties

Dedicated Faculty Buildings $/GSM

Shared Common Cost Allocated % Head Count

Dedicated Common Costs

Classrooms Area removed from Building

Shared Use Defined Buildings with Space Shared between Facilities

Defined % Space by User Group

Shared Use Building Shared by Building Cost $/GSM

Financial Costs

Campus Wide System Costs $/SQM Assigned

Utilities, Operations, Maintenance Custodial Costs Assigned

Move to Central Booking for Usage Model

Resource Management Model Project Final Report Appendicies PAGE 108
Recommended - Hybrid RCM Model
Potential Cost Drivers

**Lights on Funding** – Is currently granted based on the complexity of a facility and its total building gross area. This recommendation is based on keeping the lights on funding (LOF) model with the ability to have modifications. The granting of LOF is unique to the province of Alberta Post-Secondary System and provides a core financial level of stewardship for campus facilities which allows faculties to focus on their Academic Mission.

**Technical Complexity** – Analysis of UA Facilities has determined 5 levels of technical complexity to campus facilities. As levels 1 and 2 form a relatively small portion of overall costs the costs for these facilities will be assigned on a prorated basis to Tech level’s 3, 4 and 5. The technical level of space will be the parent for assigning costs on a gross square meter basis. As technical complexity is primary cost driver for utilities, building operations, maintenance and custodial at a building level, we have been working with the Government of Alberta to recognize this as the factor for funding of new and renewed facilities.

**Assigned Space** – For buildings in which there are multiple faculty occupancies, individual faculties that are assigned space have space tracked as a % of overall area.

**Common areas** – Assignment of common area costs will be based on three factors:

4. For facilities (primarily single faculty) common area costs will be part of the overall facility gross square meters and form part of the total building costs. Examples of facilities in this category include CCIS, La Ki Shing, Katz, ECERF / ETLC
5. For facilities have common areas that are shared for campus the overall the common area benefits the full campus and are tracked on a gross GSQM basis. Examples of facilities in this category include CAB, NREF, and PAW
6. Costs for University administrative space are maintained within the LOF model and tracked on a building (non-faculty space – SMS, Administration) GSQM basis.

**Campus Wide Facility Systems / Services** – Campus has a number of central systems / services that serve the overall University function and population. These services would continue to be covered with the allocation of LOF as split between F&O and F&A. Services / systems in this category include; grounds, QMP, OUA, Planning, technical support, building hazardous material management, sustainability, card access, intrusion alarm, video surveillance. It should be noted that the costs for systems in this category are for the central network only. Users / Faculties would be responsible for covering costs of deployment within the individual buildings.

**Classrooms** – We would recommend moving to a model of centrally scheduled (potentially with billings for use). Classrooms would be tracked centrally for booking and billings (hours of use) back to the respective user group. Classroom costs on a sq. meter basis would vary by the building type (Technical Complexity). Centralized booking of classrooms would provide efficiencies in use, renewal, potential re-purpose and direction for capital construction.

**Cost Recovery and Self-Funded Services** – Services that are funded through cost recovery (project management, project design technical services, campus fleet). Self-funded services include energy management savings initiatives (Energy Management and Sustainable Operations). These services are not attributed to space and are managed separately.

**INFLUENCE FACTORS**
Factors that can affect cost drivers at a building level include:

**Deferred Maintenance** – Renewal of a facility infrastructure can significant drop operations and maintenance costs. Savings to utilities and maintenance through facility renewal are shared on a campus basis.

**Hours of Operation** – Hours of operation of campus facilities directly impacts utility consumption. The highest utility use facilities (Tech level 4 / 5) are required to operate 24 / 7 to support laboratory /
research requirements. This represents approximately 60% of the overall area. For the select facilities on campus that could go to an "off mode" calculated savings are approximately $2.6M per year based on 190 days and no summer use.

**Summer Occupancy** – In order to realize savings for summer occupancy, due to ventilation system design, buildings would have to be fully shut down. For the majority of the older buildings partial occupancy means full operation of the mechanical ventilation systems. Increased use in summer for summer programs will result in an increase in utility consumption for cooling and electrical to handle the increased utilization.

**Functionality / Need for Renewal** – This factor is readily apparent in classroom bookings and utilization. Classrooms that are older, in poor locations (long travel distance) are much less desirable for use and are booked less frequently. Similarly once older facilities are renewed the modernization will result in higher energy usage as the new systems that are put in place meet current codes for ventilation, cooling and increased power for user requirements.

**Building Standards** – Varying building custodial and operational standards can influence operations and maintenance costs. Under the current operational standards the University is very efficient for application of funds.
HYBRID RCM MODEL

UA Campuses

University of Alberta Campuses
1.7 M SQM/440 Buildings

5 Levels Technical Complexity for Buildings

Pro-rated Levels 1 & 2 on % Basis Assigned to Levels 3,4,5

Building Technical Complexity 3, 4, 5

Building Area Cost/GSM By Technical Complexity

Define Classroom Space

Classrooms Area removed from Building

Defined Buildings Dedicated to Faculties

Dedicated Faculty Buildings $/GSM

Shared Use Defined Buildings with Space Shared between Facilities

Define % Space by User Group

Shared Use Building Shared by Building Cost $/GSM

Defined Operational Costs that could be dropped as a credit to faculties

Financial Costs

Campus Wide System Service Standards Defined

Utilities, Operations, Maintenance Custodial Tracked

Move to Central Booking for Usage Model

Defined Operational Costs that could be dropped as a credit to faculties
Appendix 3: F&O Organization Descriptions

1. **Operations and Maintenance**
   

   Operations and Maintenance (OM) is proud to act as the steward for operating, maintaining and renewing the buildings that house the teaching, research and administrative activities of the University of Alberta.

   With the specialized knowledge and skills of engineers, technologists, project managers and coordinators, estimators, and trades people, Operations and Maintenance focuses on operating and renewal programs at each of the university’s five campuses.

   Services include:
   a. Buildings and Grounds
   b. Operations
   c. Energy Management & Sustainable Operations
   d. Safety
   e. Build Infrastructure
   f. Augustana Campus
   g. Vehicle Pool

2. **Planning and Project Delivery**
   
   [http://www.facilities.ualberta.ca/Planning_Project_Delivery.aspx](http://www.facilities.ualberta.ca/Planning_Project_Delivery.aspx)

   Planning and Project Delivery plans and builds new facilities in support of the University's need for increased research, teaching, residence and administration space.

   The unit is responsible for long term capital planning and real estate development; faculty programming and individual capital projects delivery and technical support for ongoing campus infrastructure.

   Services include:
   a. Office of University Architect
   b. Planning Services
   c. Design and Technical Services
   d. Project Management Office
   e. External Project Development

3. **Office of Sustainability**

   The Office of Sustainability is the hub of the Campus Sustainability Initiative at the University of Alberta. They collaborate with many units and organizations to inform and inspire students, faculty and staff to adopt sustainable practices. The Office of Sustainability facilitates integration of sustainability initiatives across three focus areas: outreach & engagement; facilities & operations, and teaching & research.

   Services include:
   a. Sustainability planning, performance measurement and reporting
   b. Sustainable operations & practices
   c. Staff and student engagement initiatives (awareness, behavior change & capacity building)
   d. Energy efficiency, water conservation & waste diversion
   e. Grant programs
4. **Financial Services**

As part of the consolidated institution’s financial services delivery model, this unit provides financial support and control of the portfolio’s operations and capital program.

Services include:
- Operating Business Support
- Capital Compliance and Reporting Analysis
- Procurement and Data Collection
- Utilities financials
- Ancillary Services financials

5. **Shared Services**

These services are provided under a direct matrix model where the services are provided from a central department within F&O. General administrative support links the VP and AVP offices on report preparation, governance routing and UAPPOL. Support for internal and external communication is provided and supports University Relations as required. Human Resources provide a full suite of HR services within the portfolio and have a joint report to Central HR Employee Relations under the new central model.

Services include:
- Human Resources
- Administrative Services
- Communications

6. **Utilities**


The University of Alberta owns and operates one of the largest campus district energy systems in North America. This energy system is anchored by the university’s Heating and Cooling plants and supplies services to the university as well as the University of Alberta Hospital, the Stollery Childrens’ Hospital, the Cross Cancer Institute, the Jubilee Auditorium, Canadian Blood Services and other smaller entities.

Services include:
- Power
- Steam
- Chilled water
- Compressed air
- Domestic water
- Demineralized water
- Storm and sanitary drainage services
- Planning, engineering and construction activities related to utilities

As a participant in Alberta’s deregulated energy market, Utilities is able to realize cost savings through active management of our power production and natural gas purchases, which helps to reduce the operating costs of not only the university, but also each of our clients.

7. **Ancillary Services** (business unit)

[http://www.asinfo.ualberta.ca/](http://www.asinfo.ualberta.ca/)
Our service-oriented staff are focused on enhancing the quality of life of the university’s students, faculty and staff, as well as the wider community by providing a wide-range of services in support of academic and research activities.

Services include:

a. Real Estate Services
b. Hospitality Services
c. Residence Services
   i. Property Management
   ii. Residence Life
d. Parking Services
e. ONE Card
   i. Card Access (RCMS) (Design, Installation, Maintenance, Licensing, Replacement and Upgrading; Helpdesk and Administration; System Design, Development, Maintenance, Licensing and Upgrading)
f. Augustana Campus
g. Campus Saint-Jean
h. Enterprise Square

B. Finance and Administration

http://www.vpfinance.ualberta.ca/

The Vice-President (Finance and Administration) provides a link between the Administration and the Board of Governors on all matters relating to University finance, IT and human resources.

Finance and Administration services are central in nature and can be distributed on either staff numbers or building area distribution.

Services that can be justified on a square meter basis include:

1. Environmental Health and Safety
2. Insurance
3. Telephone/Data
Appendix 4: Deferred Maintenance and Impact of Facility Renewal

**Background**

The Infrastructure Maintenance Program (IMP) grant is a restricted funded that is directed to fund facility infrastructure. The University of Alberta has taken a strategic approach to addressing deferred maintenance on campus. With the limited funding provided a strategic approach to the application of funds vs an allocated of set dollars per building is required, to address the large infrastructure renewal projects.

Large renewal projects are planned in advance and undertaken on a priority basis. This allows for either phased renewal of facilities or position of system infrastructure renewal for full building upgrades.

**Example:**

University of Pennsylvania use a distributed funding model with dollars assigned on a building basis.

For the University of Alberta distributed funding on a building basis would mean an approximate allowance of $5.53 per GSM (refer to index on accompanying flow chart) to be allocated for each building on campus.

Using the following facilities and associated renewal projects as examples:

Agriculture Forestry Centre --- 17,189 GSM would mean an annual allowance of $95,055. The current atrium replacement project is $1.4M.

Van Vliet --- 27,079 GSM would mean an annual allowance of $149,746 – the recent fire alarm replacement project to address building code issues was $2.2M.

Working with an allocation model based on building area would not allow for the projects identified as well as many others on campus to be undertaken. The only method that will address large scale renewal projects on campus within the limited funding is a strategic approach.
Deferred Maintenance
Infrastructure Maintenance Program (IMP Grant)

University of Alberta Campuses
1.7 M SQM/440 Buildings

Supported Facilities
Facility Condition Audits
Rotational Basis Funded by GovA

Unsupported Facilities
Facility Audits updates By Ancillaries

IMP Funding Formula
Total Supported Area and Total FLE
Province % Based Formula

Annual % Supported Facility Audits
Updated Audits Loaded to GovA database
Facility and Campus Condition Audit

University of Alberta Tracking Hazmat Code Renewal

Prepare Annual Rolling 3 Year Plan
Campus & Facility Condition Index

Grant Allocation
Deferred Maintenance Projects

Project Completions

IMP FUNDING
2014/2015 $17.4M
2015/2016 $17.0M

Allocation
Campus Central Infrastructure 35%
Universal Access 6%
Underground Utilities 15%
Grounds and Roads 3%
Building Improvements and Renewal 41%
Appendix 5: Benchmarking Comparison Data

1. APPA Benchmark Comparison Data – Western Canadian Institutions
2. APPA Benchmark Comparison Data – Canadian PEER Group

- Annual Facility Operating Expense per Current Replacement Value – lower than average which means we spend less on Facility Operating Expenses per dollar of Gross Institution Expense. UofA 3.29% National Average 4.32%

- Annual Facility Operating Expense per Gross Square Foot/Gross Square Meter – lower than average means we spend less on Facilities Operating Expenses per gross square foot of area. UofA $4.47 National Average $5.18

- Facility Admin Total costs and labour lower than average per gross square foot. UofA $0.31 National Average $0.36

- Custodial Total Costs per gross square foot lower than average. UofA $1.19 National Average $1.51

- Maintenance Total Costs per gross square foot lower than average. UofA $1.43 National Average $1.67
### University of Alberta

**Resource Management Model (RMM)**

**Working Group Recommendation Report**

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Research Strategy, Administration, and Oversight</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Co-Leads:</strong></td>
<td>L Deydey (Director, RSO), R Elio (Professor, Department of Computing Science)</td>
</tr>
<tr>
<td><strong>Members</strong></td>
<td>Simaan Abourizk (Professor, Department of Civil Engineering), Annette Kujda (Administrative Officer, Office of the VP-Research), Chris Lumb, (CEO, TEC Edmonton) David Evans (Vice-Dean, Research, FOMD), Lan Chan-Marples (Research Facilitator, RSO), Michael Walesiak (Associate Director, RSO), Michele Pearce (Director, Financial Accounting and Reporting), Royston Greenwood (Professor, Department of Strategic Management), Susan Babcock (Administrative Director, Research Ethics Office)</td>
</tr>
<tr>
<td><strong>Creation Date:</strong></td>
<td>May 28, 2015</td>
</tr>
</tbody>
</table>
# Table of Contents

Introduction .................................................................................................................................................. 3
Service Areas Inventory ............................................................................................................................... 3
Cost of Service Area .................................................................................................................................... 5
Cost Drivers and Cost Allocation Models .................................................................................................... 6
  Cost Drivers ............................................................................................................................................. 6
  Cost Allocation Approaches ................................................................................................................... 7
  Recommendation ...................................................................................................................................... 9
Relationship of Services to Cost Allocation Models ................................................................................... 9
Pros and Cons .............................................................................................................................................. 10
Other Issues .............................................................................................................................................. 11
  Shared Facilities ....................................................................................................................................... 11
  Separating cost responsibility from expenditure control ................................................................. 11
  The university model of distributed management and responsibility .............................................. 11
  A collection of Faculties vs. a single university ...................................................................................... 12
Appendices ............................................................................................................................................... 12
  Appendix 1: Responsibility for Legislative Compliance ................................................................. 13
  Appendix 2: Methodology for Calculating Cost Allocation Metrics .................................................. 14
  Appendix 3. Cost Allocation Models — % Faculty Share of Institutional Totals ............................ 16
  Appendix 4. Cost Allocation Models — Nominal Allocation of Costs to Faculties ....................... 17
  Appendix 5. Source Data for Calculations ........................................................................................... 18
  Appendix 6. Other Approaches: University of Toronto and York University ............................... 23
Introduction

Research Strategy, Administration, and Oversight services fall into two broad categories. The first category corresponds to the strategic activities that are driven by institutional vision and objectives and that also support the vision and objectives of individual Faculties. The second category captures the operational activities that enable and support these strategic objectives.

The Working Group undertook the analysis of these service areas with the mandate to (1) to identify cost drivers for providing these services, and (2) to identify cost allocation methods by which the cost of these services could be allocated to individual Faculties, if the University were to adopt some kind of Responsibility Management Centered approach to budgeting and/or revenue and cost distribution.

This report does not separate these two categories in its analyses, i.e., it does not assign different separate cost drivers and cost allocations methods to each category. Although these two categories are conceptually separate, the two are highly interrelated.

It is important to make the following point both to internal audiences and to our two public sources of funding: Government of Alberta and Alberta citizens who pay tuition to attend the University of Alberta. The University’s public mandate is to be a research-intensive teaching institution, whose research and scholarship activities bring societal benefits to Albertans, Canadians, and people of the world. There is no cost driver analysis, or single cost driver, that captures level of investment, activity, and expenditure required to meet this mandate. As we undertake consultations about new budget models, some external (and internal) stakeholders might mistakenly conclude that the cost of “central research services” as defined here constitute the total costs of meeting our public mandate to undertake research, scholarship and creative activities. This is not the case.

Service Areas Inventory

Strategic Activities

Establish strategies and mechanisms to meet institutional objectives on research outcomes and impact, including

- Promote strategic research partnerships and initiatives with post secondary (Campus Alberta), health (e.g., Alberta Health Services, Covenant Health) and government organizations (e.g., Alberta Innovates Corporations)
- Develop initiatives, institutes, specialized facilities and programs with provincial, national and international public and private sector partners (e.g., Helmholtz –Alberta Initiative; India-Canada Center of Excellence with UofT and UBC; Li Ka Shing Institute of Virology)
- Establish institutional strategy on key national competitions (e.g., CRC, CERC, CFERF)
- Promote institutional innovation and technology transfer
- Provide leadership to national and provincial initiatives affecting university research
- Pursue research excellence awards for individual researchers
- Support specialized research personnel within the University (e.g., Post-Doctoral Fellow and Visiting Scholars Office; WISEST Program)

**Operational Activities**

**Compliance and Certification**

Identification and management of and support for externally driven compliance and certification requirements (Canadian, US and foreign), including
- Ethics reviews of human and animal research in accordance with national agencies’ requirements
- Biohazard, radiation and chemical safety
- Conflict of interest management (National Institutes of Health – US)
- Information management (e.g., Health Information Act; Tri-Agency Open Access Policy)
- Field research compliance and certification (e.g., collection of samples; risk management; permits; applicable policies, regulations and best practices)
- Training requirements (e.g., Responsible Conduct of Research; field research safety)
- Clinical trial application administration, risk assessment, records management, monitoring and for-cause auditing of any clinical research involving university investigators

**Institutional Audits and Research Support Systems**

- Prepare for and facilitate external audits of research funding management and expenditures for all granting agencies (e.g., Tri-Council, Canada Foundation for Innovation (CFI), etc.)

**Funding Proposal Facilitation**

- Communication, seminars, and workshops on funding opportunities
- Grant development resources

**Funding Proposal Submission**

- Individual and Team Grants: Eligibility and Completeness
  - Ensure that proposed research meets all competition and submission requirements; verify and track institutional commitments; coordinate financial commitments of multi-institutional proposals; coordinate and verify the internal/external financial commitments of cross-faculty and cross-institutional team grants
- Individual and Team Contracts and Agreements: Compliance and Completeness
  - Ensure proposed sponsored research activities comply with institutional policies and any relevant funding sponsor agreements; develop and negotiate necessary MOUs and schedules; coordinate and verify the internal/external financial commitments
- Special Funding Programs for Undergraduates, Graduate Students and Postdoctoral Fellows
  • Coordinate, review and submit for health and medical traineeships (CIHR, AI-HS, NIH, etc.) and for industrial internship programs (e.g., Mitacs)

**Funding Award Management & Reporting**
- Manage award accounts for individual researchers, internal centers and institutes, and cross-institutional centers (e.g., hospitals, other universities) and initiatives
- Generate reports (institutional level/individual researcher/center/institute) as required by external parties or agencies
- Generate data and strategic analysis reports as requested by Faculties, Departments and administrative units

**Innovation, Technology Transfer, Research Agreements, and Commercialization**
- Facilitate, coordinate and develop agreements and corresponding schedules related to sponsored research contracts, compliant with university and granting agency policies
- Provide business development, and technology management services (materials transfer and business agreements, market analysis, patent evaluation, IP protection and licensing)

Central research strategy, administration and oversight units are also responsible for the University’s compliance with legislation. See Appendix A for a partial list.

**Cost of Service Area**

The Working Group was asked to conduct their analyses using two sets of central expenditures:

1. **Vice-President (Research) Office expenditures (department codes 610XXX):** Vice-President office; Research Services Office (RSO); Ethics Office; Field Research Office; TEC Edmonton, Post-doctoral and Visiting Scholars Office; Canada Research Chair Coordination; infrastructure support, including NANUC and SLOWPOKE; WISEST; interdisciplinary initiatives
2. **Vice-President (Finance and Administration) expenditures (department code 700202):** Quality Management in Clinical Research Unit.

The QMCR unit oversees aspects of clinical trials compliance; expenditures associated with QMCR were included in these analyses at the request of the Administration Working Group (P. Clark), which removed them from their analyses.

The Working Group notes that there are other central expenditures that may rightly belong in the calculation of the cost of research strategy, administration, and oversight, and these should be identified for consistent treatment within these cost allocation discussions. For example, the RMSC Administration Working Group reported (May 28, 2015) that 80% of the Environment, Health and Safety activities within Risk Management are attributable to research requirements.
(e.g., assistance with pathogen acquisition; disposal and management of hazardous waste and materials; radiation safety).

The point is that the University may decide to include other expenditures in the cost of this service area, changing both the historical numbers reported in the table below, as well as any future calculations.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>VP-Research 1</td>
<td>$16,384,724</td>
<td>$16,963,993</td>
<td>$15,617,002</td>
</tr>
<tr>
<td>VP-F &amp; A: QMCR Unit 2</td>
<td>$182,124</td>
<td>$257,192</td>
<td>$369,087</td>
</tr>
<tr>
<td>Other centrally-funded research services and activities</td>
<td>?</td>
<td>?</td>
<td>?</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$16,566,848</strong></td>
<td><strong>$17,221,185</strong></td>
<td><strong>$15,986,089</strong></td>
</tr>
</tbody>
</table>

1 Source: Resource Planning, Finance and Administration

2 Source: S. Jamieson, Advisor, QMCR Unit

Cost Drivers and Cost Allocation Models

Cost Drivers

The factors that drive the cost of providing strategic, administration, and oversight research services include, but are not limited to, the following:

1. The institutional research vision and objectives
2. The number of tenure and tenure stream faculty
3. The number of postdoctoral fellows and graduate students
4. The level of health and biomedical research, including research involving humans and animals
5. The level of sponsored research activity (i.e., contracts with the private and public sector)

The University's vision, as well as that of individual Faculties, drives the activity of the Vice-President (Research) Office *per se*, by setting broad strategic objectives that can, in some cases, require additional central resources. Examples include increased external awards and honors for faculty, an increased success rate on funding applications, and cross-institutional research initiatives.

The size of the University’s tenured and tenure-stream faculty population, along with graduate students and post-doctoral fellows, is also a cost driver. This population’s activities define the University’s research intensity, and simply put, create demand for operational services identified above.
Health and biomedical research, including clinical trials, is a significant cost driver of central research services. More generally, the level of research involving humans and animals defines the workload of ethics and protocol reviews, and also increases the complexity of on-going research management and oversight. The more such activity is funded by international agencies (e.g., NIH in the U.S.), the more diverse the application, reporting, and protocol review processes become.

The level of sponsored research with private and public entities is a cost driver, because contracts and agreements must ensure that the interests of the University, researchers, and students are protected, that the work conforms to institutional policies and procedures, and that the requirements of public funding agencies (e.g., the tri-councils) are also met, where necessary.

There are external factors that also drive the cost of providing the centralized services and expertise. One example is the increasing reporting demands and requirements by external agencies. Another is changing certification and compliance requirements and the differences between those requirements for Canadian and non-Canadian funding agencies. A third is the creation of additional funding agencies at the provincial and national level, or the introduction of new funding programs within existing agencies. Mitacs is an example of a national funding agency that did not exist a decade ago. At the strategic level, each new funding agency requires central activity to develop institutional agreements and MOUs; at the operations level, each new funding agency creates a new stream of activity for central oversight, management, and reporting.

There is no direct mapping from these broad cost drivers to the actual cost of providing these services and providing them at the required level of quality.

A new grants processing system, for example, can reduce the time required for routine transactions related to project set-up and management. However, the complexity of research projects (e.g., multi-institutional, multi-sponsor, multi-national; engagement with private sector or philanthropic sources) can require both more time and more expertise in oversight.

Cost Allocation Approaches

The second objective was to identify cost allocation models, by which individual Faculty units might be assigned their share of these central costs. To do this, the Working Group identified several measures that approximated the demand for these central services and that could easily be associated with individual Faculty units.

The first set represents a kind of transactional perspective to estimate demand (workload) on the central services. These would include the University’s

- total research funding applications
- total of research projects
- total human and animal protocol applications
- total sponsored research agreements (contracts)
A second set of measures is a more indirect approximation of workload and would include the University’s

- total research revenue
- total tenure and tenure-stream faculty complement
- total graduate student and PDF complement

Of this set, the Working Group performed their quantitative analyses on data for (1) research applications and sponsored research agreements, combined; (2) research projects, (3) research revenue, (4) research expenditures, and (5) tenure and tenure-track faculty. Each of these taken separately, or in combination with each other, constitutes a different allocation model. Appendices 3 and 4, respectively, present each Faculty’s proportional share of the institution total, and its nominal share of 2013-2014 expenditures under each individual model.

While the distribution of these proportions is similar under all these metrics, there can be a large difference for a given Faculty, depending on which metric is selected. For example, the Faculty of Arts accounts for 6.6% of the total funding applications, but only 1.8% and 2.8% of research funding and expenditures, respectively. This outcome is not surprising, given the lower amount of available funding for social sciences and humanities research, and the absolute value of individual social sciences and humanities grants relative to those in STEM disciplines. The expected opposite relationship is seen in the data for the Faculty of Science (19% of total research funding vs. 13.4% of total applications) and for FOMD (37.6% of total funding vs. 32.3% of total research projects).

The exact values of these percentages may change when reporting methods are refined and if other expenditures are included, but this relationship is likely to hold. The point is that a given Faculty’s allocation of a $15M total expenditure could range from $450K to $750K annually, depending on the chosen metric. A Faculty may find this difference has little significance or great significance, depending on the full context of its revenue and its other expenditures.

The RMSC asked the Working Group to consider research funding vs. research expenditures as alternative cost allocation metrics. As expected, these are highly correlated. Research revenue is meant to be 100% expended. If more research revenue is good, then more research expenditures should also be viewed as good. However, there may be differences between research revenue and research expenditures as they are calculated now and these differences should be understood if one were to be chosen instead of the other for some objective. For example, research revenue only includes externally funded awards, but research expenditures counts expenditures from both internal and external awards.

The Working Group decided that the other cost allocation metrics — contract research agreements, human/animal protocols, graduate and PDF complement — were either subsumed under the other metrics or not easily assigned to individual Faculties.

The majority of the Working Group did not favor using a Faculty’s proportionate share of the University’s tenure and tenure-stream faculty in a cost allocation approach.
Recommendation

The Working Group recommends the following cost allocation model:

The average of Faculty’s share in (1) university’s research funding, (2) total research applications (including contracts), and (3) total research projects, based on the previous year’s data.

The Working Group opposes the use of a single metric upon which to allocate costs to Faculties.

The rationale for this recommendation is presented in the “Relationship of Services to Cost Allocation Models” section and in the “Pros and Cons” section.

Relationship of Services to Cost Allocation Models

As a research institution, the University must satisfy certain standards and requirements for conducting research (Compliance and Certification). It must also meet the requirements set by external funding agencies for preparing and submitting research funding proposals, for managing and accounting for funds received, and for reporting on activities undertaken with research funding (Institutional Audits and Research Support Systems; Funding Proposal Submission; and Funding Award Management & Reporting).

- The number of research grant applications generated by each Faculty is a proxy for its reliance on for Compliance and Certification services and Funding Proposal Submission services. The number of research projects associated with each Faculty is a proxy for its reliance on the services and expertise provided by Funding Award Management and Reporting, and Institutional Audits and Research Support Systems. The recommendation to include both research applications and research projects acknowledges the services and expertise entailed in submitting applications, regardless of their success, especially those that involve multi-agency, multi-institutional and multi-national partnerships.

To compete and thrive as a research-intensive public university (nationally and internationally), and to achieve institutional strategic objectives of scholarly impact and engagement, the University must create an environment of success, recognition and opportunity for individual scholars, teams, Faculties and the institution as a whole. Central services are dedicated to creating this environment, working with and on behalf of individual Faculties. These are the service inventory activities listed under: Strategic Activities – Provincial, National, International; Specialized Research Personnel Support; Funding Proposal Facilitation; and Sponsored Research Agreements and Commercialization.

- A Faculty’s share of the University’s total research funding is a proxy of its reliance on these more strategic activities and services.
Pros and Cons

Pros

• Research application, research projects, and research funding are transparent and well-understood measures.
• The three metrics in this model collectively cover the range of services identified in the inventory better than a single metric does.
• A cost allocation method that includes projects and/or applications more directly reflects a workload demand on central services, than just research funding alone.
• We anticipate that a single metric would not be acceptable to Faculties, precisely because any given single metric will have specific implications for the cost charged to a given Faculty, that some other single metric would not. (See commentary above).

Cons:

• There are many research, scholarly, and creative activities that are unfunded or that rely on other institutional resources included in the Central operating units considered here. For example, there is unfunded research activity that requires ethics approval. One measure that would capture this is a Faculty’s proportionate share of tenure and tenure-stream faculty. York University includes this measure in its approach. See Appendix 4 for its rationale.
• The allocation of revenue, applications, and projects to a single faculty does not capture the cases of multiple investigators with different home faculties.
• The cost allocation metrics do not capture varying degrees of complexity associated with different types of research initiatives and the services they demand, and hence the cost drivers of staff time (total staff) or staff qualifications. The Working Group considered the premise that research activity associated with Tri-Council funding required less time and fewer complex services than activities associated with other funding sources. It ultimately decided this distinction did not add value to the possible allocation models.
• Two of the recommended metrics – number of research projects and number of applications – have not been measured historically. Standard methodologies for counting them need to be developed.
• None of the cost allocation metrics recognize that the University’s vision and public mandate drive the activity of the Vice-President (Research) Office per se, to achieve broad strategic objectives that may require additional central resources.

In discussions of responsibility-centered budget models, the notion of “creating incentives for new behaviors” figures prominently, where “new behaviors” typically means those that reduce costs or increase revenues. Under this view, it can seem more philosophically sound to allocate costs to Faculty units based on their expenditures than on their revenues, because if expenditures are “bad” and revenue is “good,” then behavior that reduces the former and increases the latter is also good. However, this is a false premise in the case of university research, because research funding is restricted revenue and must be fully expended (eventually) on the activities for which it was granted. In general, the cost drivers of research
strategy, administration, and oversight are not ones that the University would want to see reduced.

Other Issues

Shared Facilities

There are some research facilities that are currently housed within, and operated by, a single Faculty and used by researchers from multiple Faculties. Animal care facilities are one example. FOMD and ALES each run a large animal-care facility, with Science also running a smaller animal care facility. The operating costs for, and compliance burden of, these facilities continue to rise. Central support for these shared facilities was embedded in Faculty operating budgets at some time in the past, but cannot be identified at this point.

There are other shared research facilities that emerge from a joint initiative of multiple Faculties (e.g., CFI facilities), with a physical footprint in a single Faculty but co-funding arrangements across several Faculties for operations and staffing. Central support for these facilities (e.g., the permanent base funding of Faculty Service Officers or technicians) may have been given at the time of application, but is now embedded in faculty budgets.

In these cases, the issue will be determining the extent to which a given Faculty is providing a central research service for which it is not receiving commensurate revenue from the Center.

Separating cost responsibility from expenditure control

There will be increased tension between the Center and Faculties, if Faculties are expected to cover the cost Center-provided services over which they have no control in containing, and if they are not able to “opt out” of having the Center provide those services. Each Working Group will have examples of obligations, oversight, relationships and activities that can only be undertaken by the Board of Governors or its delegates. Examples in the area of research include institutional commitments and agreements, service standards, strategic partnerships and positioning, stewardship of the University’s name and reputation, and compliance with regulatory requirements. A way to mitigate some of this tension may be to have clear expectations about the role of Faculties in financial decision-making and about what decisions must remain under sole authority of the Center.

The university model of distributed management and responsibility

In addition to these central expenditures, there are direct and indirect Faculty-level expenditures on research strategy, oversight and administration (e.g., full time non-academic staff dedicated to research operations, financial oversight, core facilities, and reporting; academic staff serving as ethics review committee members).
This example is a natural consequence of a university’s distributed governance and management model, and it likely applies to some of central services and activities considered by other Working Groups. This truth may not impact the outcome of new revenue-and-cost allocation model, which is an internal matter. But it is important to acknowledge this reality with external stakeholders, to avoid any misunderstanding that the “indirect costs” of our research enterprise are only those that can be traced to the Center. Academic and non-academic staff members throughout the institution are engaged in delivering many of the services and activities listed in the inventory. Examples include: staff with responsibilities for research services at the department and faculty level (e.g., accounting, reporting, or strategic activities); and academic staff who conduct the time-consuming ethics reviews.

Distributed governance, management and responsibility for meeting the institution’s mandate in research and other areas is the way a university operates.

A collection of Faculties vs. a single university

Adopting a responsibility-centered budget framework may move the University further towards decentralization, putting at risk the cohesive institutional identity, expectations and vision for its undergraduate and graduate learning and teaching experience, and for its research, scholarship and creative contributions. We may wish to consider what kind of governance model, in conjunction with a new revenue model, would strengthen the University’s ability to achieve institutional objectives, and to facilitate cooperation among Faculties in meeting their respective objectives in conjunction with institutional objectives.

Appendices

Appendix 1: Central Responsibility for Legislative Compliance Regarding Research
Appendix 2: Methodology for Calculating Cost Allocation Metrics
Appendix 3: Cost Allocation Models (% Faculty Share of Institutional Totals)
Appendix 4: Cost Allocation Models — Nominal Allocation of Costs to Faculties
Appendix 5: Source Data for Calculations
Appendix 6: Other Approaches: University of Toronto and York University
Appendix 1: Responsibility for Legislative Compliance

As identified by the Auditor General, the University is subject to the following legislation, with which it is required to demonstrate compliance. The Resource Management Model Project Working Group identified compliance with the legislation listed below to be the responsibility of central units responsible for Research Strategy, Administration and Oversight.

Risk Management identified items marked with an asterisk (*) as posing a higher risk to the University, if it were found to be noncompliant.

Research Strategy, Oversight and Administration

Adult Guardianship & Trusteeship Act
Aeronautics Act
* Agricultural Operation Practices Acts and Regulations
Agricultural Pests Act
Alberta Research and Innovation Act and Regulation
Alberta Science and Research Authority Act
Animal Health Act
Animal Protection Act and Regulations
* Canadian Council on Animal Care Guidelines
Experimental Farm Stations Act
* Food & Drug Act and Regulations/US Food and Drug Act
Guidelines for Human Pluripotent Stem Cell Research
Health of Animals Act
Hospitals Act
International Conference on Harmonization – Good Clinical practices and the Tri-Council Policy Statement on the Ethical Conduct for Research Involving Humans
* Patent Act
* Plant Protection Act
Quarantine Act
* Tri-Council Agreement on the Administration of Agency Grants and Awards by Research Institutions
* Tri-Council Policy Statement on the Ethical Conduct for Research Involving Humans
US Human & Health Services/Public Health Services/National Institutes of Health - Conditions of Funding
Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act
Wildlife Act
Appendix 2: Methodology for Calculating Cost Allocation Metrics

The Research Services Office (RSO) defined and calculated the data used for the cost allocation metrics reported in Appendix 3; the RMSC Project Management Team also provided research expenditure data.

There may be future adjustments and refinements in the methodology for calculating these items, which could impact decisions about which ones to use.

Research funding:
The source data for research funding by faculty is the Research Funding Summary report, which is prepared by the RSO and distributed to Faculties on an annual basis. The Research Funding Summary report uses the FSGLV41 and FSGLV46 to calculate total research funding from external sources for a given fiscal year. For multi-year awards, it only includes the portion of the award that is made available to the researcher during that year.

The FSGLV41 report does not include allocations of capital additions for research facilities.

As Appendix 3 shows, approximately $54 million of research funding is associated with central units. This is an administrative consequence of awards that are institutional in nature and for which the Vice-President Research (or Provost) must be the grant holder. Examples of centrally held research awards include the federal Research Support Fund (formerly known as the federal indirect cost of research grant) (2014: $16.8 million), the AHFMR Transition Fund (2014: $9.0), and the Campus Alberta Innovation Chair Program (2014: $3.4 million).

Each year, the types of funds that are associated with the Center could be examined to determine if there is any value in assigning them to particular Faculties, for the purposes of calculating a Faculty’s share of university research funding.

Number of Grant applications:
The data used for the Working Group analysis was based on an existing RSO report developed in-house which only includes applications reviewed and approved by Research Facilitators, (e.g., Tri-Council grants, peer reviewed applications for funding from federal, provincial, international and non-profit sponsors, graduate student and post-doctoral fellow scholarships). Examples of applications not included in the data include Canada Foundation for Innovation and Canada Research Chair programs. Also, the data in this report does not include sponsored research contracts that involve negotiation of specific terms and conditions with the sponsor prior to execution. Going forward, RSO would develop a new report that includes all research applications submitted to research sponsors (external and internal).

Research project count:
There are a number of ways that research projects can be counted and a standard report for any of them does not exist. These include:

1. Projects that incur both expenses and revenues during a fiscal year.
2. Projects that receive revenue in a given fiscal year.
3. Projects that incur expenses but do not necessarily receive revenue in a given fiscal year.
4. Projects that receive no revenue and incur no expenses in a given fiscal year, but are not closed (i.e., dormant).

For the purposes of the Working Group’s considerations, RSO used the FSGLV10 nVision report and counted all research projects that had budgeted revenue over $100 in a given fiscal year. This selected projects in a category 2. The nominal $100 amount was used to exclude dormant projects (category 4).

This report includes both internally funded projects (e.g., McCalla Awards) as well as externally funded projects.

**Research Expenditures:**

Research expenditures provided by RSO include funds: 330, 530, 531, 535, 540, Exxx. They do not include TD Transfers. See Appendix 5 for raw data.

Research Expenditures provided by the RMSC Project Management team are slightly different and may exclude some of these funds.

**Tenure and Tenure-Stream Faculty**

Source: https://idw-bi.ualberta.ca/t/Production/views/UofAStaffDatabook/UofAProfessorateFTEbyOrganizationGroupAcademicOrganizationandRank

Both Faculty and Contingent Faculty at all ranks were counted, excluding 14 associated with Administration. See Appendix 6.
## Appendix 3. Cost Allocation Models — % Faculty Share of Institutional Totals

<table>
<thead>
<tr>
<th>FACULTY</th>
<th>Research Funding (Note 2) % Share of Total</th>
<th>Research Expenditures (Note 3) % Share of Total</th>
<th>Research Expenditures (Note 4) % Share of Total</th>
<th>Research Projects % Share of Total</th>
<th>Funding Applications % Share of Total</th>
<th>Tenure &amp; Tenure Stream Staff % Share of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>10.9%</td>
<td>11.9%</td>
<td>11.6%</td>
<td>574</td>
<td>10.0%</td>
<td>5.51%</td>
</tr>
<tr>
<td>Arts</td>
<td>1.8%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>248</td>
<td>6.6%</td>
<td>15.64%</td>
</tr>
<tr>
<td>Augustana</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>20</td>
<td>1.2%</td>
<td>2.80%</td>
</tr>
<tr>
<td>Business</td>
<td>0.9%</td>
<td>0.9%</td>
<td>0.9%</td>
<td>110</td>
<td>1.7%</td>
<td>3.69%</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>0.0%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>37</td>
<td>1.6%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Education</td>
<td>0.9%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>106</td>
<td>2.9%</td>
<td>4.97%</td>
</tr>
<tr>
<td>Engineering</td>
<td>16.9%</td>
<td>18.0%</td>
<td>17.5%</td>
<td>927</td>
<td>11.8%</td>
<td>9.59%</td>
</tr>
<tr>
<td>Extension</td>
<td>0.4%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>33</td>
<td>1.1%</td>
<td>0.79%</td>
</tr>
<tr>
<td>FGSR (Note 5)</td>
<td>2.5%</td>
<td>-</td>
<td>2.5%</td>
<td>47</td>
<td>0.0%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Law</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>28</td>
<td>0.2%</td>
<td>1.43%</td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>37.6%</td>
<td>35.4%</td>
<td>34.7%</td>
<td>1736</td>
<td>35.2%</td>
<td>30.64%</td>
</tr>
<tr>
<td>Native Studies</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.2%</td>
<td>25</td>
<td>0.6%</td>
<td>0.39%</td>
</tr>
<tr>
<td>Nursing</td>
<td>1.7%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>106</td>
<td>2.2%</td>
<td>2.41%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>0.6%</td>
<td>0.7%</td>
<td>0.6%</td>
<td>54</td>
<td>1.1%</td>
<td>1.03%</td>
</tr>
<tr>
<td>Phys Ed</td>
<td>0.8%</td>
<td>1.1%</td>
<td>1.1%</td>
<td>61</td>
<td>2.4%</td>
<td>1.92%</td>
</tr>
<tr>
<td>Public Health</td>
<td>4.0%</td>
<td>3.7%</td>
<td>3.6%</td>
<td>148</td>
<td>4.5%</td>
<td>2.41%</td>
</tr>
<tr>
<td>Rehab Medicine</td>
<td>1.6%</td>
<td>1.3%</td>
<td>1.3%</td>
<td>121</td>
<td>3.6%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Science</td>
<td>19.0%</td>
<td>19.6%</td>
<td>19.1%</td>
<td>986</td>
<td>13.4%</td>
<td>14.17%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>5367</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Note 1:** Central units include Endowment Spending, the federal Research Support Fund, VP(R) and Provost

**Note 2:** The source data for research funding by faculty is the Research Funding Summary report

**Note 3:** Calculated by the PMT

**Note 4:** Calculated by RSO Research expenditures include funds: 330, 530, 531, 535, 540, Exxxx. They do not include TD Transfers.

**Note 5:** Unless FGSR is considered a revenue generating unit, future calculations should omit this unit.
### Appendix 4. Cost Allocation Models — Nominal Allocation of Costs to Faculties

<table>
<thead>
<tr>
<th>FACULTY</th>
<th>Allocate by % Total Research Funding</th>
<th>Allocate by % Total Research Expenditures (Note 1)</th>
<th>Allocate by % Total Tenure &amp; Tenure Track Staff</th>
<th>Allocate by Average of % Funding, Applications, Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>1,881,726</td>
<td>2,003,972</td>
<td>948,732</td>
<td>1,814,621</td>
</tr>
<tr>
<td>Arts</td>
<td>302,239</td>
<td>479,854</td>
<td>2,693,722</td>
<td>746,974</td>
</tr>
<tr>
<td>Augustana</td>
<td>10,714</td>
<td>17,274</td>
<td>482,837</td>
<td>96,395</td>
</tr>
<tr>
<td>Business</td>
<td>148,375</td>
<td>153,222</td>
<td>635,312</td>
<td>262,355</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>7,460</td>
<td>39,720</td>
<td>220,241</td>
<td>131,351</td>
</tr>
<tr>
<td>Education</td>
<td>156,765</td>
<td>179,502</td>
<td>855,553</td>
<td>332,306</td>
</tr>
<tr>
<td>Engineering</td>
<td>2,905,871</td>
<td>3,014,447</td>
<td>1,651,811</td>
<td>2,634,758</td>
</tr>
<tr>
<td>Extension</td>
<td>70,515</td>
<td>179,064</td>
<td>135,533</td>
<td>120,312</td>
</tr>
<tr>
<td>FGSR (Note 2)</td>
<td>427,841</td>
<td>429,812</td>
<td>8,471</td>
<td>192,884</td>
</tr>
<tr>
<td>Law</td>
<td>55,001</td>
<td>73,191</td>
<td>245,654</td>
<td>62,172</td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>6,480,301</td>
<td>5,971,623</td>
<td>5,277,323</td>
<td>6,038,815</td>
</tr>
<tr>
<td>Native Studies</td>
<td>22,377</td>
<td>28,053</td>
<td>67,767</td>
<td>69,915</td>
</tr>
<tr>
<td>Nursing</td>
<td>286,907</td>
<td>241,440</td>
<td>415,070</td>
<td>334,017</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>106,393</td>
<td>111,113</td>
<td>177,887</td>
<td>154,733</td>
</tr>
<tr>
<td>Phys Ed</td>
<td>132,123</td>
<td>181,717</td>
<td>330,362</td>
<td>244,213</td>
</tr>
<tr>
<td>Public Health</td>
<td>692,693</td>
<td>614,527</td>
<td>415,070</td>
<td>647,145</td>
</tr>
<tr>
<td>Rehab Medicine</td>
<td>267,642</td>
<td>218,995</td>
<td>220,241</td>
<td>424,993</td>
</tr>
<tr>
<td>Science</td>
<td>3,266,239</td>
<td>3,283,658</td>
<td>2,439,597</td>
<td>2,913,228</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,221,185</strong></td>
<td><strong>17,221,185</strong></td>
<td><strong>17,221,185</strong></td>
<td><strong>$ 17,221,185</strong></td>
</tr>
</tbody>
</table>

Note 1: Amounts based on expenditure calculations as computed by RSO

Note 2: Unless FGSR is considered a revenue generating unit, future calculations should omit this unit.
## Appendix 5. Source Data for Calculations

Research Revenue and Research Expenditures, as calculated by RSO

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>$42,319,394</td>
<td>10.93%</td>
<td>$39,782,757</td>
<td>11.41%</td>
<td>$46,150,203</td>
<td>12.36%</td>
</tr>
<tr>
<td>Arts</td>
<td>$6,797,255</td>
<td>1.76%</td>
<td>$8,868,187</td>
<td>2.54%</td>
<td>$9,313,710</td>
<td>2.49%</td>
</tr>
<tr>
<td>Augustana</td>
<td>$240,949</td>
<td>0.06%</td>
<td>$240,949</td>
<td>0.07%</td>
<td>$108,887</td>
<td>0.03%</td>
</tr>
<tr>
<td>Business</td>
<td>$3,336,907</td>
<td>0.86%</td>
<td>$3,824,077</td>
<td>1.10%</td>
<td>$5,293,739</td>
<td>1.42%</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>$167,762</td>
<td>0.04%</td>
<td>$1,321,439</td>
<td>0.38%</td>
<td>$710,638</td>
<td>0.19%</td>
</tr>
<tr>
<td>Education</td>
<td>$3,525,592</td>
<td>0.91%</td>
<td>$3,368,256</td>
<td>0.97%</td>
<td>$4,431,148</td>
<td>1.19%</td>
</tr>
<tr>
<td>Engineering</td>
<td>$65,352,072</td>
<td>16.87%</td>
<td>$49,167,179</td>
<td>14.10%</td>
<td>$53,743,017</td>
<td>14.40%</td>
</tr>
<tr>
<td>Extension</td>
<td>$1,585,860</td>
<td>0.41%</td>
<td>$1,270,783</td>
<td>0.36%</td>
<td>$4,177,229</td>
<td>1.12%</td>
</tr>
<tr>
<td>Grad Studies</td>
<td>$9,622,005</td>
<td>2.48%</td>
<td>-</td>
<td>0.00%</td>
<td>-</td>
<td>0.00%</td>
</tr>
<tr>
<td>Law</td>
<td>$1,236,965</td>
<td>0.32%</td>
<td>$1,344,080</td>
<td>0.39%</td>
<td>$1,331,312</td>
<td>0.36%</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>$145,739,786</td>
<td>37.63%</td>
<td>$135,401,460</td>
<td>38.83%</td>
<td>$143,571,081</td>
<td>38.46%</td>
</tr>
<tr>
<td>Native Studies</td>
<td>$503,262</td>
<td>0.13%</td>
<td>$472,373</td>
<td>0.14%</td>
<td>$329,328</td>
<td>0.09%</td>
</tr>
<tr>
<td>Nursing</td>
<td>$6,452,443</td>
<td>1.67%</td>
<td>$4,314,991</td>
<td>1.24%</td>
<td>$3,399,242</td>
<td>0.87%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$2,392,753</td>
<td>0.62%</td>
<td>$2,309,167</td>
<td>0.66%</td>
<td>$2,548,123</td>
<td>0.68%</td>
</tr>
<tr>
<td>Phys Ed</td>
<td>$2,971,403</td>
<td>0.77%</td>
<td>$3,426,496</td>
<td>0.98%</td>
<td>$2,394,580</td>
<td>0.64%</td>
</tr>
<tr>
<td>Public Health</td>
<td>$15,578,434</td>
<td>4.02%</td>
<td>$17,235,547</td>
<td>4.94%</td>
<td>$15,938,971</td>
<td>4.27%</td>
</tr>
<tr>
<td>Rehab Medicine</td>
<td>$6,019,189</td>
<td>1.55%</td>
<td>$4,599,654</td>
<td>1.29%</td>
<td>$3,616,814</td>
<td>0.97%</td>
</tr>
<tr>
<td>Science</td>
<td>$73,456,626</td>
<td>18.97%</td>
<td>$71,801,463</td>
<td>20.59%</td>
<td>$76,439,564</td>
<td>20.47%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Other central units (VPR)</td>
<td>$53,614,084</td>
<td>0.13%</td>
<td>$48,738,646</td>
<td>0.13%</td>
<td>$60,614,399</td>
<td>0.13%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Faculty</th>
<th>2013-2014 Research (Exp Percentage)</th>
<th>2012-2013 Research (Exp Percentage)</th>
<th>2011-2012 Research (Exp Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>$45,152,766</td>
<td>11.64%</td>
<td>$46,267,819</td>
</tr>
<tr>
<td>Arts</td>
<td>$10,811,890</td>
<td>2.79%</td>
<td>$12,265,187</td>
</tr>
<tr>
<td>Augustana</td>
<td>$389,212</td>
<td>0.10%</td>
<td>$387,500</td>
</tr>
<tr>
<td>Business</td>
<td>$3,452,341</td>
<td>0.89%</td>
<td>$3,652,546</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>$894,959</td>
<td>0.23%</td>
<td>$948,759</td>
</tr>
<tr>
<td>Education</td>
<td>$4,044,473</td>
<td>1.04%</td>
<td>$4,325,201</td>
</tr>
<tr>
<td>Engineering</td>
<td>$67,920,396</td>
<td>17.50%</td>
<td>$57,096,446</td>
</tr>
<tr>
<td>Extension</td>
<td>$4,034,603</td>
<td>1.04%</td>
<td>$3,672,356</td>
</tr>
<tr>
<td>Grad Studies</td>
<td>$9,684,375</td>
<td>2.50%</td>
<td>$10,651,600</td>
</tr>
<tr>
<td>Law</td>
<td>$1,649,112</td>
<td>0.43%</td>
<td>$1,425,015</td>
</tr>
<tr>
<td>Medicine and Dentistry</td>
<td>$134,550,408</td>
<td>34.68%</td>
<td>$144,612,733</td>
</tr>
<tr>
<td>Native Studies</td>
<td>$632,089</td>
<td>0.16%</td>
<td>$563,422</td>
</tr>
<tr>
<td>Nursing</td>
<td>$5,440,046</td>
<td>1.40%</td>
<td>$5,776,824</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$2,503,555</td>
<td>0.65%</td>
<td>$2,619,252</td>
</tr>
<tr>
<td>Phys Ed</td>
<td>$4,094,378</td>
<td>1.06%</td>
<td>$2,958,566</td>
</tr>
<tr>
<td>Public Health</td>
<td>$13,846,288</td>
<td>3.57%</td>
<td>$18,770,258</td>
</tr>
<tr>
<td>Rehab Medicine</td>
<td>$4,934,317</td>
<td>1.27%</td>
<td>$4,811,477</td>
</tr>
<tr>
<td>Science</td>
<td>$73,986,166</td>
<td>19.07%</td>
<td>$88,522,742</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013-2014 Research (Exp Percentage)</th>
<th>2012-2013 Research (Exp Percentage)</th>
<th>2011-2012 Research (Exp Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other central units (VPR)</td>
<td>$388,021,374</td>
<td>100.00%</td>
<td>$409,327,703</td>
</tr>
</tbody>
</table>

|                      | $409,923,926                        | $418,402,605                         | $432,798,458                         |

Research expenditures include funds: 330, 530, 531, 535, 540, Exxx. They do not include TD transfers.
## Appendix 5 continued

Research Expenditures (2013-2014)  Source: RMSC Project Management Team

<table>
<thead>
<tr>
<th>Research Funds</th>
<th>Expenditures 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>11.9%</td>
</tr>
<tr>
<td>Augustana</td>
<td>0.1%</td>
</tr>
<tr>
<td>Arts</td>
<td>2.8%</td>
</tr>
<tr>
<td>Education</td>
<td>1.1%</td>
</tr>
<tr>
<td>Engineering</td>
<td>18.0%</td>
</tr>
<tr>
<td>Extension</td>
<td>1.1%</td>
</tr>
<tr>
<td>Law</td>
<td>0.4%</td>
</tr>
<tr>
<td>Native Studies</td>
<td>0.2%</td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>35.4%</td>
</tr>
<tr>
<td>Nursing</td>
<td>1.5%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>0.7%</td>
</tr>
<tr>
<td>Physical Ed &amp; Rec</td>
<td>1.1%</td>
</tr>
<tr>
<td>Rehabilitation Med</td>
<td>1.3%</td>
</tr>
<tr>
<td>Saint-Jean</td>
<td>0.2%</td>
</tr>
<tr>
<td>Business</td>
<td>0.9%</td>
</tr>
<tr>
<td>Public Health</td>
<td>3.7%</td>
</tr>
<tr>
<td>Science</td>
<td>19.6%</td>
</tr>
<tr>
<td><strong>Total (count/$000's)</strong></td>
<td><strong>$372,483</strong></td>
</tr>
</tbody>
</table>

PMT Calculations
## Tenure and Tenure-Stream Staff:

*https://idwb.ualberta.ca/t/Production/views/UofAStaffDatabook/UofAProfessoriateFTEbyOrganizationGroupAcademicOrganizationandRank* (calculations excluding yellow marked rows)

<table>
<thead>
<tr>
<th>Faculty vs. Contingent Faculty</th>
<th>Organization Group</th>
<th>Academic Organization</th>
<th>Professor Rank</th>
<th>2014 Roll up</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Agricultural Life &amp; Envir Sc</td>
<td>Full Professor</td>
<td>55</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Agricultural Life &amp; Envir Sc</td>
<td>Associate</td>
<td>34</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Alberta School of Business</td>
<td>Assistant</td>
<td>19 108</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Alberta School of Business</td>
<td>Full Professor</td>
<td>31</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Alberta School of Business</td>
<td>Associate</td>
<td>21</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Arts</td>
<td>Assistant</td>
<td>22 74</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Arts</td>
<td>Full Professor</td>
<td>139</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Arts</td>
<td>Associate</td>
<td>136</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Teaching</td>
<td>Associate</td>
<td>43 318</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Agricultural</td>
<td>Associate</td>
<td>34</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Life &amp; Envir Sc</td>
<td>Assistant</td>
<td>7 57</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Alberta School</td>
<td>Full Professor</td>
<td>9</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Alberta School</td>
<td>Associate</td>
<td>12</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Arts</td>
<td>Assistant</td>
<td>4 25</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Arts</td>
<td>Full Professor</td>
<td>36</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Arts</td>
<td>Associate</td>
<td>49</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Education</td>
<td>Assistant</td>
<td>16 101</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Education</td>
<td>Full Professor</td>
<td>91</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Engineering</td>
<td>Associate</td>
<td>54</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Engineering</td>
<td>Assistant</td>
<td>49 194</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Extension</td>
<td>Full Professor</td>
<td>6</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Extension</td>
<td>Associate</td>
<td>9</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Extension</td>
<td>Assistant</td>
<td>1 16</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Graduate Studies &amp; Research</td>
<td>Full Professor</td>
<td>1 1</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Law</td>
<td>Full Professor</td>
<td>20</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Law</td>
<td>Associate</td>
<td>6</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Law</td>
<td>Assistant</td>
<td>3 29</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Medicine &amp; Dentistry</td>
<td>Full Professor</td>
<td>143</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Medicine &amp; Dentistry</td>
<td>Associate</td>
<td>49</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Medicine &amp; Dentistry</td>
<td>Assistant</td>
<td>20 212</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Native Studies</td>
<td>Full Professor</td>
<td>4</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Native Studies</td>
<td>Associate</td>
<td>2</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Native Studies</td>
<td>Assistant</td>
<td>2 8</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Nursing</td>
<td>Full Professor</td>
<td>16</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Nursing</td>
<td>Associate</td>
<td>20</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Nursing</td>
<td>Assistant</td>
<td>13 49</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Pharmacy &amp; Pharmaceutical Sci</td>
<td>Full Professor</td>
<td>8</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Pharmacy &amp; Pharmaceutical Sci</td>
<td>Associate</td>
<td>11</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Pharmacy &amp; Pharmaceutical Sci</td>
<td>Assistant</td>
<td>1 20</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Physical Ed &amp; Recreation</td>
<td>Full Professor</td>
<td>15</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Physical Ed &amp; Recreation</td>
<td>Associate</td>
<td>15</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Physical Ed &amp; Recreation</td>
<td>Assistant</td>
<td>9 39</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Rehabilitation Medicine</td>
<td>Full Professor</td>
<td>21</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Rehabilitation Medicine</td>
<td>Associate</td>
<td>10</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Rehabilitation Medicine</td>
<td>Assistant</td>
<td>11 42</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty School of Public Health</td>
<td>Full Professor</td>
<td>15</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty School of Public Health</td>
<td>Associate</td>
<td>6</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty School of Public Health</td>
<td>Assistant</td>
<td>3 24</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Science</td>
<td>Full Professor</td>
<td>193</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Science</td>
<td>Associate</td>
<td>66</td>
</tr>
<tr>
<td>1-Faculty</td>
<td>Teaching Faculty</td>
<td>Faculty Science</td>
<td>Assistant</td>
<td>29 288</td>
</tr>
</tbody>
</table>

*continued next page*
<table>
<thead>
<tr>
<th>2-Contingent Faculty</th>
<th>Teaching Faculty</th>
<th>Agricultural Life &amp; Envir Sc</th>
<th>Associate</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Arts</td>
<td>Full Professor</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Campus Saint-Jean</td>
<td>Assistant</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Engineering</td>
<td>Full Professor</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Medicine &amp; Dentistry</td>
<td>Full Professor</td>
<td>123</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Medicine &amp; Dentistry</td>
<td>Associate</td>
<td>196</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Pharmacy &amp; Pharmaceutical Sci</td>
<td>Associate</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Rehabilitation Medicine</td>
<td>Associate</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>Rehabilitation Medicine</td>
<td>Assistant</td>
<td>1</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>School of Public Health</td>
<td>Full Professor</td>
<td>2</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>School of Public Health</td>
<td>Associate</td>
<td>3</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Teaching Faculty</td>
<td>School of Public Health</td>
<td>Assistant</td>
<td>2</td>
</tr>
<tr>
<td>2-Contingent Faculty</td>
<td>Administration</td>
<td>Administration</td>
<td>Full Professor</td>
<td>1</td>
</tr>
</tbody>
</table>
## Appendix 5 continued

Research Projects and Applications (see Appendix 1 for details)

<table>
<thead>
<tr>
<th>FACULTY</th>
<th>Research Projects</th>
<th>Funding Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALES</td>
<td>574</td>
<td>289</td>
</tr>
<tr>
<td>Arts</td>
<td>248</td>
<td>192</td>
</tr>
<tr>
<td>Augustana</td>
<td>20</td>
<td>36</td>
</tr>
<tr>
<td>Business</td>
<td>110</td>
<td>48</td>
</tr>
<tr>
<td>Campus Saint-Jean</td>
<td>37</td>
<td>45</td>
</tr>
<tr>
<td>Education</td>
<td>106</td>
<td>84</td>
</tr>
<tr>
<td>Engineering</td>
<td>927</td>
<td>340</td>
</tr>
<tr>
<td>Extension</td>
<td>33</td>
<td>31</td>
</tr>
<tr>
<td>FGSR</td>
<td>47</td>
<td>0</td>
</tr>
<tr>
<td>Law</td>
<td>28</td>
<td>7</td>
</tr>
<tr>
<td>Medicine &amp; Dentistry</td>
<td>1736</td>
<td>1019</td>
</tr>
<tr>
<td>Native Studies</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td>Nursing</td>
<td>106</td>
<td>63</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>54</td>
<td>31</td>
</tr>
<tr>
<td>Phys Ed</td>
<td>61</td>
<td>68</td>
</tr>
<tr>
<td>Public Health</td>
<td>148</td>
<td>130</td>
</tr>
<tr>
<td>Rehab Medicine</td>
<td>121</td>
<td>104</td>
</tr>
<tr>
<td>Science</td>
<td>986</td>
<td>388</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5367</strong></td>
<td><strong>2893</strong></td>
</tr>
</tbody>
</table>

| Central units (Note 1) | 62 | 11 |

**5,429**  **2,904**
Appendix 6. Other Approaches: University of Toronto and York University

**University of Toronto**

When the University of Toronto designed a new budget model in 2006, it initially used a single measure – a division’s share of the University’s total research revenue – as the basis for allocating central research costs to that division.

As a result of a 2011 budget model review, the three additional cost allocation measures were added: (a division’s share of) the number of funding applications/contracts; the number of active research projects; and the number of research compliance protocols. The Working Group did not have details on how these were combined into a single cost allocation metric. The rationale for this change was a reorganization of the central units associated with these services and activities.


**York University**

York University plans to use two, equally weighted cost drivers for central research services and activities when it adopts a new budget model: (a) a Faculty’s share of the total university headcount of full time tenure stream and probationary faculty, and (b) a Faculty’s share of a 3-year rolling window of the University’s total research expenditures.

York’s present the following rational for these two cost drivers, respectively:

"Research is an integral part of a Faculty member’s responsibilities and it is expected that all Faculty members participate in research activities, hence the use of population of tenure stream and probationary faculty…. The other cost driver is Research Expenditures, which is an indicator of research intensity at each Faculty."

FTE faculty as a cost driver avoids the first drawback noted with using research funding, applications, and projects as the cost drivers, namely that there are many non-funded research, scholarship, and creative activities that directly or indirectly rely on centrally provided activities and services (e.g., ethics reviews; strategic initiatives).

*Source: "2011-2012 SHARP Shadow Budget Cost Bins." Material provided by York University to the Resource Management Steering Committee.*
Appendix 8.11 Revenue Distribution WG

University of Alberta

Resource Management Model (RMM)
Working Group Recommendation Report

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>Revenue Distribution Working Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Committee Membership:</td>
<td>Philip Stack and Jacqueline Leighton Co-Leads</td>
</tr>
<tr>
<td></td>
<td>Ian Bernard, Judy Carss, Pat Jansen, David Lynch, Krista Predy, Geoff Rode, Vivien Wulff</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>July 22, 2015</td>
</tr>
</tbody>
</table>
Table of Contents

Source of University Revenue ................................................................. 3
Current University Resource Allocation Model .................................... 3
Revenue Drivers ....................................................................................... 3
Proposed Model ....................................................................................... 7
Pros and Cons .......................................................................................... 7
Other Issues/Risks ................................................................................... 8
Appendices ............................................................................................... 9
  Appendix 1 – Glossary of Terms .......................................................... 11
  Appendix 2 – Summary of Other Models ................................................. 18
Source of University Revenue

The university has two primary sources of revenue, unrestricted and restricted.

Unrestricted revenue is generally not subject to terms and conditions set out by a third party, is used to fund the core teaching and research mission of the university and is allocated as approved by the Board of Governors as reflected in the annual consolidated budget. The university’s unrestricted revenue includes the Campus Alberta grant, tuition and related fees, indirect costs of research earned on research grants and contracts, investment income, federal and other government funding, grants and donations and sales of products and services.

Restricted revenue is revenue that can only be used for the purpose for which it was granted. For the purposes of this review, restricted funding includes ancillary operations, capital, special purpose and research.

Current University Resource Allocation Model

The university, like many universities across North America, uses an incremental budgeting system to allocate the majority of its unrestricted revenue. The university also has a series of agreements outlining how other revenues such as certain tuition fees or indirect costs of research are allocated. In essence the university utilizes a hybrid incremental resource allocation model.

In incremental budgeting, the majority of revenue streams come into the centre and are then allocated out to the units (faculties and administrative units) in the form of base budget allocations. Incremental budgeting is considered a top-down resource allocation process where the centre determines how base budgets will be adjusted from one year to the next. Budgets are adjusted up or down from the previous year’s base allocation depending on the forecast budget conditions for the coming year. For example, base budgets would be adjusted based on what changes have been made to the grant or what new expenditures must be funded through the centre. Often these changes are applied across-the-board, thus treating all units in the same manner. The fundamental challenge with incremental budgeting is that, over time, a unit’s budget may no longer align with the scope of teaching and research being undertaken by the unit.

Conversely, in a Responsibility Centred Management (RCM) resource allocation model, the majority of revenues flow to the unit that generates the revenue. These units are primarily the Faculties who generate revenue through their teaching and research activities. With these revenues, the Faculties then fund some type of Central University/Strategic Initiatives Fund and pay for core administrative services that the Faculties consume.

Revenue Drivers

The Working Group’s first task was to understand all the different forms of revenue the university received on a fully consolidated basis and to confirm, for the purposes of this exercise, the sources of revenue that were restricted and the sources of revenue that were un-restricted. It was agreed by the Working Group that all restricted funds, due to contractual requirements or third party agreements, would flow directly to the unit that was responsible for generating those funds.

The Working Group then examined each source of unrestricted revenue and identified several revenue drivers that could be applied to each revenue source. Upon a review of the revenue drivers, including an assessment of
the pros and cons of those drivers, the Working Group agreed on the following sources of unrestricted revenue that could be allocated to the revenue generating unit and the driver that could be used for the allocation calculation. It should be noted that the Campus Alberta grant, although an unrestricted revenue source includes purpose driven funding that has been rolled into the grant over time. Examples of this would include the Enrolment Planning Envelope (EPE) and Lights on Funding (LOF). It is the expectation of the working group that this purpose driven funding continues to be allocated and implemented for the purpose in which it was originally granted.

Under the university’s current resource allocation model, there are numerous revenue sharing agreements. For example, there are specific revenue sharing agreements regarding the Indirect Costs of Research (ICR) and tuition revenue generated from International Differential Fees (IDF) to name two. The following revenue distribution model assumes that all previous revenue sharing agreements would be discontinued and replaced by this model. It is also assumed that existing overhead charging structures would be replaced by the various recommendations coming from the cost allocation working groups.

As part of the analysis undertaken by the working group a full modeling on a consolidated basis of the revenue drivers was completed.

<table>
<thead>
<tr>
<th>Unrestricted Revenue Source</th>
<th>Recommended Revenue Driver</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Campus Alberta Grant including envelope and directed funding | Allocation Formula for Campus Alberta Grant  
- 2008 Government of Alberta EPE rates per program x FLE count for UG and GS course based and Fall headcount for GS thesis students. Used to allocate grant to faculties  
- 2008 Government of Alberta EPE rates for facility operations x students (as above) to calculate a LOF allocation to F&O  
- A residual allocation is used to distribute excess grant funds | The 2008 EPE guide contained funding rates by program used to fund additional enrolment. This program concluded in 2010, therefore no current or new rates are available. Using FLE student counts for UG and fall headcount values for GS, the program rates are applied by faculty and by program, according to the values in the guide. Currently, the grant is distributed to Faculties and units in the way of base budget allocations. These allocations are historic in nature and not driven by any specific formula  
Post-secondary institutions received, over time, LOF money to help fund the operating costs of buildings including such things as utilities, cleaning, building maintenance and grounds maintenance. These funds are included in the grant allocation with the costs being incurred by Facilities and Operations (F&O). To allocate that portion of the unrestricted grant to F & O, the allocation formula uses the 2008 EPE rates for facility operations x student enrolment. Currently a portion of the grant is allocated to F&O through their base budget allocation along with 50% of any new LOF provided by the government. The remaining 50% goes to F & A to offset utility and related central administration costs such as security.  
The allocation of the Campus Alberta grant using the FLE x rate methodology is less than the total grant, therefore, a residual distribution is used to distribute the remaining funds to faculties and F&O according to their proportionate share under the above method  
The university receives several envelope funds such as the funding for clinical faculty in Medicine and Dentistry. These funds would flow directly to Medicine and Dentistry as the unit that generates those funds. This represents the allocation model currently in place. |
| Indirect Costs of Research | Allocation formula | The federal government uses a three-year rolling average of Tri-Council funding to allocate the Federal Research Support Fund (formerly the ICR program). All of the Federal Research Support Fund would be allocated to the Faculties based on the same allocation formula. Currently, the university has a distribution model whereby a portion of the funds support the RSO, a portion goes to the Faculties and the remainder is allocated centrally to offset central costs.

100% of indirect costs of research on grants and contracts will be distributed to the Faculty who is the holder of the grant or contract. Allocations will be based on the previous years actuals. This represents the allocation model currently in place. |
| Tuition fees including: instructional tuition, international differential fees (IDF), program differential fees, market modifiers | Allocation Formula | The allocation relies on a custom data extract from Strategic Analysis of the fees as they are assessed in the student system before posting to the General Ledger (GL). In this way the tuition can be attributed by fee type to both home faculty or to teaching faculty. The initial allocation shows 100% of instructional tuition to the home faculty. This is then adjusted with a service teaching adjustment to transfer 85% of service teaching tuition to the teaching faculty. Currently, all tuition revenue flows to the centre with instructional tuition being allocated out in the way of base budget allocations. Other forms of tuition such as IDF and MM have separate revenue sharing agreements.

There are many different service teaching models utilized by RCM institutions. The Working Group recommended an 85%/15% split recognizing that the majority of the costs were in the teaching faculty, that there needed to be appropriate incentives to offset the costs for the teaching faculty and to recognize that their continues to be costs in the host faculty. This allocation formula will need to be reassessed when the model is reviewed in three to five years. |
| MNIF Revenue | Allocation Formula | The university has five MNIFs: Athletics and Recreation, CoSS; Health Services, Student Services; and Registration and Transcript. All of the fees go directly into the university’s general revenue fund, except for the revenue from Athletics and Recreation and Health Services which go directly to Physical Education and Recreation (PER) and Health Services respectively. The other three fees are allocated out to the university in the way of base budget allocations. As enrolment is the driver of the MNIFs, the working group proposes that the revenue be allocated to the Faculties based on enrolment with the exception of the Athletics and Recreation fee which is treated like an envelope fund and the Health Services fee as the University Health Centre operates as an ancillary unit. |

| generating the funds | Federal Research Support Fund - 100% of research support funds to Faculty based on proportionate share of federal Tri-Council funding |  |
| | Grants and Contracts – 100% of indirect costs to Faculty holding the grant or contract |  |
| | 100% of instructional tuition to home faculty adjusted for service teaching whereby 85% to teaching faculty and 15% to home faculty |  |
| | IDF, program differentials and market modifiers go 100% to home faculty |  |
| | FTE = (Full time headcount x 1) + (Part time headcount x 0.5) |  |
### Unrestricted Grants and Donations

**Allocation Formula**
- 100% allocated to the Faculty or unit to which the grant or donation is made

**This represents the allocation model currently in place.**

### Investment income on short-term investments

**Allocation formula**
- 100% allocated in proportion of the general operating grant and instructional tuition revenues and by Faculty / Portfolio whereby it is assumed that 30% of the interest income is generated from tuition revenue and 70% of the interest income is generated from grant revenue

**Of the combined unrestricted revenue of the Campus Alberta grant along with tuition and fees revenue, approximately 70% is generated from the grant and 30% is generated from tuition and fees. As the Faculties are the drivers of both enrolment (thus tuition) and the grant and it is largely these sources of revenue that are used for short-term investments, the 70/30 allocation formula is being recommended by the working group.**

- 30% tuition includes instructional tuition, IDF, Program Diff and MM’s and not MNIF’s
- -70% grant allocation based Campus Alberta Grant only. Direct or envelope funding not included in total
- Investment income that is directly earned by or attributed to a faculty or unit is not part of the distributed income.

Currently all investment income on short-term investments remains at the centre (with the exception of interest income associated with capital projects) and is allocated out in the way of base budget allocations.

### Sales of Services and Products

**Allocation Formula**
- 100% of sales generated by the Faculty/Unit are allocated to that Faculty/Unit

**As the Faculty or unit generated the sale and incurs the associated cost of the sale, the sales revenue is allocated to that Faculty or unit. This represents the allocation model currently in place.**

### Restricted Revenue Source

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Revenue Driver</th>
<th>Comments</th>
</tr>
</thead>
</table>
| Ancillary Operations | Allocation Formula  
  - 100% allocated to the respective ancillary operations | Ancillary operations are responsible for the full cost of their operations including operating and capital as well as maintaining operating and capital reserves. Therefore all the revenue that they generate will stay within the ancillary operation. This represents the allocation model currently in place. |
| Capital | Allocation Formula  
  - 100% allocated to the respective capital project | Major capital funding as well as the interest earned on major capital funding is a restricted source of revenue and can only be used for the capital project designated for those funds. Capital includes Infrastructure Maintenance Program (IMP) funding which is treated as an envelope fund in this model. This represents the allocation model currently in place. |
| Special Purpose | Allocation Formula  
  - 100% allocated to the Faculty/unit that has generated the funds | Special purpose funding, including endowments, is a restricted source of revenue(s) and can only be used for the purpose in which it was granted. This represents the allocation model currently in place. |
| Research | Allocation Formula  
  - 100% allocated to | Research funding, including endowments, is a restricted source of revenue(s) and can only be used |
Proposed Model

The following are the key elements of the revenue distribution model being recommended. All recommendations are new unless otherwise specified as representing no change from the current practice.

1. All restricted funds including ancillaries, capital, special purpose and research would be allocated to the unit that generated the revenue subject to the terms and conditions for which the funding was received. This represents the allocation model currently in place.

2. Certain revenues would be treated as “envelope” funding and flow to the respective unit directly. Envelope funding would include revenues such as the funding for clinical faculty within Medicine and Dentistry. This represents the allocation model currently in place.

3. A portion of the Campus Alberta grant, using an agreed to formula, would be allocated to Facilities and Operations to support the costs associated with building and grounds operations. This represents a change to the current allocation model.

4. All other forms of unrestricted revenue would flow directly to the Faculties/units based on the allocation formulas proposed. This represents a change to the current allocation model.

5. The Faculty of Graduate Studies and Research was included in one of the cost baskets and therefore is not considered a revenue generating unit in this model. This represents a change from how the Faculty is currently funded.

Note: Although FGSR would be funded differently within an RCM model, this recommendation in no way changes the roll of FGSR as a faculty or its mandate and operations.

The Working Group developed the proposed revenue distribution model based on the following criteria. The model would:

1. create incentives for faculties and units to grow revenues and maximize the use of resources;
2. be consistent with the principles of transparency, accountability, simplicity and predictability;
3. not encumber the Resource Management Steering Committee in any decisions it may make regarding the resourcing of a University/Strategic Initiatives Fund or responding to the recommendations of the cost allocation working groups.

Pros and Cons

The following are the pros and cons of the proposed revenue distribution model

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The model creates the greatest incentive to generate revenue</td>
<td>• Time required to generate new revenues</td>
</tr>
<tr>
<td>• An increased understanding of costs drivers and program costs</td>
<td>• There is significant uncertainty regarding government policy on tuition</td>
</tr>
<tr>
<td>• The creation of an enhanced service ethic within the academic units</td>
<td>• Some Faculties may have less capacity to generate new revenues</td>
</tr>
<tr>
<td>• A reduction in the complexity of current revenue distribution models</td>
<td>• There will be a delay in the time required by a Faculty to realign its costs drivers</td>
</tr>
<tr>
<td>• Increased transparency in the units generating the revenues and where the revenues are being allocated</td>
<td>• Current agreements may restrict the ability of Faculties to change their cost structures</td>
</tr>
</tbody>
</table>
• A culture shift, whereby revenue units will fully understand their revenue and cost drivers
• The inability of some revenue units to make the cultural shift associated with this form of resource management model

| • Enhanced accountability regarding the generation of revenues |
| • The model fully recognizes all sources of unrestricted and restricted funding |

Other Issues/Risks

In developing the proposed revenue distribution model the following issues were identified.

Facilities and Operations as a Revenue Generation Unit
In recent years, the university received envelope funding from government for LOF which was based on the size and type of building using a $/per sq. meter formula. Consequently part of F & O’s budget is based on historical base budget allocations, while part is derived from a 50% share of lights on funding which is formula driven. The proposed revenue distribution model is based on FLE and headcount and historic EPE FOG rates, which is different from the formula that government uses to allocate the revenue in the first place.

Given that the university did receive designated LOF funding, in the revenue distribution model Facilities and Operations was set up as a revenue centre. If it is to function as a true revenue centre then it should be allocated its proportional share of administrative services it consumes. However, if the government discontinues the provision of LOF then F & O could not continue to operate as a revenue centre and would need some type of mechanism to charge out new or extra-ordinary costs (i.e. a dramatic adjustments to contractor agreements) to the Faculties.

Purpose Driven Funding
As a common practice, the government provides funding for a specific purpose such as enrolment growth or lights on funding as a separate envelope of funds in year one then rolls that funding into the Campus Alberta grant at a future point in time. It is important that the revenue distribution model acknowledges this practice and that those purpose driven funds rolled into the Campus Alberta grant continue to be allocated and implemented for the initial purposes in which that funding was received.

Mandatory Non-Instructional Fees
Currently the students are requesting a review of MNIFs and their reporting structure so that there is greater transparency and accountability associated with these funds and the services that they support. The current model whereby all of the MNIFs revenues, with the exception of the health services and athletics and recreation fees, are allocated to the Faculties may result in a lack of transparency from the students’ perspective.

Graduate Thesis Students
The Working Group has identified the potential issue of using fall head count for thesis graduate students and whether that is an accurate method of counting of these students. If this is deemed a material issue the Working Group recommends that Strategic Analysis develops an alternative methodology for counting thesis graduate students.

Model Implementation
It will be more complex for larger departmentalized Faculties to implement this revenue distribution model. It will be important that the necessary support systems and processes are made available to assist with the implementation of the model if adopted.
Maintaining the Incentive to Grow Revenues

The revenue distribution model was developed as a tool to incent revenue growth. The taxing of revenues may be seen as a disincentive to that revenue growth. Therefore, to avoid any disincentives, to the extent possible, the working group recommends that taxing that is required should be applied to costs and not to revenues.

In developing the proposed revenue distribution model the following risks were identified.

<table>
<thead>
<tr>
<th>Risks</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Decanal accountability</td>
<td>• Detailed accountability agreement between the Dean and Provost</td>
</tr>
<tr>
<td></td>
<td>• Holding the Dean fully accountable for their academic and financial performance</td>
</tr>
<tr>
<td>Unrealistic revenue or cost estimates</td>
<td>• Holding the Dean fully accountable for their academic and financial performance</td>
</tr>
<tr>
<td></td>
<td>• University’s new financial management structure</td>
</tr>
<tr>
<td></td>
<td>• Professionalization of Faculty financial officers</td>
</tr>
<tr>
<td></td>
<td>• New budget application</td>
</tr>
<tr>
<td></td>
<td>• Data warehouse</td>
</tr>
<tr>
<td>Capacity of Deans to operate within this financial model</td>
<td>• Professional development of Deans</td>
</tr>
<tr>
<td></td>
<td>• University’s new financial management structure</td>
</tr>
<tr>
<td></td>
<td>• Professionalization of Faculty financial officers</td>
</tr>
<tr>
<td></td>
<td>• Revised job description for recruitment of new deans</td>
</tr>
<tr>
<td>University resistance to proposed revenue distribution model</td>
<td>• Unwavering support by President and Vice Presidents if new model adopted</td>
</tr>
<tr>
<td></td>
<td>• Comprehensive communications and change management plan</td>
</tr>
</tbody>
</table>

Appendices

- Appendix 1 – Glossary of Terms
- Appendix 2 – Summary of Other Mode
Appendix 1 – Glossary of Terms
General Definitions:

Actual Expenditures:
Includes all expenditure account codes, net of internal revenues and internal distributions; this does not include long term debt expense, amortization expense or transfers.
Source: Resource Planning

Ancillary Funds:
For ancillary units, the source of revenues is primarily external to the University. This revenue is generated through the support services or supplies provided to the University community (staff, students, or external clients) on a fee-for-service basis or as a merchandising (commercial) operation.
Source: Derived by resource planning from documentation by Financial Services

Capital Funds:
Capital funds are provided by provincial, federal and other government grants, donations and internal resources. Funds are primarily designated for the acquisition or new construction of buildings, equipment and furnishings and for major renovations.
Source: Derived by resource planning from documentation by Financial Services

Endowment Funds:
An endowment refers to donations made to the university on the understanding that the donation will be invested in perpetuity with the investment income used to support specified educational purposes. Endowment funding supports a variety of programs and initiatives in the areas of student awards, chairs, professorships, visiting speakers, research and many other activities. Endowment funds appear in both restricted research funds and restricted special purpose, depending on the purpose for which the funds were endowed.
Source: Endowment management guide

EPE Rates:
These rates are taken from the 2008 Enrolment Planning Envelope guide from the government of Alberta. Grant funding was provided to the University for adding students to specific programs, under the EPE program. This guide lists rates by degree type for which the government provided grant funding to universities in Alberta to increase their enrolment. This program came to an end in 2010, so no current or new rates will be available.

FOG definition:
Includes facility management, custodial services, utilities, maintenance, and building amortization; building amortization is assumed to be one-quarter of this component. Independent Academic Institutions are not eligible for the facilities operation grant.

Note
- the proposed EPE grant allocation methodology uses the 2008 EPE FOG rates to allocate funding for all FLE enrolments; this total funding will exceed the actual FOG or LOF received.
- The FOG funding program was discontinued in 2010.
**Indirect Cost of Research (ICR):**

Indirect Cost of Research: this is the amount granted under a research grant to cover the ‘indirect’ or administrative costs of performing the research. There are two types of ICR at the university: Federal ICR is given as one large lump sum to the university annually and other ICR would come from business or other government grants, in accordance with the individual grant agreements.

Source: Requires validation/verification

**Investment Income:**

The university has two types of investment income: unrestricted investment income is mostly generated by short term interest on the university’s cash balances and restricted investment income is income generated from endowment funds or similar which have been given to individual faculties/units within the university for specified purposes.

Source: Requires validation/verification

**Lights on Funding (LOF):**

LOF is facility operations funding made available, upon request and government approval by the Alberta Innovation and Advanced Education, for new space, with the exception of facilities associated with Ancillary Enterprises and other non-academic space. LOF is allocated to the University of Alberta on an ongoing basis via the Campus Alberta grant and it is calculated based on the gross square meters of new space. LOF strictly supports costs associated with maintenance, custodial, utilities, grounds, facilities administration and services. The utilization of LOF is monitored by Alberta Infrastructure. LOF does not always cover the full cost of operations, and it’s expected that these costs are funded through alternate sources, such as institutional revenue, indirect cost recoveries from contracts and grants, recovery from program delivery, tuition fees or any other entrepreneurial activity.

Note: LOF, being part of the Campus Alberta grant, is subject to adjustments, according to the approved institutional grant. (Note: the above definition of LOF is currently under review by government)


**Operating Funds:**

The activities within the general operating fund are primarily funded by the provincial government operating grant, tuition fee revenue and investment income. This revenue supports the University’s mandate of teaching, research (not funded through research agreements) and public service as well as administrative and other infrastructure costs in support of these core activities. The general operating fund also includes activities funded by self-generated revenues (i.e. fee for service activities).

Source: Derived by resource planning from documentation by Financial Services

**Purpose Driven Funding**

As a common practice, the government provides funding for a specific purpose such as enrolment growth or lights on funding as a separate envelope of funds in year one then rolls that funding into the Campus Alberta grant at a future point in time. Purpose driven funding is that funding that was received by the provincial government for a specific purpose and rolled into the Campus Alberta grant at a future point in time, but is expected to be allocated and implemented by the university for the initial purposes in which that funding was received.
Research Funds:
  i. Restricted
  Funded by grants and contracts from external sponsors, donations and endowment investment income available for spending and therefore are classified as restricted funding if the sponsor placed terms and conditions on the use of this funding.
  Source: Derived by resource planning from documentation by Financial Services

ii. Unrestricted
  The activities in this fund are primarily funded by investment income earned on internally restricted endowments and other research initiatives funded by the institutional/faculty/department through the transfer of funds from the general operating fund. This fund also includes external unrestricted revenue for research initiatives (e.g., research conference fees and fee for research services).
  Source: Derived by resource planning from documentation by Financial Services

Restricted Funds:
  A restricted contribution is one that is subject to externally imposed stipulations (explicit or implicit conditions) that specify the purpose for which the contribution is to be used (e.g., externally sponsored research agreements or other externally funded special purpose projects). The University can only expend restricted contributions for specific purposes defined by the external sponsor or donor.
  Source: Financial Services

Sales of Products and Services (External Revenue):
  External revenue accounts are used to code revenue from the sale of products or services to parties external to the University through the external billing and cash sales processes. A unique account must be set up if the sales activity will exceed $250,000 in the year.
  Source: Financial Services

Special Purpose Funds:
  This includes activity related to student awards and bursaries and other programs involving teaching and learning and community service specifically funded by restricted grants and donations.
  Source: Derived by resource planning from documentation by Financial Services

Student HC:
  The commonly used headcount number is the fall headcount which is the total number of students enrolled in the fall semester, taken as of Dec 1.
  Source: Strategic Analysis Office

Student FLE:
  This is a calculated student count. It is derived for each student based on their enrolment over the academic year, compared to the credit load expected for the program of enrolment. A FLE of greater than 1 should represent a student who takes greater than a full load of courses and a FLE of less than 1 would be expected for a part time student.
  Source: Strategic Analysis Office

Tuition and Fee Definitions:

Cost Recovery Tuition:
  Tuition paid for credit courses or degrees which have not been funded by the provincial government. These fees have been designed so that the fee charged should cover 100% of the cost associated with delivering the course or program. Account: course cost recovery (403024).
  Source: Inferred by resource planning from documentation by Financial Services and Office of the Registrar
Instructional tuition or ‘Base’:
Refers to the tuition credit instruction account. This is tuition paid for credit instruction but it excludes all fees added to supplement a higher cost program or student as well as any cost recovery tuition fees. Supplemental instructional fees paid in addition to the instructional tuition include: international differential fees (IDF), program differential fees and market modifier fees.
Source: Inferred by resource planning from documentation by Financial Services and Office of the Registrar

International Differential Fees (IDF):
Account: Differential Fees Revenue. This is the additional fee charged to non-Canadian residents (visa students), above the instructional tuition rate, as these students are expected to pay for the full cost of their education.
Source: Inferred by resource planning from documentation by Financial Services and Office of the Registrar

Program Differential Fees & Market Modifier Fees:
These additional program fees were approved for specific courses/programs where the tuition was deemed to be too low, or out of line with the market. The fees are paid in addition to instructional tuition; international students pay both the domestic component and an international component, analogous to the IDF above. Accounts: Program Differential Fee, Program International Diff Fee, Market Modifier Fee & Market Modifier Int'l Tuition.
Source: Inferred by resource planning from documentation by Financial Services and Office of the Registrar

Mandatory Non-Instructional Fees (MNIF’s):
These fees include: Athletics and recreation fee, COSSS Fee, health services fee, registration and transcripts fee and the student services fee.
Source: Office of the Registrar

Athletics and Recreation Fee:
This fee supports the provision of recreation, sport and wellness services, access to recreation and sport facilities and the administrative support for these services that benefit students, including varsity athletics, recreation facility access, group exercise, intramural sports, aquatics, instructional recreation, special events, sport clubs, personal training, and sport development. This fee is assessed to all on-campus graduate and undergraduate students, full-time and part-time.
Source: Office of the Registrar

Common Student Space, Sustainability and Services (CoSSS) Fee:
This fee sustains and supports the provision of an extensive range of non-instructional services of direct benefit to students including such services as Bear Tracks, administrative support for information technology, risk management programs such as Protective Services and the University’s emergency notification systems and a broad range of services provided through the Office of the Registrar and Dean of Students. This fee is assessed to all graduate and undergraduate students, full-time and part-time, on and off-campus.
Source: Office of the Registrar

Health Services Fee:
This fee supports the provision of health and wellness services available to students, including medical clinic services, mental health counselling, an on-site pharmacy, sexual assault services and health promotion initiatives. This fee is assessed to all on-campus graduate and undergraduate students, full-time and part-time and all students completing English as a second language programs.
Source: Office of the Registrar

**Non-Credit Revenues:**
These are tuition and related fees for non-credit courses and programs such as executive education, municipal leadership and English as a second language programs. Includes account codes 403100 to 403187.
Source: Financial Services

**Program, Course and Service Fee:**
This grouping includes the following accounts: Field Trip Camp School Revenue, Practicum Placement Revenue, Transit Yr Prog NativeStud Rev, and Miscellaneous Course Fees.

**Registration and Transcript Fee:**
This fee supports the provision of services for admission, student records management, and academic certification including official transcripts, convocation, and related services from the Office of the Registrar, Financial Services, and Faculty offices. This fee is assessed to all on-campus and off-campus, graduate and undergraduate students, full-time and part-time.
Source: Office of the Registrar

**Student Services Fee:**
This fee supports the provision of ongoing services from the Office of the Dean of Students and associated offices such as Aboriginal Student Services Centre, Academic Support Centre, Augustana Student Services, CAPS: Your U of A Career Centre, Math and Applied Sciences Centre, Specialized Support and Disability Services, University Wellness Centre which includes the Sexual Assault Centre and the Mental Health Centre, Student Success Centre, Student Ombud Service, University Bursaries and Emergency Funding. The fee also entitles students to services from the International Centre. This fee is assessed to all on-campus and off-campus, graduate and undergraduate students, full-time and part-time.
Source: Office of the Registrar
Appendix 2 – Summary of Other Models
<table>
<thead>
<tr>
<th>Kent State</th>
<th>Penn State</th>
<th>University of Oregon</th>
<th>University of Toronto</th>
<th>Queens University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students &amp; Revenues</td>
<td>42,500 students $696 million</td>
<td>21,300 students $6,191 million</td>
<td>24,548 students $595 million</td>
<td>80,800 students $2,563 million</td>
</tr>
<tr>
<td>Implementation</td>
<td>Implemented 2009, 2 years starting 2007</td>
<td>1974</td>
<td>Process started in 2007, model was implemented in 2010</td>
<td>Implemented new model in 2007-08 after two yrs. of development</td>
</tr>
<tr>
<td>Development and/or process.</td>
<td>RCM not pushed to departmental level only faculty or school level</td>
<td>Provost headed a task force, including Deans and VP's to evaluate RCM. New position: Vice Provost, Budget and Planning was created to implement/ maintain the model. Regular active committees: • Senate Budget Committee • Tuition and Fee Advisory Board • Enrollment Mgmt Council • Deans working group</td>
<td>Task Force oversaw the process and recommended the basic framework. Steering committee met weekly on implementation over approximately 1 year. Monthly meetings were held with divisional financial officers (DFO) and the steering committee.</td>
<td>Provost Advisory Committee on the Budget (PACB): - Provost + 2 VPs - Executive Director Planning /Budgeting - All Deans - Shared Service Unit Leaders - One faculty member Set core principals and agreed on Expense Bins &amp; Expense Drivers</td>
</tr>
<tr>
<td>Revenue Model (what’s shared)</td>
<td>Three components to Budget: Tuition Distribution, Taxes and General Fund Supplement (GFS) A units’ budget is = Tuition – Taxes + GFS</td>
<td>State Appropriation retained centrally (may be allocated via general fund supplement, but this is unclear)</td>
<td>Provincial Grants are given based on Basic Income Units (BIU’s), and allocated the same way, with the exception of targeted funding.</td>
<td>-60% Teaching faculty -40% home faculty * No Central Funds 100% Revenue Allocated to Faculties</td>
</tr>
<tr>
<td>Public funding</td>
<td>1. State Share of Instruction (for course completion) SSI -UG/Masters: 2 year average based on enrollment and 3 year average course completion 2. SSI (degree completion) -UG Masters 3 year completion average allocated to dept. based on proportion of degree costs incurred. -PHD 5 year weighted avg of SSI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Kent State</td>
<td>Penn State</td>
<td>University of Oregon</td>
<td>University of Toronto</td>
</tr>
<tr>
<td>------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Tuition</td>
<td>eligible PHD FTE enrollment</td>
<td>- Subvention Pool 20%</td>
<td>Tuition Distribution:</td>
<td>Tuition revenues allocated based on tuition rates and FTE, with adjustments for uncollected fees and remissions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Home School -20%(25% PHD)</td>
<td>Undergraduate</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>-Teaching School 60% (75% PHD)</td>
<td>• 50% based on credit hours</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 30% based on ugrad major</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 20% based on degrees awarded</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• 100% retained by the unit</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>where the student resides</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Spring/Summer tuition for all students is distributed based on</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>student credit hours</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue/Entrepreneurial</td>
<td>ICR Revenue:</td>
<td>ICR 88.5% Deans office of School receiving Grant</td>
<td>All other revenues flow in the traditional manner.</td>
<td>Divisional Revenues are distributed to the generating unit.</td>
</tr>
<tr>
<td>sources</td>
<td>43% Admin</td>
<td>10.5% Subvention Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20% Investment</td>
<td>1.0% Research Facilities Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>37% faculties</td>
<td>Other Revenue remains in school or center that generated it</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget Tool(s) Used</td>
<td>COGNOS</td>
<td>Oracle Hyperion RCM website: planning tools/forms/reports and data bases</td>
<td>Spreadsheets and Cognos system for reporting financials data. No budget tool mentioned.</td>
<td>Use Cognos for enrollment data and some research/student funding, but not for budget. It does not seem like they have a specific budget application.</td>
</tr>
<tr>
<td></td>
<td>Excel Templates:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Break Even Analysis Template</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Dashboards</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Enrollment Projections</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Business Administrator Form</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Model</td>
<td>Business Officers are assigned centrally to each RC some may have multiple RC’s to manage</td>
<td>Scenario planning and submitting for approval</td>
<td>Created eight responsibility units whose budgets are defined under the budget model, as well as the overall central administration budget.</td>
<td>Budget and planning office provides institutional planning, budget reports, budget admin, and enrollment/tuition planning for the university. Both Academic and central service units are responsible for creating their own budget plans for central approval.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Business Officers embedded in school.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dean and Business Officer meet with Provost to discuss budget and forecasts along with academic plan for out years. Business Officers liaise with central administrators assigned to their school.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
As the university's Chief Budget Officer, the Provost is ultimately responsible for determining the budgets of both academic and service units at Queen's, and Finance puts the budget into effect.

<table>
<thead>
<tr>
<th>Revenue Distribution by Source</th>
<th>Kent State</th>
<th>Penn State</th>
<th>University of Oregon</th>
<th>University of Toronto</th>
<th>Queens University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>As the university's Chief Budget Officer, the Provost is ultimately responsible for determining the budgets of both academic and service units at Queen's, and Finance puts the budget into effect.</td>
</tr>
<tr>
<td>Tuition 46%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed State Approp. 18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed &amp; State Grants 14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other 22%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition 13%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Funding 0.05%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed/State Grants 14%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Patient service -53%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other 66.05%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition 55%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State appropriation 0.3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Gov't and Grants 15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(From 2013 stmt)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013 Revenues (Consolidated):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$2,563 million</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 37% from student fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• 27% from Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013 Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$454.3 million Operating</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-Grants $200.5 M (44%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition $202.6 M (44%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix 8.12 Student Enrolment and Services WG
Table of Contents

Service Areas Inventory .................................................................................................................. 3

Cost of Service Area ........................................................................................................................ 5

Potential Cost Drivers ..................................................................................................................... 7

Relationship to Cost Drivers ........................................................................................................... 8

Pros and Cons .................................................................................................................................. 8

Other Issues/Risks ........................................................................................................................ 10

Appendices .................................................................................................................................... 11
Service Areas Inventory

The Student Enrolment & Services Cost Allocation Working Group is composed of key representatives from the Office of Dean of Students (DoS), the Faculty of Graduate Studies and Research (FGSR), the Office of the Registrar (RO), and University of Alberta International (UAI). These areas provide a wide range of services to students from all Faculties - either directly to students or in conjunction with individual programs, departments, and Faculties.

Funding models differ markedly among these four units. As examples, UAI, FGSR, and RO administer endowed and annually contributed student financial support funding; DoS functions are funded through a combination of base budget, ancillary, and grants, with funding amounts varying from year-to-year; UAI runs some services on a strict cost-recovery basis. FGSR is the only Faculty in the mix.

Some services are provided in a “network” model, where central units have services in-house, and similar services are in place inside Faculties, e.g., career services, student recruitment. Services provided by Faculties are out-of-scope for this cost allocation exercise, as are Open Studies students.

The following is an inventory of the service areas reviewed, sorted by cost allocation basket:

1. Student Recruitment & Admissions
   - Graduate and undergraduate study-permit, domestic, Aboriginal, rural, etc.
   - School visits, events, contact and relationship management
   - Prospective/applicant marketing and communications
   - Verification of credentials
   - Applicant records
   - Admission decisions and support for faculty/department admission decisions, e.g. undergraduate post-secondary transfer admissions, file preparation for quota program committees, GPA calculation for graduate admissions.

2. Student Financial Support
   - Scholarships, awards, medals
   - Bursaries, loans, emergency funding
   - Specific programs, e.g., Undergraduate Research Initiative, Green & Gold Student Leadership & Professional Development Grant, Education Abroad Awards
   - Financial Outreach Programs

3. Student Advisory Services
   - Student Connect service centre
   - FGSR counter services
4. **Enrolment Services**
   - Identity management and student records
   - Registration systems and processes, Bear Tracks
   - Fees assessment
   - Graduation (includes final oral exam and thesis approval for graduate students)
   - Convocation and other ceremonies
   - Transcripts

5. **Academic Support Services (for students)**
   - Transition Year Program (TYP - ASSC)
   - Aboriginal Student Services Centre (ASSC) tutoring
   - Specialized Support and Disability Services (SSDS)
   - Math & Science Centre (MASC)
   - Student Success Centre (SSC)

6. **Health Services**
   - Counselling and Clinical Services (CCS)
   - Sexual Assault Centre (SAC)
   - University Health Centre (UHC)
   - Aboriginal Student Services Centre (ASSC) elder services and mentoring

7. **Student Development Services**
   - ASSC community services/support
   - CAPS: Your U of A Career Centre
   - FGSR Professional Development initiative
   - Community Social Work Team
   - Office of Student Judicial Affairs (OSJA)
   - Ombuds office
   - Healthy Campus Unit
   - Counselling and Clinical Services (CCS)
   - Sexual Assault Centre
   - Residence Services
   - Student group funding ("student life") via Students’ Union
   - International Student Services
   - Education Abroad
   - Global Education

8. **International Relations**
   - International partnership agreements
   - Visits/missions/events
   - Country briefings/expertise/advice/facilitation
   - Partnership development
   - Project proposals/program management
9. Program Support Services
   • FGSR academic advising (to departments)
   • Graduate program quality assurance
   • Class and examination scheduling and support
   • Policy development and approval

Cost of Service Area

Notes and Assumptions for this section can be found at the back of the document.

This Working Group has identified a total amount of $68,824,890 costs, comprised of Funds 210, 100 and “other”.

<table>
<thead>
<tr>
<th>No</th>
<th>Cost Allocation Basket</th>
<th>Office of the Registrar</th>
<th>FGSR</th>
<th>UAI</th>
<th>Dean of Students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Student Recruitment and Admissions</td>
<td>6,746,527</td>
<td>683,756</td>
<td>2,287,058</td>
<td></td>
<td>9,717,341</td>
</tr>
<tr>
<td>2</td>
<td>Student Financial Support</td>
<td>1,840,896</td>
<td>1,597,865</td>
<td>274,573</td>
<td>529,777</td>
<td>4,243,111</td>
</tr>
<tr>
<td>3</td>
<td>Student Advisory Services</td>
<td>1,771,402</td>
<td>235,323</td>
<td></td>
<td></td>
<td>2,006,725</td>
</tr>
<tr>
<td>4</td>
<td>Enrolment Services</td>
<td>3,218,671</td>
<td>948,380</td>
<td></td>
<td></td>
<td>4,167,051</td>
</tr>
<tr>
<td>5</td>
<td>Academic Support Services</td>
<td>132,429</td>
<td></td>
<td>4,075,286</td>
<td></td>
<td>4,207,715</td>
</tr>
<tr>
<td>6</td>
<td>Health Services</td>
<td></td>
<td></td>
<td></td>
<td>9,060,075</td>
<td>9,060,075</td>
</tr>
<tr>
<td>7</td>
<td>Student Development Services</td>
<td>389,917</td>
<td>4,305,616</td>
<td>5,028,724</td>
<td></td>
<td>9,724,257</td>
</tr>
<tr>
<td>8</td>
<td>International Relations</td>
<td></td>
<td></td>
<td>1,100,236</td>
<td></td>
<td>1,100,236</td>
</tr>
<tr>
<td>9</td>
<td>Program Support Services</td>
<td>1,805,394</td>
<td>525,581</td>
<td></td>
<td></td>
<td>2,330,975</td>
</tr>
</tbody>
</table>

Subtotal - Baskets within Fund 210

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15,382,890</td>
<td>4,181,336</td>
<td>7,967,483</td>
<td>18,693,862</td>
<td></td>
<td>46,557,486</td>
</tr>
</tbody>
</table>

Projects within Fund 210

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,087,237</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,087,237</td>
</tr>
</tbody>
</table>

Total - Fund 210 Cost Allocation Baskets and Projects

<p>| | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>16,470,127</td>
<td>4,513,237</td>
<td>7,967,483</td>
<td>18,693,862</td>
<td></td>
<td>47,644,723</td>
</tr>
</tbody>
</table>
### Fund 100 - Cost Allocation Baskets

<table>
<thead>
<tr>
<th>Baskets</th>
<th>Office of the Registrar</th>
<th>FGSR</th>
<th>UAI</th>
<th>Dean of Students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 Student Financial Support / Domestic Awards</td>
<td>2,649,024</td>
<td>3,073,695</td>
<td></td>
<td></td>
<td>5,722,719</td>
</tr>
<tr>
<td>2 Student Financial Support / International Awards</td>
<td>3,051,572</td>
<td>3,420,034</td>
<td>675,075</td>
<td></td>
<td>7,146,681</td>
</tr>
<tr>
<td><strong>Total - Fund 100 Cost Allocation Baskets</strong></td>
<td><strong>5,700,596</strong></td>
<td><strong>6,493,729</strong></td>
<td><strong>675,075</strong></td>
<td><strong>12,869,400</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Other

<table>
<thead>
<tr>
<th></th>
<th>Office of the Registrar</th>
<th>FGSR</th>
<th>UAI</th>
<th>Dean of Students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Special Sessions</td>
<td>8,054,945</td>
<td></td>
<td></td>
<td></td>
<td>8,054,945</td>
</tr>
<tr>
<td>Visiting Lectureship in Human Rights</td>
<td></td>
<td>7,222</td>
<td></td>
<td></td>
<td>7,222</td>
</tr>
<tr>
<td>Regional Council Accounts</td>
<td></td>
<td>145,406</td>
<td></td>
<td></td>
<td>145,406</td>
</tr>
<tr>
<td>International Student Work Study Program (ISWSP)</td>
<td></td>
<td>103,194</td>
<td></td>
<td></td>
<td>103,194</td>
</tr>
</tbody>
</table>

**GRAND TOTALS:**

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 210</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>47,644,723</td>
</tr>
<tr>
<td>Fund 100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12,869,400</td>
</tr>
<tr>
<td>Special Sessions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>8,054,945</td>
</tr>
<tr>
<td>Visiting Lectureships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7,222</td>
</tr>
<tr>
<td>Regional Council Accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>145,406</td>
</tr>
<tr>
<td>International Student work Study Program (ISWSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>103,194</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>68,824,890</strong></td>
</tr>
</tbody>
</table>

*Special Sessions, a unit within the Office of the Registrar, serves students and the University with administering "special" course offerings such as Spring and Summer Studies and the Evening Credit Initiative. If eligible, Departments are reimbursed for the expenses of running the courses according to the Special Sessions Funding and Salary Schedule. The figure above represents the gross expense associated with the initiative for Fiscal 2014.
Potential Cost Drivers

The working group agrees unanimously that costs are driven by headcount rather than FLEs. (Heads seek services, not loads.) There are many ways to count heads. After extended discussion, we propose the use of a two-year rolling average of headcount enrolment, although this is not without its complications. The past is not always the best indicator of the future, and that the budget model must take into account significant changes in enrolment targets (newly funded seats), changes in revenues (particularly government grants), regulatory changes, and any new strategic initiatives.

Headcount enrolment is the most significant cost driver, but there are others. The list of drivers we have identified includes:

- Number of students: headcount enrolment
- Number of Applicants
- Number of Awards
- Number of Agreements (and types), number of countries/partners
- Number of classes, number of centrally scheduled rooms, number of programs, number of departments

In the course of our discussion we also identified nuancing factors which we have termed “modulators” in the chart below. “Modulators” are factors that influence the relationship between a driver and a service basket. Examples of modulators include:

- grad vs undergrad students
- domestic vs international students
- service utilization rates (some groups of students use services at disproportionate rates)
- state of available technology
- expectations about quality of service
- complexity (of resources, of business practices, of reporting requirements, etc.)
- agreed-upon service standards
- external markets in which the university must compete
- new goals or strategic plans, e.g., increase out-of-province enrolment by X percent.

Finally, it must be noted that there are activities undertaken in our central service units that do not respond as readily to drivers:

- International Relations
- Administrative Overhead
- Donor Relationships
- Special Projects & initiatives
- New programming, multi-year initiatives
• Intangible aspects of the student experience, e.g., student engagement, breadth of opportunity.

Relationship to Cost Drivers

Service Baskets & Drivers

Student Enrolment & Services Cost Allocation Working Group

<table>
<thead>
<tr>
<th>Basket #</th>
<th>Basket Name</th>
<th>Drivers</th>
<th>Modulators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Student Recruitment and Admissions</td>
<td># applicants</td>
<td># program choices # prospects recruitment strategy</td>
</tr>
<tr>
<td>2</td>
<td>Student Financial Support</td>
<td># awards # applicants</td>
<td>Complexity of awards criteria and number of eligible students</td>
</tr>
<tr>
<td>3</td>
<td>Student Advisory Services</td>
<td># students # applicants</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Enrolment Services</td>
<td># students</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Academic Support Services</td>
<td># students</td>
<td>Utilization rates</td>
</tr>
<tr>
<td>6</td>
<td>Health Services</td>
<td># students</td>
<td>Utilization rates</td>
</tr>
<tr>
<td>7</td>
<td>Student Development Services</td>
<td># students</td>
<td>Utilization rates</td>
</tr>
<tr>
<td>8</td>
<td>International Relations</td>
<td># agreements (new or renewed) # types of agreements # countries/partners</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Program Support Services</td>
<td># classes # centrally scheduled rooms # programs # departments</td>
<td>Facilities status</td>
</tr>
</tbody>
</table>

Pros and Cons

The University of Alberta is an intricate organization, with operating units interacting with each other in often complex ways. Our work provides insight into a small part of a multidimensional interacting system of autonomous units. To examine one unit in isolation of the context in which it operates is to ignore the complexity/subtlety/convolution of its relationships with other units. We know that we have not captured the true costs because our mandate has been restricted -
by design - to those services offered centrally. To take just one example, recruitment is done by the Registrar’s Office and UAI (captured here), but also by Faculties and in some cases Departments. We can identify the central cost of recruitment in this document, but not the full or true cost. The hard problem will be identifying the financial interaction between the units that will allow for a stable equilibrium to be achieved.

The breadth of services provided by the four student-centered units would, to many people on campus, be surprising. It is important that this be documented so that our University of Alberta community can better appreciate all that is required to offer a first-class student environment. We also wish to emphasize the highly qualified nature of the work we do. Our units contain distinct professional expertise (registrarial, international, developmental, e.g.) that has been cultivated over a long time and that relates more directly to a student’s enrolment at the university rather than registration in a particular faculty or program.

Examining the RO, FGSR, Student Services, and UAI has provided insight into services offered and the cost drivers of these important units, and provides numerous insights into how RCM might work and be effective:

- The principal advantage of RCM for central student services is transparency. We can track where money goes and, at a high level of generalization, assess the impact of resource allocation. It follows that we can identify redundant services and make informed decisions about service cutbacks. We can justify costs, thereby making a stronger case for sustained (and sustainable) funding. Decisions can be rationalized with respect to changing budgetary realities.

- Some of what central service units provide is transactional (e.g., registering a student). Making units aware of transactional activities and charging the appropriate fee for such services will increase the transparency of the obvious costs and, more importantly, the hidden costs. However, some central student functions are not transactional and, indeed, would be harmed if they were viewed as being transactional (e.g., responding to students in distress). These will have to be Centrally funded. Documenting these functions and exposing the true cost increases the level of transparency, but is more difficult to parse on a fee-for-service basis.

- Use of transaction-based funding transfers between units will increase the level of accountability. In particular it will provide a level of predictability to costs and allow for more-informed decision making. These are critical features of the proposed RCM that benefit both the units providing the funding and the units receiving the funding.

- Identifying drivers for student-service baskets is relatively straightforward, but the rate at which a driver (or combination of drivers) influences costs will vary between and within baskets.
Depending on the model chosen, units may face additional costs in tracking and reporting on budget and activity data. It is not clear where the financial burden of this additional activity will fall.

Other Issues/Risks

We offer the following observations and cautions for consideration:

1. Other RCM implementations have resulted in no more than one or two drivers for central student-service budgets, and we also note the express wish of the RMSC that we keep our recommendations simple and high-level. There is a fundamental tension between the expressed need of the RMSC to keep driver/service relationships simple and the need to capture and address current complexities.

2. A budget model does not change accountability or managerial decision-making. Although an RMM might be more transparent at the highest level, as long as internal allocations are handled at the level of the provost and/or vice-provost and/or dean, this new budget model will not appear to be more transparent to most of the university community.

3. Increased decentralization of the university could lead to balkanization, or incent risk-averse practices at the expense of enriched student experiences and support. This model might incent Faculties to “cherry pick” services. This would be disastrous. Equally, we strongly advise against Service Level Agreements between any of these central units and the academic Faculties, for the simple fact that it will make too much work.

4. As we say above, in the “Potential Cost Drivers” section, there are many modulators in addition to the explicit cost drivers. In keeping with RMSC instructions, we have largely disregarded these nuances in the name of simplicity. However, they could re-emerge at any point. To take one example: processing international applications costs more - but international tuition brings in more. Neither side of this cost/payoff is visible in this budget model.

5. There is a floor, and there is no ceiling: some student services provided by these four units are legally mandated. This means that there is a threshold below which services may not fall, and it means we are obliged to respond to new legislation or changes in existing legislation. While there may be a minimal level of service we must provide, there is no readily identifiable maximum; increasing expectations drive costs up. There is a difference between providing the bare minimum called for by law and offering a faster turnaround, or state-of-the-art technology, or game-changing experiences for students.

6. The budget model must consider complexities of current state funding, e.g., Wellness Services: .25 base, .25 ancillary, .50 mental health grant.
7. The Resource Management Model should attribute revenue such as Mandatory Non-Instructional Fees, Application Fees, Registration and Transcripts fees directly to the unit responsible for delivering these services. This would enhance both transparency and efficiency in regard the distribution of this revenue.

8. Utilization rates: some individuals and groups access student services at disproportionate rates.

9. Faculties have created a number of services that are operating and managed by the Faculty but are accessed by students outside the University. Resourcing these services is not part of the scope of this report and it is assumed that under a new budget model Faculties operating such services would negotiate access and compensation to these services directly with other Faculties who wish to continue to make these services available to their students.

10. Student service unit costs are salary-intensive, yet salary increases are beyond our direct control, especially considering the recent decentralization of responsibility for costs such as ATB and merit.

11. Implementation will be a costly process, but it is worth taking our time to do it right, with shadow systems, hold-harmless provisions and much more nuanced data than we have used for this exercise (we have used a snapshot based on 2013-14 actuals, for instance, but would require multi-year analysis of budgets and actuals in order to gain a true picture).

Appendices

- All sources and calculations of data for the recommended model
- Summary of all reviewed cost driver options and their data and calculations

Cost of Service Area - Notes and Assumptions

Note: these costs for Fiscal 2014, as requested in the report template, should be viewed as illustrative rather than authoritative. The Working Group observes significant variations in some baskets between Fiscal 2014 and Fiscal 2015, with variations continuing to evolve.

RO:
1. The cost of Administrative salaries is included in the appropriate basket
2. RO expenses were derived from a 2013/14 YE Reports
3. The International Student Financial Support expenses in Fund 100 are supported by funding from the IDF.
4. The Domestic Student Financial Support expenses in Fund 100 are supported by Central Admin.
Dean of Students:
1. Office of the Dean of Students, which includes the Dean, finance, HR, IT, and risk management, is split among all units based on a proration of the actual expenses. The Office of the Dean of Students is involved in all units.
2. Expenses are from 2013-14 actual FSGLV12 reports, and are gross expenses. Additionally, expenses in fund 550 and endowments have been included as these are integral to the services provided by the Dean of Students.
3. Augustana has been included in Student Development Services, but contains similar student service functions as those at the main campus, but on a smaller scale.

Dean of Students:
1. Expenses are from 2013-14 actual FSGLV12 reports, and are gross expenses.
2. Expenses relating to Restricted Funds, Endowments and Fund 330 were not included
3. Administration expenses have been prorated across the buckets to represent services used by each unit in the Dean of Students Office.

FGSR:
1. Expenses are from 2013-14 actual FSGLV12/V68 reports, and are gross expenses.
2. Expenses do not include Purchase Order commitments (V12)
3. Expenses relating to Restricted Funds = 20,693,365, Endowments = 2,744,099, Fund 330 = 76,358 were not included
4. Administration expenses have been prorated across the buckets - Dean, Finance, HR, IT, Projects, etc

UAI:
1. The cost of Administrative salaries has been prorated across the baskets
2. Expenses are from 2013-14 actuals.
3. Expenses related to Endowments were not included.
# Appendix: RCM comparator information from York and Toronto

<table>
<thead>
<tr>
<th>Bin</th>
<th>Area</th>
<th>York Driver</th>
<th>Toronto Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Administration</td>
<td>● Admissions, Records, Petitions, Appeals, registration/Enrolment</td>
<td>● Population of Graduation Students (FT and PT Headcount) services provided to students are in a per student basis irrespective of whether the student is registered on a Ft or PT basis</td>
<td>● Administration - headcount</td>
</tr>
<tr>
<td></td>
<td>● Calendar, student services, Thesis &amp; Dissertation Support, Guaranteed Funding Agreement Admission, Collective Agreement Administration, Scholarship and Award Administration</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>● Centrally supported awards, central support for conference and fieldwork funds, student recruitment publication support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Services Administration - 1) Admissions, 2)Recruitment, 3) All Other Services</td>
<td>Office of Conflict resolution, Aboriginal, Student Community &amp; Leadership Development, Office of Vice-Provost Students, Registrar's Office (including Alternate Exams), Admissions, Student Financial Services (Student accounts and financial aid), Admission Client Services, Recruitment</td>
<td>● Student headcount( FT &amp; PT, UG &amp; Graduate)</td>
<td>● Admissions - number of applications for those programs that use the central admissions office</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Financial Aid and Awards - number of OSAP applications</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Recruitment - number of applications for each division</td>
</tr>
<tr>
<td>Centrally Funded Scholarships &amp; Bursaries (UG &amp; Grad)</td>
<td>● Faculty student population (UG FFTE’s &amp; Grad FTE’s)</td>
<td>● Bursary costs - FT headcount</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>● Number of OSOTF awards</td>
</tr>
<tr>
<td>Financial Management</td>
<td>VP-F7A Office, Finance, Internal Audit, Temporary use of University Space, U1’s Enterprise Business Application Services</td>
<td>● 3-year rolling average of Total Operating &amp; Research Expenditures</td>
<td>● Share of total attribute revenue</td>
</tr>
<tr>
<td>Bin</td>
<td>Area</td>
<td>York Driver</td>
<td>Toronto Driver</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Academic Management | Office of President, Institutional research and Analysis, Secretary & General Counsel, Communications and Public Affairs, Centre for Human Rights | - Total Full Time Equivalents (FTEs) of student and faculty  
- Fiscal for UG,  
- Annualized for Grad  
- FTE’s - YUELI and Faculty | - Share of total attribute revenue |
| Human Resources | HR and Occupational Health and Safety | - Total population of employee headcount (FT, PT and casuals) | - Divisional share of faculty, administrative and union FTE’s |
| Library Collections | 12 Departments and 4 Libraries | - FTE’s of students and faculty  
- Fiscal for UG,  
- Annualized for Grad  
- FTE’s - YUELI and Faculty | - Reader-share of weighted-use undergraduate and graduate student FTE  
- Collection Development - weighted-use UG & Grad student FTE and faculty FTE  
- Info commons, tech Services and rare Books - Share of total student FTE |
| Alumni & Community Relations | Convocation, Events and Ceremonials, Alumni communications, community relations, alumni engagement, 50% of VP-Advancement | - Five-year rolling average of graduates (degrees awarded) - exclude certificates and diploma programs | |
| Advancement | Secure philanthropic support, 50% of VP-Advancement | - 75% for annual fund solicitation - 5 year rolling average of graduates  
- 25% for major gift solicitation - 10 year rolling average of funds raised | - 10 year rolling average of total research funding received by a division  
- Living alumni headcount |
| Utilities & Facilities Mtte - Common/Unassigned Space | Utilities, deferred mtte, building mtte, fire inspection, work control center, contract admin, stores, custodial, insurance, admin overhead | - Population FTEs (students, faculty and staff) of Faculties, ELC and YUELI | - Square Metres of building occupancy |
| Utilities & Facilities Mtte - Teaching Space | Utilities, deferred mtte, building mtte, fire inspection, work control | - NASM of space utilized  
- length of time space utilized | - Square Metres of building occupancy |
<table>
<thead>
<tr>
<th>Bin</th>
<th>Area</th>
<th>York Driver</th>
<th>Toronto Driver</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bin</td>
<td>Center, contract admin, stores, custodial, insurance, admin overhead</td>
<td>Spring</td>
<td>Spring</td>
</tr>
<tr>
<td>Utilities &amp; Facilities Mtce - Other Campus Services</td>
<td>Security, CCTV monitoring, card access, waste, mail, etc</td>
<td>Population headcount (students, faculty, staff)</td>
<td>Square Metres of building occupancy</td>
</tr>
<tr>
<td>UIT Enterprise Academic Services</td>
<td>Information tech services in support of students</td>
<td>FTE’s (UG FFTE’s (fiscal) &amp; Grad FTEs annualized)</td>
<td>Share of staff and student FTE Share of total attributed revenue</td>
</tr>
<tr>
<td>UIT Common Services</td>
<td>Desktop, networks, telecom, internet, data centers, email, etc</td>
<td>Total population of students, faculty and staff (UG FFTE’s &amp; Grad, faculty &amp; staff FTE’s)</td>
<td>Share of total attributed revenue Share of student FTE Share of number of telephone lines</td>
</tr>
<tr>
<td>Research Management</td>
<td>Office - VP research, Associate VP Research, Research Services, Research Units, Research Ethics &amp; other Research Services</td>
<td>Population of TAenure Stream &amp; Probationary Faculty (50%) Research Expenditures (50%)</td>
<td>Three year rolling average of total research funding received</td>
</tr>
<tr>
<td>Collective Agreement Benefit Commitments</td>
<td></td>
<td>Enhanced Fringe Benefit Overhead rate as determined by collective agreements</td>
<td></td>
</tr>
<tr>
<td>Pension &amp; Post-Retirement Special Benefit Related Costs</td>
<td></td>
<td>Pensionable Salary of employee groups eligible for pension &amp; post-retirement special</td>
<td>Divisional share of faculty, administrative and union FTE’s</td>
</tr>
<tr>
<td>PTR Deficit Repayment</td>
<td>Move to Faculties</td>
<td>Full Time faculty headcount (eligible for PTR)</td>
<td></td>
</tr>
<tr>
<td>Tuition Waivers</td>
<td>Employee tuition waivers and their dependents</td>
<td>Facility and Ancillary units share of population of employees (headcount) eligible for tuition waivers (faculty &amp; staff)</td>
<td></td>
</tr>
<tr>
<td>Bad Debts</td>
<td>Tuition fees, associate course fees, residence fees, meal plan fees, ancillary fees and student referenda fees</td>
<td>Ratio of uncollectible fees to total fees in defined bad debt generating categories</td>
<td></td>
</tr>
</tbody>
</table>

15
<table>
<thead>
<tr>
<th>Bin</th>
<th>Area</th>
<th>York Driver</th>
<th>Toronto Driver</th>
</tr>
</thead>
</table>
| **Other General Institutional Costs**    | Day Care Center, Pay equity, WSIB payments, external legal fees, bank service fees, liability insurance, institutional membership, credit rating fees, etc | ● FTE’s of students and faculty  
○ Annualized for Grad  
○ FTE’s - YUELI and Faculty | ● Allocated to division on basis of gross attributed revenue              |
| **Capital Debt/Reserve Payment**         |                                                                      | ● Capital Debt - Faculty share of assigned space in Net Assignable Square Meters adjusted for funds raised by the Faculty  
● Capital Reserve Payments - Faculty share of assigned space              |                                                                                   |
Appendix 8.13 University Administration WG

<table>
<thead>
<tr>
<th>Working Group:</th>
<th>University Administration Working Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co-Leads:</td>
<td>Phyllis Clark and Stuart Landon</td>
</tr>
<tr>
<td>Creation Date:</td>
<td>March 9, 2015</td>
</tr>
<tr>
<td>Document Version:</td>
<td>5</td>
</tr>
</tbody>
</table>
Table of Contents

Service Areas Inventory ........................................... 3
Cost of Service Area .................................................. 3
Relationship to Cost Drivers ........................................ 3
Proposed Cost Drivers ................................................ 4
Summary ................................................................. 8
Issues and Risks ......................................................... 9
Appendices ............................................................... 12
Service Areas Inventory

The University Administration Working Group is providing a recommended cost allocation model focused on University-wide general expenses specific to central administrative services. These services can be broken into the following sub-categories:

- University Governance, which includes the Board of Governors, General Faculties Council, the Student Judiciary, the Office of University Governance and, for the purposes of this report, the Senate;
- The Office of the President, which includes the operations of the Office of the President, the Office of the General Counsel, the Records Management Office, and the Information and Privacy Office;
- VP Academic, including the Office of the Provost and the Health Sciences Council, but excluding Faculty Relations, University of Alberta International, Information Services and Technology, the Registrar’s Office, and Student and Learning Services, since these are all included within the mandates of other cost allocation working groups;
- VP Finance & Administration, including the Office of the Vice-President (Finance & Administration), Audit and Analysis, and Risk Management Services.

The key costs associated with the services provided by University Administration are staff salaries and benefits, service contracts, office supplies, travel, hosting and miscellaneous related expenses.

Cost of Service Area

The total 2013/14 budget for all areas considered by this working group is (in 000s):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>32,023</td>
</tr>
<tr>
<td>Expenditures</td>
<td>34,151</td>
</tr>
<tr>
<td>Revenues</td>
<td>2,887</td>
</tr>
<tr>
<td>Net Expenditures (expenditures less revenues)</td>
<td>31,264</td>
</tr>
</tbody>
</table>

A breakdown by service sub-category and budget overview is provided in Appendix 1 – University Administration Revenues and Expenditures. The notes to Appendix 1 detail several key data assumptions.

Relationship to Cost Drivers

Examination of the cost drivers for the administrative areas revealed that few of the cost drivers are actually under the direct control of each office. All administrative areas are highly influenced by external factors such as legislative requirements; changes in government
expectations; changes in grants, accountability and reporting requirements; the degree to which
the institution is collaborating with other partners; and the scope and breadth of research and
teaching activity.

Each of the cost drivers selected bears some relationship to the size of the institution. It was felt
that size impacts not only the quantity of resources needed to perform the various University
Administration functions, but also that size represents the complexity and breadth of the
services provided by the administrative group.

Proposed Cost Drivers

Cost drivers were examined for each service expenditure sub-category. The working group
considered several cost drivers for each cost sub-category and then chose a driver that is both
measurable and most closely related to the costs of the sub-category. The Committee selected
one cost driver for each type of expenditure as this yields a simple, yet effective, allocation (see
Issues/Risks discussion below). The following chart summarizes the key cost drivers for each
service area. Once the cost drivers for each sub-category were identified, we examined whether
a smaller set of cost drivers could proxy relatively well the allocation of Administration costs
across faculties implied by these cost drivers.

<table>
<thead>
<tr>
<th>Service Area</th>
<th>Primary Cost Driver(s)</th>
<th>Rationale/Considerations/Cautions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Governance (Board of Governors, General</td>
<td>1. Size of the institution measured by the</td>
<td>1. Staff FTE reflects the complexity and number of programs using governance services. The student</td>
</tr>
<tr>
<td>Faculties Council, Student Judiciary, Governance</td>
<td>sum of all staff (FTE) and students (FLE).</td>
<td>count reflects the beneficiaries of these services as well as the magnitude and complexity of the</td>
</tr>
<tr>
<td>Office, and the Senate)</td>
<td></td>
<td>service. This driver does not incorporate capital spending, although the Board of Governors can</td>
</tr>
<tr>
<td></td>
<td></td>
<td>devote considerable time to capital projects.</td>
</tr>
<tr>
<td>2. President’s Office</td>
<td>a) Size of institution measured by total</td>
<td>a) The President’s Office benefits the whole institution in terms of teaching, research and fund</td>
</tr>
<tr>
<td>a) Office</td>
<td>expenditures.</td>
<td>raising, so a driver is required that reflects these different activities.</td>
</tr>
<tr>
<td>b) General Counsel</td>
<td>b) Size of institution measured by sum of all</td>
<td>b) Number of staff and students reflects the demand for the</td>
</tr>
<tr>
<td>(including Records)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4
Management Office and FOIP Office

The services of these units. As FOMD is a particularly heavy user of both the legal and privacy office, Staff (FTE) or total expenditures, of which FOMD has a large share of both, may be more appropriate drivers to represent this imbalance in use. The level of research funding and total capital expenditures are also both key drivers of General Counsel expenditures. This is a case where two drivers – headcount and total expenditures – may be more appropriate, but a weighting scheme for the drivers would then be required.

3. Provost and VP Academic

a. Office

  a) Size of institution measured by total staff (FTE) and students (FLE).

  a) In this case the measure reflects the range, complexity and size needed to support all areas of the academy.

b. Health Sciences Council (HSC)

  b) Total staff (FTE) and students (FLE) in the member faculties of the HSC.

b) The activities and role of the Provost in relation to the HSC is for the benefit and support of only those faculties who are members of the Health Sciences Council.

4. Audit and Analysis

a) Internal Audit

  a) Size of institution measured by total expenditures.

  a) Total expenditures reflect the size and complexity of each area for audit purposes.

b) Safe Disclosure and Human Rights

  b) Size of institution measured by total count of all staff (FTE) and students (FLE).

  b) Level of activities depends on the number of staff and students rather than the level of association with the institution. Nevertheless, for simplicity and consistency with
c) Strategic Analysis and Data Warehouse

- Demand for the service measured by total staff (FTE) and total student (FLE).
- Staff are likely to be the principal users of this service. The value of the information to a faculty may depend on the number of students affected.

5. Risk Management Services

<table>
<thead>
<tr>
<th>a) RMS Office, Integrated Emergency Management and Protective Services</th>
<th>a) Size of institution measured by total staff (FTE) and students (FLE).</th>
<th>a) These services are most closely related to the number of individuals on campus.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b) Resource Planning Office</td>
<td>b) Size of institution measured by total expenditures.</td>
<td>b) This office carries out resource planning, which involves the allocation of University resources. The total expenditures driver reflects the actual size of budgets in a manner consistent with other administrative areas.</td>
</tr>
<tr>
<td>c) Environmental Health and Safety</td>
<td>c) Use total research expenditures.</td>
<td>c) An analysis was completed that demonstrated that approximately 80% of the cost of EH&amp;S can be attributed to research facilities and operations.</td>
</tr>
<tr>
<td>d) Insurance and Risk Assessment</td>
<td>d) Total head count of staff (FTE) and students (FLE)</td>
<td>d) Cost of insurance is largely driven by the value of the building; however, the liabilities and risks are largely related to the use by people occupying the spaces.</td>
</tr>
</tbody>
</table>
6. VP(F&A) Office

Size of institution measured by total expenditures.

Expenditures reflect the size and complexity of the institution, which are the drivers of the costs of the VP (F&A) office. Another measure of size would be headcount, but this may not reflect complexity as well as expenditures, particularly since the operations of the VP (F&A) are more focused on expenditures.

CAUS expenditure is not included in administrative expenditures as this is funded by a restricted grant and has no net expenditure impact.

Appendix 2 provides a summary of the recommended cost drivers for each Administration cost sub-group. As is evident from this summary, the chosen cost drivers involve variants of two principal cost drivers – total expenditures and the sum of staff FTEs and student FLEs. With these drivers, just over 60 percent of the costs of the Administration group are driven by the sum of staff FTEs and student FLEs, with the balance driven by total expenditures (see Appendices 1 and 2).

Appendix 3 specifies the faculty shares associated with each of the recommended cost drivers (rows 1 through 4) as well as the shares implied by several alternative cost drivers (rows 5 through 10). These shares are based on the 2013/14 data provided directly by the PMT in June 2015.

Appendix 4 specifies the share of each sub-category of administrative expenditures to be allocated to each faculty given the recommended cost drivers. Using these shares, in conjunction with the net 2013/14 expenditure for each cost sub-category given in Appendix 1, we calculated the share of total University Administration costs that the proposed cost drivers imply should be covered by each faculty. These shares are given in row 1 of Appendix 5. (We use net expenditures – expenditures minus revenues – since it was assumed that Administration revenues will not be allocated by the Revenue WG.)

Our recommended driver for eight sub-categories of University Administration service costs is the sum of staff (FTE) and student (FLE). Alternative measures of the number of individuals driving Administration costs are headcount or student FLEs. Row 2 in Appendix 5 gives the share of University Administration costs allocated to each faculty if staff plus student headcount is used to replace the sum of staff (FTE) and student (FLE), while row 3 presents the shares if we ignore staff FTEs and use the number of student FLEs only. In both cases, the shares of most faculties remain similar to those given in row 1, so the allocation of costs across faculties is fairly
robust to the measure of staff and student numbers employed. This is not surprising given the similarity between the headcount shares and FTE and FLE shares observed in Appendix 3.

Utilizing the proposed cost drivers may be cumbersome as the faculty share calculations involve keeping track of 13 different sub-categories of Administration expenditures and applying the appropriate driver to each sub-category. Rows 4 through 7 of Appendix 5 present the shares of Administration costs allocated to each faculty when alternative more simple approaches are employed. One straightforward simplification is to use Total Expenditures, rather than Research Expenditures, as the driver for Environmental Health and Safety, since Research Expenditures is used for this one sub-category of costs only. The benefit of this change is that it reduces the number of drivers from four to three. A comparison of the values in row 1 with those in row 4 indicates that this change has only a small effect on the share of Administration costs allocated to each faculty. On the other hand, even after this change, it is still necessary to keep track of all Administration costs by sub-category and to utilize three drivers.

A much simpler approach is to utilize one driver to allocate all University Administration costs. The benefit of this approach is that only the aggregate of Administration costs need be tracked and data for only one driver employed, which greatly simplifies the calculations. Row 5 in Appendix 5 presents the faculty shares if Total Expenditures are used as the single driver for all Administration costs, while row 6 presents the shares if the sum of staff and students is used as the sole driver. The faculty shares implied by these two drivers differ significantly and, in addition, differ from the shares given in row 1, which follow from the recommended drivers. These results suggest that it is not appropriate to use a single driver to allocate University Administration costs across faculties.

A simple alternative to the two single drivers utilized to calculate the shares in rows 5 and 6 is to use an equal weighting of these drivers. With this method, faculty shares are almost as easy to calculate as with a single driver, since the weighted average driver need be applied only to total Administration costs, not to each sub-category of costs. Further, the equal weighting approximates the percentage of 2013/14 Administration costs that our recommended drivers imply are driven by the sum of staff and students and Total Expenditures, respectively. Other than for the Faculty of Medicine and Dentistry, the shares in row 8 are quite similar to the shares given by the much more complicated calculation used to generate the shares in row 1. In addition to being simple, one advantage of the alternative in row 8 of Appendix 5 is that it may better reflect the relatively heavy use of the services of the General Counsel and the Information and Privacy Office by the Faculty of Medicine and Dentistry than our recommended driver. (See the note in the third column of the “Proposed Cost Driver” discussion, part 2b, on page 4.)

Summary

University Administration costs are driven by the size, complexity and breadth of University operations. For some sub-categories of Administration costs, size and complexity are best
represented by the number of staff and students. For other sub-categories of costs, total
expenditures are a better representation of the size and complexity of the services provided by
the Administration group. These two drivers (along with two slight variants) were applied to the
13 sub-categories of Administration costs to generate the preferred allocation of Administration
costs across faculties. The problem with this methodology is that it utilizes two drivers, and two
variants of these drivers, as well as 13 sub-categories of costs, yielding a relatively complicated
calculation.

Since the preferred allocation depends almost equally on total expenditures and the sum of the
number of staff and students, this allocation cannot be proxied by one of these two drivers only.
In contrast, utilizing a driver for the aggregate of University Administration costs that is based on
an equally weighted average of total expenditures and the sum of the numbers of staff and
students comes very close to the allocation given by the more complicated preferred set of
drivers. Thus, a simple and effective driver for Administration costs is an equally weighted
average of total expenditures and the sum of the numbers of staff (FTE) and students (FLE).

Issues and Risks

1. Each cost driver may vary from year to year. To avoid large movements in the contribution of
a faculty to the cost of a particular service, we propose that calculations be based on a three-
year moving average of the cost drivers.

2. For some sub-categories of Administration costs, an argument can be made for the use of
multiple drivers. This possibility was not pursued when determining our recommended cost
drivers as it would complicate the calculations and involve the selection of a weight for each
driver, and no single best weighting scheme appears obvious.

3. We have proposed using total expenditures as a measure of size (used by both York and
Saskatchewan). An alternative measure is total revenue (as used by the University of Toronto).
While revenues are the resource a faculty will use to cover its contributions to central
expenditures, the Committee believes that expenditures are easier and less controversial to
measure than revenues. Further, a tax on revenues may discourage revenue accumulation,
while a tax on expenditures may discourage wasteful expenditures. Over time, revenues and
expenditures should be equal as the University would not expect a faculty to run a surplus or a
deficit. The working group will support the decision of the Steering Committee on the use of
revenues or expenditures.

4. There is a risk that Fund 100 revenues have not been allocated properly. The Committee’s
view is that these revenues should be allocated to the unit that ultimately makes the direct
expenditure. Thus, the Fund 100 revenues that flow through the Administration group should
not be included in Administration expenditure (and have not been included in Appendix 1). The
risk is that these revenues will be counted by two different groups (double counted) or not
counted by any group. The Committee also felt that the rationale for Fund 100 is unclear and
suggests that, for the purpose of transparency, these direct expenditures be rolled into Fund 210.

5. We have used the student FLE count as a cost driver rather than student headcount. If headcount is used as a driver, the risk is that faculties will limit part-time enrollments in order to reduce their payments to the center. With a headcount driver, depending on the number of cost allocations based on headcount, a student taking one course may cost a faculty more than the revenue the student brings to the faculty. The decision to use FLEs rather than headcounts should not have a large impact since, as shown in Appendix 3, rows 8 and 9, student FLE and student headcount shares are quite similar.

6. We chose staff FTE rather than staff headcount. Total staff numbers may be more relevant in some cases (i.e. General Counsel) as the administrative cost of employing a staff member may be independent of the number of hours worked by the staff member or courses taught. However, there is a risk that the use of staff headcount will induce faculties to reduce part time employment when this may be best for the institution and the individuals involved. Further, staff FTE and staff headcount shares are very similar (see Appendix 3, rows 6 and 7).

7. One of our frequently used drivers is the sum of staff FTEs and student FLEs. Since the number of students far exceeds the number of staff, this measure is dominated by the number of students in a faculty. This is confirmed by the data presented in Appendix 3. The shares for the sum of staff FTEs and student FLEs are very similar to the student FLE shares (rows 1 and 8), but differ from the staff FTE shares (row 6). If staff and students have different impacts on costs, the numbers for the two groups should not be summed. An alternative would be to weight staff and students differently, but this would require the choice of a weight.

8. The Committee has treated Augustana, Extension and Campus St. Jean the same as all other faculties in its calculations. The Committee recommends that the Steering Committee investigate whether special consideration be given to Augustana, Campus St. Jean and Extension due to the different circumstances of these three faculties.

9. It does not appear that there are any significant costs of the Administration units that can be allocated on a fee for service basis, so we have not pursued this possibility.

10. The Committee notes that all the Vice-President Offices reviewed have fairly robust contingency funds that are essential to yearly operations. It was noticed that the President’s office did not have such a fund. Consideration of changing this in future years may be warranted.

11. Recruitment costs for senior executives do not appear to be allocated in the budget. The committee recommends consideration be given to establishing a 5 year rolling fund with annual contributions that ultimately cover the costs associated with senior recruitment. For the purposes of this report, the recruitment of the Chancellor should also be included.
12. Some individuals are both students and members of staff. To avoid double counting, these individuals have been included only in the number of students for all our calculations.

13. To effectively deploy this model will require further understanding of service levels.
Appendices

Appendix 1 – University Administration Group Revenue and Expenditure in 2013/14
Appendix 2 – Summary of Recommended Cost Drivers
Appendix 3 – Faculty Shares Implied by Recommended and Alternative Cost Drivers
Appendix 4 – Recommended Faculty Shares for Each Sub-Category of Administration Expenditures
Appendix 5 – Total Contributions by Each Faculty to Administration Costs for Alternative Cost Drivers
### Appendix 1 University Administration Group Revenue and Expenditure in 2013/14 ($000s)\(^a\)

<table>
<thead>
<tr>
<th>Base Budget</th>
<th>Revenue(^*)</th>
<th>Expense(^*)</th>
<th>Net Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Governance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senate</td>
<td>351</td>
<td>83</td>
<td>341</td>
</tr>
<tr>
<td>Board of Governors</td>
<td>4</td>
<td>-</td>
<td>117</td>
</tr>
<tr>
<td>University Governance</td>
<td>1,155</td>
<td>3</td>
<td>1,141</td>
</tr>
<tr>
<td><strong>Total (Governance)</strong></td>
<td><strong>1,510</strong></td>
<td><strong>86</strong></td>
<td><strong>1,599</strong></td>
</tr>
<tr>
<td>2. President's Office</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>President's Office</td>
<td>1,901</td>
<td>62</td>
<td>1,776</td>
</tr>
<tr>
<td>General Counsel(^b)</td>
<td>2,665</td>
<td>4</td>
<td>2,423</td>
</tr>
<tr>
<td><strong>Total (President's Office)</strong></td>
<td><strong>4,566</strong></td>
<td><strong>66</strong></td>
<td><strong>4,200</strong></td>
</tr>
<tr>
<td>3. Vice-President Academic(^c)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VPAcademic Admin</td>
<td>1,937</td>
<td>-</td>
<td>2,002</td>
</tr>
<tr>
<td>VPAcad.</td>
<td>689</td>
<td>-</td>
<td>642</td>
</tr>
<tr>
<td>AVPs(Academic)</td>
<td>2,825</td>
<td>657</td>
<td>1,132</td>
</tr>
<tr>
<td>Approved Cntgy Expend.</td>
<td>214</td>
<td>3</td>
<td>1,401</td>
</tr>
<tr>
<td>VPA Academic Programs</td>
<td>2,101</td>
<td>23</td>
<td>2,166</td>
</tr>
<tr>
<td>Health Sciences Council</td>
<td>815</td>
<td>726</td>
<td>2,200</td>
</tr>
<tr>
<td><strong>Total (VP Academic)</strong></td>
<td><strong>8,581</strong></td>
<td><strong>1,408</strong></td>
<td><strong>9,543</strong></td>
</tr>
<tr>
<td>4. Vice-President Finance &amp; Administration(^d)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP Office</td>
<td>3,288</td>
<td>-</td>
<td>3,226</td>
</tr>
<tr>
<td>Audit and Analysis(^e):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internal Audit</td>
<td>588</td>
<td>-</td>
<td>703</td>
</tr>
<tr>
<td>SafeDisclosure&amp; HumanRights</td>
<td>394</td>
<td>1</td>
<td>383</td>
</tr>
<tr>
<td>Audit &amp; Analysis</td>
<td>320</td>
<td>-</td>
<td>309</td>
</tr>
<tr>
<td>Strategic Analysis and DW</td>
<td>976</td>
<td>-</td>
<td>1,044</td>
</tr>
<tr>
<td><strong>sub-total</strong></td>
<td><strong>2,278</strong></td>
<td><strong>1</strong></td>
<td><strong>2,438</strong></td>
</tr>
<tr>
<td>Risk Management Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource Planning</td>
<td>1,177</td>
<td>282</td>
<td>3,071</td>
</tr>
<tr>
<td>Risk Mgmt Services</td>
<td>707</td>
<td>-</td>
<td>709</td>
</tr>
<tr>
<td>Integrated Emergency Mgmt</td>
<td>317</td>
<td>-</td>
<td>314</td>
</tr>
<tr>
<td>Protective Services</td>
<td>3,667</td>
<td>25</td>
<td>3,499</td>
</tr>
<tr>
<td>Enviro. Hlth &amp; Safety</td>
<td>2,941</td>
<td>327</td>
<td>3,124</td>
</tr>
<tr>
<td>Insurance &amp; Risk Assessment</td>
<td>2,991</td>
<td>691</td>
<td>2,428</td>
</tr>
<tr>
<td><strong>sub-total</strong></td>
<td><strong>11,800</strong></td>
<td><strong>1,326</strong></td>
<td><strong>13,146</strong></td>
</tr>
<tr>
<td><strong>Total (VP F&amp;A)</strong></td>
<td><strong>17,366</strong></td>
<td><strong>1,327</strong></td>
<td><strong>18,809</strong></td>
</tr>
<tr>
<td><strong>TOTAL (University Admin.)</strong></td>
<td><strong>32,023</strong></td>
<td><strong>2,887</strong></td>
<td><strong>34,151</strong></td>
</tr>
</tbody>
</table>
* Revenue includes transfers in and do not overlap with those under the Revenue Allocation Working group. Expense includes transfers out.

(a) Operating fund 210 & 100. Only includes accounts with defined expenditures, e.g. excl. transfers accounts which act as a flow through to faculties.

(b) General Counsel Office includes Records Management Office and Information Privacy Office.

(c) Excludes Faculty Relations, UAI, IST, RO, Student Services and Learning Services. These are included in other cost allocation working groups

(d) Excludes Financial Services & Supply Mgmt Services, which are included in a separate cost allocation working group.

## Appendix 2  Summary of Recommended Cost Drivers

<table>
<thead>
<tr>
<th>Cost Driver</th>
<th>Staff FTE plus Student FLE</th>
<th>Total Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>President’s Office</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>General Counsel</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Provost Office</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Health Sciences Council</td>
<td>✔   Member Faculties only</td>
<td></td>
</tr>
<tr>
<td>Internal Audit</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Safe Disclosure</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Strategic Analysis &amp; DW</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>RMS Office</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Resource Planning</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>EH&amp;S</td>
<td></td>
<td>✔   Research only</td>
</tr>
<tr>
<td>Insurance &amp; Risk Assessment</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>VP (F&amp;A) Office</td>
<td></td>
<td>✔</td>
</tr>
</tbody>
</table>
Appendix 3: Faculty Shares Implied by Recommended and Alternative Cost Drivers (percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>2. Total Expenditures</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
<td></td>
</tr>
<tr>
<td>3. Total Research Expenditures</td>
<td>11.9</td>
<td>2.8</td>
<td>0.1</td>
<td>0.9</td>
<td>1.1</td>
<td>18.0</td>
<td>1.1</td>
<td>0.4</td>
<td>35.4</td>
<td>0.2</td>
<td>1.5</td>
<td>0.7</td>
<td>1.1</td>
<td>3.7</td>
<td>1.3</td>
<td>0.2</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>4. Staff (FTE) + Student (FLE) in HSC member faculties only</td>
<td>18.6</td>
<td>0.0</td>
<td>8.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>29.4</td>
<td>0.0</td>
<td>14.6</td>
<td>4.5</td>
<td>9.6</td>
<td>2.9</td>
<td>7.8</td>
<td>4.5</td>
<td>0.0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Staff + Student Headcount</td>
<td>6.1</td>
<td>17.1</td>
<td>2.9</td>
<td>6.2</td>
<td>9.2</td>
<td>13.7</td>
<td>0.8</td>
<td>1.4</td>
<td>9.2</td>
<td>0.4</td>
<td>4.6</td>
<td>1.4</td>
<td>3.6</td>
<td>1.0</td>
<td>2.2</td>
<td>1.6</td>
<td>18.8</td>
<td></td>
</tr>
<tr>
<td>6. Staff (FTE)</td>
<td>7.5</td>
<td>10.6</td>
<td>2.9</td>
<td>2.8</td>
<td>3.6</td>
<td>9.2</td>
<td>2.8</td>
<td>1.0</td>
<td>31.3</td>
<td>0.2</td>
<td>3.8</td>
<td>1.0</td>
<td>4.2</td>
<td>2.0</td>
<td>2.1</td>
<td>1.3</td>
<td>13.5</td>
<td></td>
</tr>
<tr>
<td>7. Staff headcount</td>
<td>7.4</td>
<td>10.9</td>
<td>3.7</td>
<td>2.6</td>
<td>3.8</td>
<td>8.0</td>
<td>3.8</td>
<td>1.2</td>
<td>29.7</td>
<td>0.3</td>
<td>3.9</td>
<td>1.1</td>
<td>6.2</td>
<td>2.1</td>
<td>2.2</td>
<td>1.4</td>
<td>11.8</td>
<td></td>
</tr>
<tr>
<td>8. Student (FLE)</td>
<td>5.7</td>
<td>17.2</td>
<td>2.5</td>
<td>6.5</td>
<td>10.2</td>
<td>16.3</td>
<td>0.1</td>
<td>1.6</td>
<td>5.1</td>
<td>0.3</td>
<td>4.9</td>
<td>1.5</td>
<td>2.9</td>
<td>0.7</td>
<td>2.6</td>
<td>1.5</td>
<td>20.5</td>
<td></td>
</tr>
<tr>
<td>9. Student headcount</td>
<td>5.8</td>
<td>18.5</td>
<td>2.7</td>
<td>7.0</td>
<td>10.5</td>
<td>15.0</td>
<td>0.1</td>
<td>1.5</td>
<td>4.3</td>
<td>0.4</td>
<td>4.7</td>
<td>1.5</td>
<td>3.0</td>
<td>0.8</td>
<td>2.2</td>
<td>1.6</td>
<td>20.4</td>
<td></td>
</tr>
<tr>
<td>10. .5*(Staff FTE + Student FLE share) + .5*(Total Exp share)</td>
<td>6.7</td>
<td>12.8</td>
<td>2.3</td>
<td>5.1</td>
<td>6.3</td>
<td>13.0</td>
<td>1.3</td>
<td>1.3</td>
<td>20.1</td>
<td>0.3</td>
<td>3.9</td>
<td>1.2</td>
<td>3.3</td>
<td>1.5</td>
<td>2.4</td>
<td>1.3</td>
<td>17.3</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. These shares were provided by the PMT in June 2015 or were calculated from the June data provided by the PMT.
2. Individuals who are both students and staff are included only in the student numbers to avoid double counting.
### Appendix 4: Recommended Faculty Shares for Each Sub-Category of Administration Expenditures (percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance (Senate, BoG, University Governance Office)</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>President’s Office</td>
<td>Total Expenditures</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
<td></td>
</tr>
<tr>
<td>General Counsel (including Records Management and FOIPP offices)</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Provost and VPA Office</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Health Sciences Council</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Internal Audit (includes Internal Audit and Audit &amp; Analysis)</td>
<td>Total Expenditures</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
<td></td>
</tr>
<tr>
<td>Safe Disclosure and Human Rights</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Strategic Analysis and Data Warehouse</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Risk Management Office, Integrated Emergency Management and Protective Services</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>Resource Planning</td>
<td>Total Expenditures</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
<td></td>
</tr>
<tr>
<td>Environmental Health and Safety</td>
<td>Total Research Expenditures</td>
<td>11.9</td>
<td>2.8</td>
<td>0.1</td>
<td>0.9</td>
<td>1.1</td>
<td>18.0</td>
<td>1.1</td>
<td>0.4</td>
<td>35.4</td>
<td>0.2</td>
<td>1.5</td>
<td>0.7</td>
<td>1.1</td>
<td>3.7</td>
<td>1.3</td>
<td>0.2</td>
<td>19.6</td>
<td></td>
</tr>
<tr>
<td>Insurance and Risk Assessment</td>
<td>Staff (FTE) + Student (FLE)</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
<td></td>
</tr>
<tr>
<td>VP (F&amp;A) Office</td>
<td>Total Expenditures</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 5: Total Contributions by Each Faculty to Administration Costs for Alternative Cost Drivers (percent)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shares Implied by the Recommended Cost Drivers Specified in Appendix 4</td>
<td>7.2</td>
<td>13.0</td>
<td>2.4</td>
<td>4.9</td>
<td>6.9</td>
<td>13.9</td>
<td>0.9</td>
<td>1.3</td>
<td>17.2</td>
<td>0.3</td>
<td>4.4</td>
<td>1.4</td>
<td>3.3</td>
<td>1.4</td>
<td>2.5</td>
<td>1.4</td>
<td>17.8</td>
</tr>
<tr>
<td>2. Staff + Student Headcount replaces Staff (FTE) + Student (FLE)</td>
<td>7.2</td>
<td>13.6</td>
<td>2.6</td>
<td>5.1</td>
<td>6.9</td>
<td>12.9</td>
<td>1.1</td>
<td>1.2</td>
<td>17.0</td>
<td>0.3</td>
<td>4.3</td>
<td>1.4</td>
<td>3.6</td>
<td>1.5</td>
<td>2.3</td>
<td>1.5</td>
<td>17.4</td>
</tr>
<tr>
<td>3. Student (FLE) replaces Staff (FTE) + Student (FLE)</td>
<td>7.0</td>
<td>13.7</td>
<td>2.4</td>
<td>5.3</td>
<td>7.6</td>
<td>14.6</td>
<td>0.6</td>
<td>1.3</td>
<td>14.3</td>
<td>0.3</td>
<td>4.5</td>
<td>1.4</td>
<td>3.1</td>
<td>1.3</td>
<td>2.6</td>
<td>1.4</td>
<td>18.6</td>
</tr>
</tbody>
</table>

**Simple Alternatives:**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4. Use Total Expenditure for Environmental Health and Safety</td>
<td>6.8</td>
<td>13.5</td>
<td>2.6</td>
<td>5.2</td>
<td>7.0</td>
<td>13.3</td>
<td>1.0</td>
<td>1.3</td>
<td>16.8</td>
<td>0.3</td>
<td>4.5</td>
<td>1.4</td>
<td>3.4</td>
<td>1.3</td>
<td>2.6</td>
<td>1.5</td>
<td>17.5</td>
</tr>
<tr>
<td>5. Total expenditures for all cost types</td>
<td>7.4</td>
<td>9.4</td>
<td>2.0</td>
<td>4.2</td>
<td>3.5</td>
<td>10.9</td>
<td>2.1</td>
<td>1.1</td>
<td>30.8</td>
<td>0.2</td>
<td>3.1</td>
<td>1.0</td>
<td>3.6</td>
<td>2.0</td>
<td>2.2</td>
<td>1.2</td>
<td>15.3</td>
</tr>
<tr>
<td>6. Staff (FTE) + Student (FLE) for all cost types</td>
<td>6.0</td>
<td>16.1</td>
<td>2.6</td>
<td>5.9</td>
<td>9.1</td>
<td>15.2</td>
<td>0.5</td>
<td>1.5</td>
<td>9.4</td>
<td>0.3</td>
<td>4.7</td>
<td>1.4</td>
<td>3.1</td>
<td>0.9</td>
<td>2.5</td>
<td>1.5</td>
<td>19.3</td>
</tr>
<tr>
<td>7. (0.5\times\text{Student FLE + Staff FTE share}) + (0.5\times\text{Total Expenditure share}) for all cost types</td>
<td>6.7</td>
<td>12.8</td>
<td>2.3</td>
<td>5.1</td>
<td>6.3</td>
<td>13.0</td>
<td>1.3</td>
<td>1.3</td>
<td>20.1</td>
<td>0.3</td>
<td>3.9</td>
<td>1.2</td>
<td>3.3</td>
<td>1.5</td>
<td>2.4</td>
<td>1.3</td>
<td>17.3</td>
</tr>
</tbody>
</table>
Table of Contents

Service Areas Inventory ..........................................................................................................3
Value of Service Area .............................................................................................................4
Relationship to Cost Drivers ..................................................................................................4
Proposed Cost Drivers and Pros and Cons ............................................................................5
Other Issues/Risks ..................................................................................................................6
Service Areas Inventory

The UR working team tackled the challenge of funding a unit such as University Relations (UR): assessing its value and proposing a cost-driver model that is to be sustainable over time. **It was determined that the university needs to first consider and recognize the intrinsic and extrinsic value of UR to the university itself.** The University of Alberta has a deep history of academic integrity, scholarship, research, life actualization and societal transformation. UR’s mission is to raise awareness and enhance understanding of the U of A, assuring the preservation and enhancement of reputation, relationships and public resources. The unit brings to light stories that showcase our faculty, staff and students, relating the academic outcomes directly to people’s lives; connects the university with its many communities; and advocates through a variety of strategic initiatives. In essence, UR embeds the academy into society by highlighting its scholarship and research, building relationships with key stakeholders and the public, and reacting with integrity to issues and crises that inevitably emerge in a complex organization. In the current societal and global educational context the latter roles are vital for the sustainability and enhancement of reputation of any large, research-intensive institution, including one such as the University of Alberta that has already achieved global respect.

The UR portfolio has 4 main operating units:

1. **Office of the VP:**
   - **Executive responsibilities:**
     - Strategic planning and advice to the President on all UR matters
     - Advancing public understanding and advocacy
     - Management of Calgary Centre
     - Advisory committees (Toronto, Vancouver, Edmonton and Calgary think tanks)
   - **Community Relations:**
     - Community engagement, consultation, communications and outreach
     - Relationship building
     - Strategic special initiatives such as Community Connection Awards
   - **Internal Communications:**
     - Strategic internal communications advice to the President’s Office, VP portfolios, faculties, units and issues management
     - Content creation and management of internal communication vehicles

2. **Marketing and Communications:** Main activities include:
   - Strategic communications and marketing planning
   - Integrated marketing/communications activities (advertising, social media, etc.)
   - Media and public relations
   - Crisis communications and issues management
   - Brand and identity management
   - Management of UAlberta.ca domain (with University Digital Strategy)

3. **Government and Stakeholder Relations:** Main activities include:
   - Government engagement strategies and support with all levels of government
   - Issues management
   - Advancing relationships, reputation and acquisition of resources
   - Building third-party advocates across Alberta
   - High-impact government and stakeholder events and initiatives
4. University Digital Strategy: Main activities include:
   • Digital strategy consulting and planning
   • Digital analytics performance and optimization
   • Digital experience product development

It should be noted that there are many dedicated communications roles throughout the university, both in academic and non-academic units. The UR working team discussed these positions and their relationship to the institutional UR office. It was acknowledged that while decentralized communicators often hold similar responsibilities and duties as those within the institutional UR group, their particular focus or lens is that of the unit in which they are employed as opposed to institution-wide. These positions are seen as complementary to the institutional unit and are vital to the university’s overall integrated communications activities. However, they are outside the scope of the UR working team’s focus.

Cost of Service Area

Please see the 2014 Net Activity Report for University Relations in Appendix 1. Appendix 2 demonstrates faculty shares associated with recommended cost driver, all revenues, and the proposed alternative cost driver, all expenses.

Relationship to Cost Drivers

The UR working team discussed many UR cost drivers including:
   • Size and type (CARI) of institution (overall revenue – number of students, staff, faculty, alumni, etc. – Note: As budget decrease there may be more costs/activities needed)
   • University strategy (Board strategy “top public institution”)
     o Presidential priorities (e.g. level of engagement with communities, government, international strategy)
     o Highly competitive PSE environment (investment of other PSE to build up the UR area)
   • Provincial government expectations (accessible, responsive, transparent – reporting back to communities and stakeholders, good relationships with all forms of government, Comprehensive Institutional Plan (CIP))
   • Reputation and profile of university (growing)
   • PSLA requirements
   • Legislation around community consultation
   • Number of campuses
   • Size and population distribution of Alberta
   • Change in all orders of government
   • Change in university executive
   • Public perception of the university, PSE
   • Market demand for UR professionals
   • Use and growth of web/digital vehicles
Potential Cost Drivers – Pros and Cons

It was determined that the size/type/complexity of institution and the university strategy were the main drivers of costs, along with reputation and profile.

Should there be a change in university strategy from the current strategy of being (and being known) as a top international public comprehensive university for the public good, then a review of the cost drivers will need to be done. Also, threats and opportunities related to reputation and profile could, due to any number of internal or external factors, impact the costs associated with building and maintaining reputation, again requiring a review of drivers. Taking those as givens, and recognizing the small size of UR units’ budgets relative to the institution as a whole, it was determined that a single cost driver that relates to the size/type/complexity of the institution would be the best approach for the whole portfolio.

The working group also looked at possibilities for cost recovery for specific services for faculties, as well as possibilities to contract out certain aspects of the unit’s work.

Cost recovery:
It was determined that the vast majority (more than 90%) of UR activities are for the institution as a whole, with only a small percentage falling into the category of “services” for faculties. For example, UR manages the Calgary Centre – this includes two classrooms, breakout rooms and offices for staff in Calgary. The UR costs of maintaining this space could be attributed to the faculties who have activities in the Calgary Centre, however the small size of the UR Calgary Centre budget and the availability of the Calgary Centre to the whole campus leads the working group to recommend that the UR costs of the Calgary Centre be rolled up into the UR cost driver and not be separated out.

Contracting out:
Much of the work done within UR could technically be contracted out (communications, media relations, graphic design, web development, government relations, etc.). This is not, however, a model favoured by post-secondary institutions — after analysis, the cost savings, if any, would be negligible; the understanding of and appreciation for the academic environment that comes from being immersed daily in the environment would be missing; and response times to crises could be impacted by lack of proximity. In addition there is an incremental boost for the university’s reputation through the integration between the communication staff of faculties and UR. For these and other reasons, contracting out the work currently done by staff positions is not recommended.

Finally, UR is involved in the marketing of the institution to the public, its communities, multiple stakeholders, and all forms of government. This work directly impacts the university’s ability to attract revenue from all sources. The UR working group is therefore recommending that UR funding should come from total university revenue — operating grants from government, fundraising, research funding, tuition, capital funding etc. — calculated on a rolling three-year average, as opposed to coming from the operating grants portion of funding only. The working group’s alternative cost driver metric, total expenditures, is also an appropriate cost driver.
Other Issues/Risks

Four issues/risks were raised through the working group’s deliberations:

- **UR sees incredible value for the institution in developing joint faculty-UR communication roles that provide a bridge between the institutional focus of UR and the faculty goals.** There are currently three temporary joint positions in place with the faculties of Law, Education and Native Studies, the cost of which is split 50-50 between UR and the faculty over a three-year pilot period. The joint positions are by and large successful; as Education Dean Fern Snart notes, “Within the Faculty of Education we have noticed after only a few months with the new, shared communications position that our stories have been greatly enriched, in terms of number and quality, and also in terms of the number of successful pitches to broader media. I would describe this initiative as an unqualified success from Education’s point of view”. The working group discussion suggested that this strategic structure could be in jeopardy in an RMM model, since there would be little or no incentive to pay 50 per cent of the salary for one position when dollars are also going to UR from the faculty to fund all positions and operating costs. There is great value in building communication and relationship-building partnerships with the faculties. The risk of de-incentivizing these positions should be taken into account when considering the model.

- **The UR working team found that it was difficult to simulate the distribution of costs without knowing how and what revenue was to be distributed to the faculties under the RMM model.** The hope was that the drivers would be re-evaluated once the revenue distribution is known.

- **Other comparable universities generally invest more into their institutional UR units than does the University of Alberta.** In western Canada, for example, UBC and University of Saskatchewan have invested differentially in the UR portfolio and the University of Calgary has 9.5 FTE more staff for its communications, community engagement and government relations. **One risk of the RMM model is that the institutional functions currently led by UR — from government relations to community engagement, and both internal and external communications — will be faculty-driven to the point that the value of the institutional brand fades and investment in UR is further decreased.** This would be to the detriment of the faculties, who need a powerful university brand on which to build, as well as to the broader institution, which needs a strong and vibrant brand, consistent messaging, and message-centric storytelling to ensure stakeholder support.

- **The UR working group also recognizes that the proposed cost drivers, all revenue and all expenses, may unfairly tax faculties with high equipment costs within their funding sources.**
### Base Budget

<table>
<thead>
<tr>
<th></th>
<th>Creative Services</th>
<th>VP UR</th>
<th>Projects</th>
<th>Calary Centre</th>
<th>Public Affairs</th>
<th>UDS</th>
<th>GSR</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>89,422</td>
<td>2,720,052</td>
<td>132,000</td>
<td>419,542</td>
<td>1,895,154</td>
<td>1,886,043</td>
<td>666,984</td>
<td>7,809,197</td>
</tr>
</tbody>
</table>

### Expenditure (actuals)

<table>
<thead>
<tr>
<th></th>
<th>Salaries</th>
<th>Benefits</th>
<th>Supplies, Services &amp; Sundries</th>
<th>Repairs &amp; Maintenance</th>
<th>Rental &amp; Leases</th>
<th>Travel &amp; Hosting Expense</th>
<th>Finance &amp; Investment Fees</th>
<th>Scholarships and Awards</th>
<th>Internal Revenue</th>
<th>Cost of goods sold and recov.</th>
<th>Cap Equip_Collections_Construc</th>
<th>sub-total (expense)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>548,385</td>
<td>94,684</td>
<td>2,076</td>
<td>-</td>
<td>-</td>
<td>431</td>
<td>-</td>
<td>-</td>
<td>(213,842)</td>
<td>-</td>
<td>-</td>
<td>505,380</td>
</tr>
<tr>
<td></td>
<td>1,608,949</td>
<td>261,053</td>
<td>274,317</td>
<td>883</td>
<td>2,745</td>
<td>11,148</td>
<td>73,646</td>
<td>-</td>
<td>(21,805)</td>
<td>-</td>
<td>-</td>
<td>2,158,213</td>
</tr>
<tr>
<td></td>
<td>225,972</td>
<td>43,257</td>
<td>125,917</td>
<td>102</td>
<td>2,273</td>
<td>12,293</td>
<td>-</td>
<td>-</td>
<td>(335)</td>
<td>-</td>
<td>-</td>
<td>410,594</td>
</tr>
<tr>
<td></td>
<td>426,446</td>
<td>7,945</td>
<td>8,345</td>
<td>-</td>
<td>7,495</td>
<td>8,345</td>
<td>-</td>
<td>-</td>
<td>(218,056)</td>
<td>-</td>
<td>-</td>
<td>625,274</td>
</tr>
<tr>
<td></td>
<td>1,115,886</td>
<td>7,453</td>
<td>3,121</td>
<td>-</td>
<td>7,463</td>
<td>3,121</td>
<td>-</td>
<td>-</td>
<td>(18,056)</td>
<td>-</td>
<td>-</td>
<td>1,578,412</td>
</tr>
<tr>
<td></td>
<td>1,409,114</td>
<td>8,921</td>
<td>8,921</td>
<td>-</td>
<td>8,921</td>
<td>8,921</td>
<td>-</td>
<td>-</td>
<td>(318,921)</td>
<td>-</td>
<td>-</td>
<td>2,162,437</td>
</tr>
<tr>
<td></td>
<td>487,056</td>
<td>2,852</td>
<td>2,852</td>
<td>-</td>
<td>2,852</td>
<td>2,852</td>
<td>-</td>
<td>-</td>
<td>(112,852)</td>
<td>-</td>
<td>-</td>
<td>702,017</td>
</tr>
<tr>
<td></td>
<td>5,821,810</td>
<td>20,007</td>
<td>20,007</td>
<td>-</td>
<td>20,007</td>
<td>20,007</td>
<td>-</td>
<td>-</td>
<td>(123,818)</td>
<td>-</td>
<td>-</td>
<td>8,142,328</td>
</tr>
</tbody>
</table>

### Budget Variance

|                      | (415,958)         | 561,839  | (278,594)                      | (205,732)             | 316,742         | (276,394)              | (35,033)                | (333,131)              | (4,004)         | (38,110)                    | (120,000)           | (158,110)             |
|                      | 561,839           | 278,594  | 205,732                        | 316,742               | 276,394         | 35,033                  | 333,131                 | 4,004                 | (158,110)       | (38,110)                    | (120,000)           | (158,110)             |
|                      | (205,732)         | 316,742  | 276,394                        | 35,033                | 333,131         | 4,004                  | (158,110)               | (158,110)             | (36,110)        | (120,000)                   | (158,110)           | (158,110)             |
|                      | 316,742           | (276,394)| (35,033)                       | 333,131               | 4,004           | (158,110)              | (158,110)               | (158,110)             | (36,110)        | (120,000)                   | (158,110)           | (158,110)             |
|                      | (35,033)          | 333,131  | 4,004                          | (158,110)             | (158,110)       | (158,110)              | (158,110)               | (158,110)             | (36,110)        | (120,000)                   | (158,110)           | (158,110)             |
|                      | (333,131)         | -        | -                              | -                     | -               | -                      | -                       | -                     | -               | -                           | -                   | -                    |

### Revenue Source

|                      | Provincial Government | - | - | - | - | - | - | - | - | - | - |
|                      | Other Government Sources | - | - | - | - | - | - | - | - | - | - |
|                      | Donations & Grants etc. | - | - | (120,000) | - | (85) | - | (25,000) | (145,085) | - | - |
|                      | External Revenue | (4,004) | - | (38,110) | - | (18,675) | - | - | (60,789) | - | - |
|                      | sub-total (revenue) | (4,004) | - | (158,110) | - | (18,760) | - | (25,000) | (205,874) | - | - |

### Temporary Budget

|                      | (347,612) | 408,361 | 28,521 | 122,808 | 266,275 | 688,017 | (57,973) | 1,108,397 |

### Net Activity

|                      | (767,575) | 970,200 | (407,183) | (82,924) | 564,259 | 411,623 | (118,006) | 570,394 |

(pre benefits adjustment)
Appendix 2: Faculty shares associated with recommended and alternative cost driver

<table>
<thead>
<tr>
<th>Faculties</th>
<th>Recommended cost driver</th>
<th>Proposed cost driver:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue (all funds)</td>
<td>Expense (all funds)</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>ALES</td>
<td>8.3%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Augustana</td>
<td>1.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Arts</td>
<td>2.3%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Education</td>
<td>1.0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Engineering</td>
<td>11.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Extension</td>
<td>2.9%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Law</td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Native Studies</td>
<td>0.1%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Med. &amp; Dentistry</td>
<td>43.6%</td>
<td>30.8%</td>
</tr>
<tr>
<td>Nursing</td>
<td>0.9%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>0.6%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Phys. Education</td>
<td>4.3%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Rehab. Medicine</td>
<td>1.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Saint-Jean</td>
<td>0.9%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Business</td>
<td>3.8%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Public Health</td>
<td>2.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Science</td>
<td>13.3%</td>
<td>15.3%</td>
</tr>
</tbody>
</table>

99.9% 100.0%

using suggested metrics and numbers based on 2013-14 date