



Incredible Journey: Algonquin's Transition to Responsibility Center Management



ASCC Conference

ALGONQUIN
COLLEGE

Incredible Journey

Today's Presentation

- Background
- RCM at a glance
- Budgeting environment today
- Work to Date
- Next Steps



Algonquin College...

- delivers 167 postsecondary programs plus a roster of apprenticeship, career and college preparation, continuing education, and corporate training programs
- operates with an annual budget of \$300 million
- serves more than 20,000 fulltime and 37,000 part-time students
- employs nearly 4,000 full and part time faculty and staff
- 10 Academic departments and 19 Non-academic Departments, including Ancillary

Why now?

- INNOVATION – COLLABORATION – LEADERSHIP
- Enhance our organizational effectiveness
- Anticipate that an RCM model will...
 - Enhance competitive advantage
 - Support financial sustainability
 - Improve transparency
 - Drive innovation and entrepreneurialism



Post-Secondary Education: Fiscal Challenges

PHOTOS
VIDEOS
TV LISTINGS
TECHNOLOGY SPOTLIGHT
APPS/ALERTS

metrolandmedia
Connected to your community

Guelph Mercury.com

Oct 31, 2013 | Vote 0 0

U of G's colleges asked to shoulder bulk of budget-cut burden

THE WINDSOR STAR

NEWS / Education

University projects deficit because of tuition hike limit



Ontario's Differentiation Policy

Framework for PS Education (November 2013):

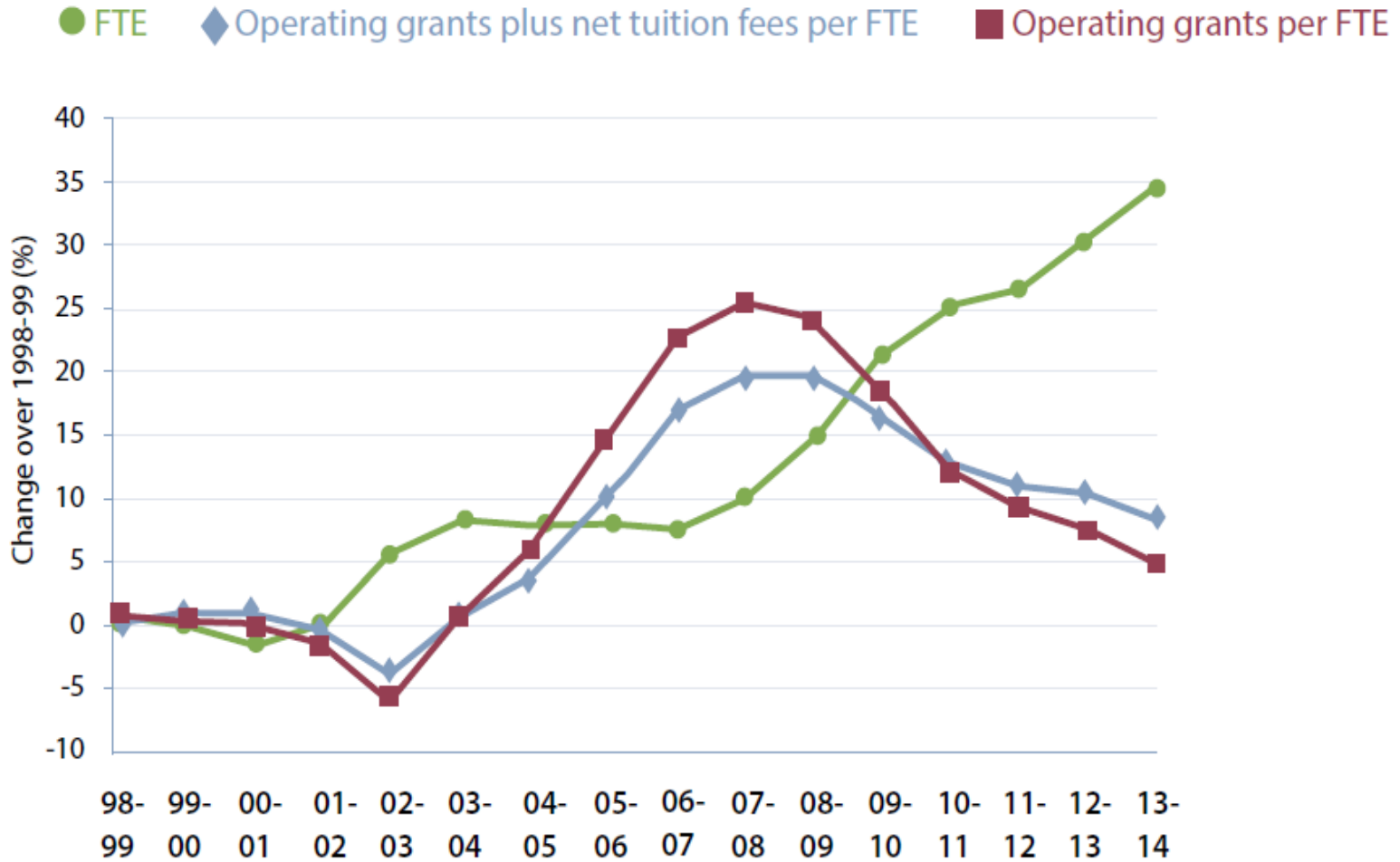
“The 2008 economic downturn ... has made Ontario's fiscal environment challenging. Substantial new investment by the government at levels comparable to the previous decade is not feasible.

Also, as **enrolment growth is expected to slow** in the near future **so too will operating grant funding**. With institutions' **costs outpacing growth in revenues from operating grants and tuition**, existing cost structures are under pressure.

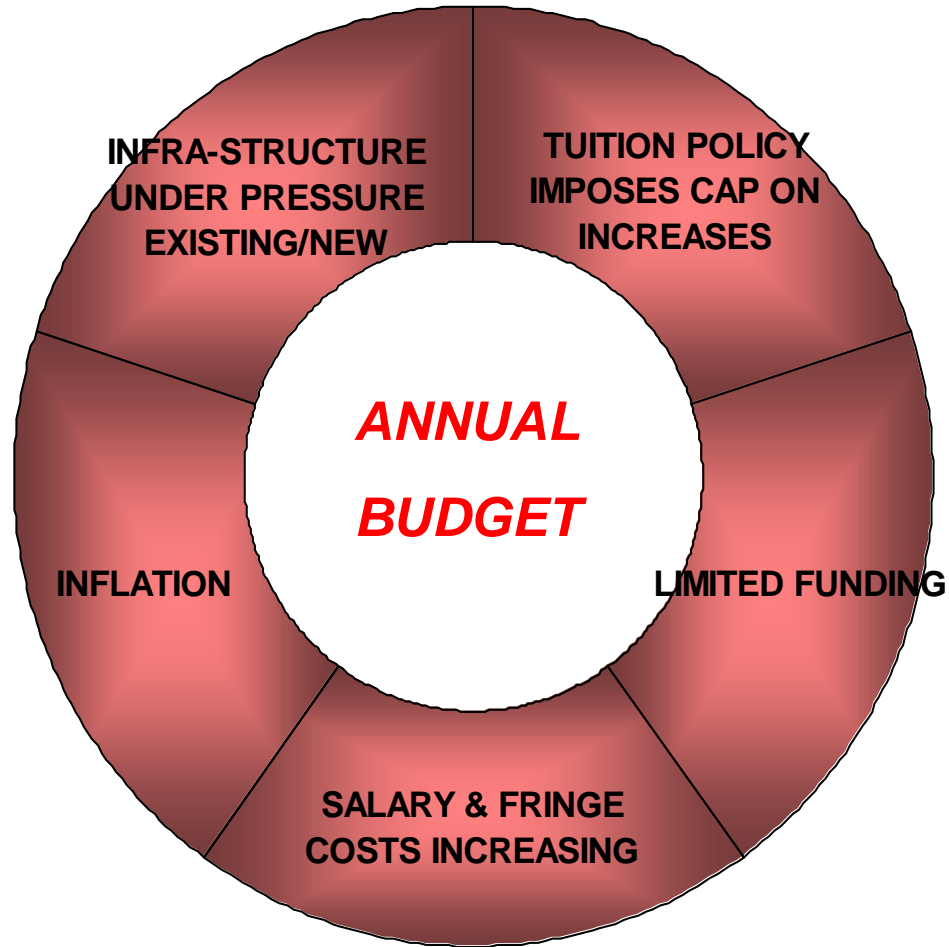
Measures that help to mitigate these pressures are needed in order to ensure the continued sustainability of our postsecondary education system.”

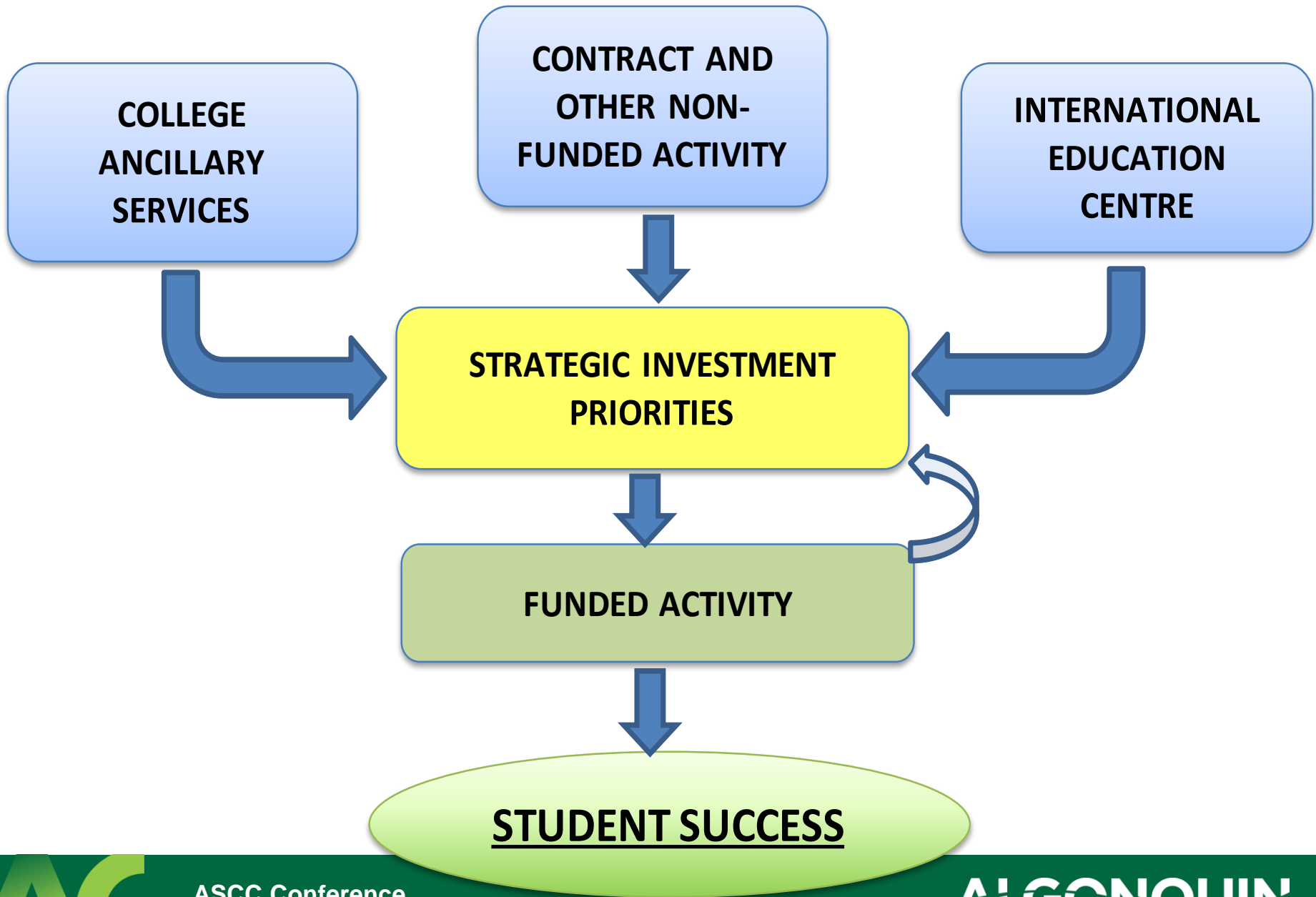
3. TRENDS IN COLLEGE FUNDING

Figure 3. Enrolment and revenue changes, 1998-99 to 2013-14 (Indexed to 1998-99)



COLLEGE FINANCIAL RESOURCES





What is RCM?

RCM is a holistic model to promote balance between the interests of schools with those of the College as whole

RCM puts emphasis on collaborative growth of the total “pie” rather than divisive competition for specific pieces of it



How is RCM different?

- Stewardship: Department deans and directors challenged as good stewards of resources
- Focus on earned income for the school and costs associated
- Expenses include both direct program costs and indirect or common costs to the College
- Academic programs evaluated on more than just academic merit or financial value

Keeping Good Company...

In the 1970s...

RCM was initially a managerial framework created when American universities were approaching bankruptcy.

RCM was designed to share the control of **expenses**, but it has proven to be an even stronger driver of **revenue**.

Since then...

Queen's University
University of Toronto
University of Pennsylvania
University of Michigan
Kent State University
University of Florida
Okanagan College
...and over 40 others

Resource Allocation at AC today...

Today

- Budget approved based on academic & financial necessity
- Each school primarily responsible for financial performance for expenditures and tuition revenue
- School is not responsible for full “matching” revenue and costs
- Limited program costing reporting
- President’s Council deals with operational budget decisions

Resource Allocation at AC today... and tomorrow

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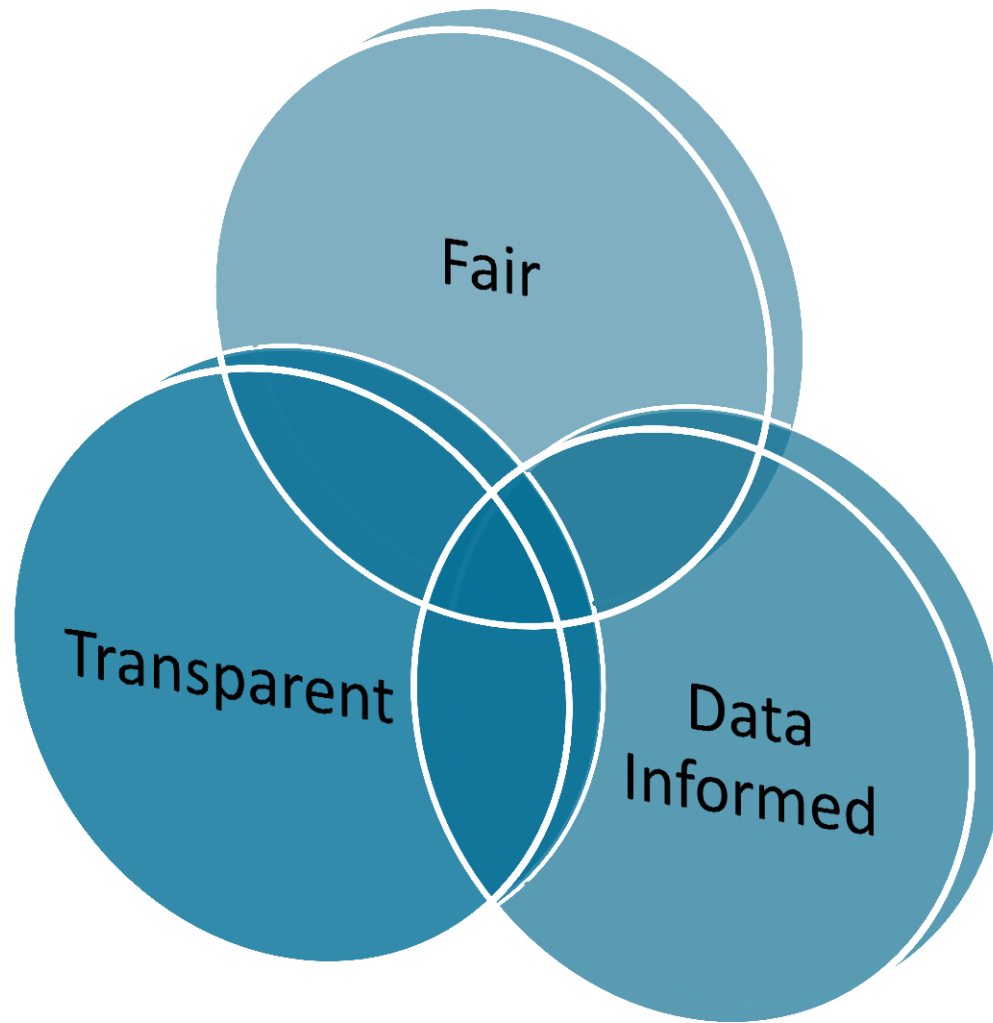
Under RCM

- Budget approved based on academic & financial necessity
- Each school primarily responsible for financial performance for revenues and expenditures
- School is responsible for full “matching” revenue and costs
- Continued program costing reporting
- President’s council deals with strategic direction of budget

RCM: What it won't change...

- RCM is a holistic model to promote balance between the interests of schools with those of the College as whole
- RCM puts emphasis on collaborative growth of the total “pie” rather than divisive competition for specific pieces of it
- But, RCM *is not a miracle cure!* It cannot in itself “fix” issues pertaining to:
 - Leadership caliber
 - Efficiency of administrative services
 - Staff engagement
 - Program interest, innovation and market readiness
 - Integrity of financial data
 - Student enrolment

“Made at Algonquin” Key Principles



Laying the Groundwork: 2013/2014

Algonquin College Strategic Plan

- Directive to conduct an “... investigation of a new Responsibility Center Management Model aimed at providing innovative College leaders with greater decision-making and budget authority.”

Algonquin Leadership in Education Institute (ALEI III)

- Study: *Creating a Culture of Empowerment: An Approach*

The Learning Alliance (TLA)

- Develops RCM simulation models, as well as an overview regarding the relevance of initiating such a model at Algonquin

RCM Project Manager

- Project Manager appointed, funded by President’s Council approved multi-year SIP funding request

Project Charter

- President’s Council approves Project Charter, timeline and establishment of RCM Steering Committee

RCM Steering Committee

- Representation across the College



Fostering Stakeholder Support

- Pan-department representation on Steering Committee
- Gap analysis and Risk Framework
- Town Hall presentations – Budget, Program Costing, RCM, Allocation methods
- “About RCM” webinars
- Department by department “road show”
- Key audience groups – Business Administrators, College Budget Committee
- Website content as “anchor” – Communication is key

“Made at Algonquin” approach

- Define audiences
- Decide on fundamentals
- Allocation Methodology
- Measurement
- Timelines

Academic Departments

- Algonquin College in Ottawa Valley
- Algonquin Heritage Institute
- Faculty of Arts, Media & Design
- Faculty of Health, Public Safety & Community Studies
- Faculty of Technology & Trades
- School of Business
- School of Hospitality & Tourism
- Center for Continuing & On-line Learning
- Language Institute
- Corporate Training

Non-Academic Departments

Central Administrative:

- Academic Operations
- Academic Development
- Advancement
- Applied Research
- Business Development
- Community Partnerships
- Finance & Admin
- Foundation
- Human Resources
- Information Technology Services
- International

- Learning & Teaching Services
- Registrar's Office
- Student Support Services
- Workplace & Personal Development
- Office of President, BOG
- Office of VPA

Space:

Physical Resources

Ancillary (not part of shared costs)

Roles of Deans and Directors

- Deans will be key to setting direction for School/faculty
- More control over resources
- Authority to try new things
- Accountable for financial results
- Directors held accountable for delivery of service
- Use of metrics through Service Level Agreements
- Demonstrate their resource optimization
- Accountable for financial results

RCM Operating Principles

- The College operates under provincial regulations & laws.
- RCM will be fair, transparent and data informed.
- Common institutional practices will prevail (i.e. HR, IT platform, financial reporting).
- Common purpose & core values are KEY.
- College wide projects must still go forward and be supported.
- Academic Departments use the central or corporate administration functions

Allocation Methodology

Basis for the RCM Allocation model

- Tuition and Direct Costs already allocated
- Specific & Direct Revenue already allocated

Feedback was gathered and decisions made on how to allocate:

- Provincial Grant – on WFU's and enrollment
- Central or Corporate Administration (non-Academic) – on % of direct costs
- Space Costs – in 2 pools – overhead and operating costs – by usable square footage

Measurement - SLA

- Service Level Agreements (SLA) explicitly define the goods and services to be provided in exchange for a share of the central administrative allocation pool
- One common basket of services for one price
- One SLA per Non-academic department will be negotiated, review after 3 years

Key Elements

- Duties and responsibilities applicable to both parties
- Scope of work
- Benchmarks for core and ad hoc service provision
- Timeframes for service delivery
- Metrics by which the provision of goods and services will be measured
- Procedure for dispute resolution

Where is Algonquin now on this journey?

1. Consider RCM Model Options

- Continuum from NO RCM to FULL RCM
- How best to optimize resources?

2. Select Optimal Model

- Define principles that will govern this model
- How will grants be allocated?
- How will central administration work?
- What about physical resources?

3. Develop Road Map

- Working out the details
- How far out to budget?
- Define dedicated space/open space/administrative space

4. Put into Action

- Training and support
- "Hold harmless" principle
- Evaluate and adjust

We are here!



Accomplished to date...

- Project Charter approved
- Steering Committee established
- Project Plan
- Gap Analysis and Risk Framework
- RCM Principles
- Communications Plan and brand identity
- Website: What's New?, FAQs, Further Reading, RCM Manager's Tool Kit
- Town Hall communication
- RCM webinar sessions
- "Road Shows" and feedback survey for all departments
- Training & ITS plans developed
- Data requirements defined
- Scenarios vetted to FY2014/15 budget, skills assessment
- Models finalized
- Process changes defined and validated for 2015/16
- Final 2015/2016 goals and plan
- Participation in hiring an Organizational Change Manager
- Organizational Change workshops
- Input into Algonquin College Management Academy
- Presentation at 2014 ASCC Conference

Next Steps: Plan for 2015-2016

- Finalization of RCM principles
- Impact on budget cycle 2015/2016
- Test budget database for simulations 2014/2015
- Service Level Agreements – conversations completion, and definition of performance metrics
- Review of committee mandates and budget processes on decision making
- Creation of policies and processes to support RCM structure, with review and evaluation processes
- Job analysis and impact assessment to ensure financial support to Deans and Directors

Next Steps: Plan for 2015-2016

- Review of affected business processes
- Implement further required changes to financial systems/configure new ERP system
- Enhance financial reporting tools developed and deployed
- Develop feedback & evaluation process for budget cycle
- Work with Change Management Manager on coordination of initiatives (especially around ERP system)
- RCM modules in Algonquin College Management Academy
- Continue communicating
- Training sessions

What we have learned on the incredible journey so far...

- Making the case: identify the “why”
- Principles: fair, transparent and data informed
- Keep it simple
- Customize the theory to fit your practice
- Get top level buy-in and senior Project Champions
- Listen and adapt to competing priorities
- Get professional project management + organizational change management
- Ensure representation across the College
- Develop and implement a robust communication plan
- Foster stakeholder support
- Practice, practice, practice

RCM: What you need to know



Promotes “big picture” thinking

Drives innovation and entrepreneurship in academic and non-academic departments

Fosters financial transparency and sustainability

Recognizes diversity in school/departmental structures, capacities and delivery methods

Has been successful at many colleges and universities

Supports managers through simulations, training and knowledge exchange

Promotes stewardship of limited resources

Empowers management with timely information for decision making

Can be custom tailored to each institution



Stay tuned! Further updates next year!

Comments and Questions