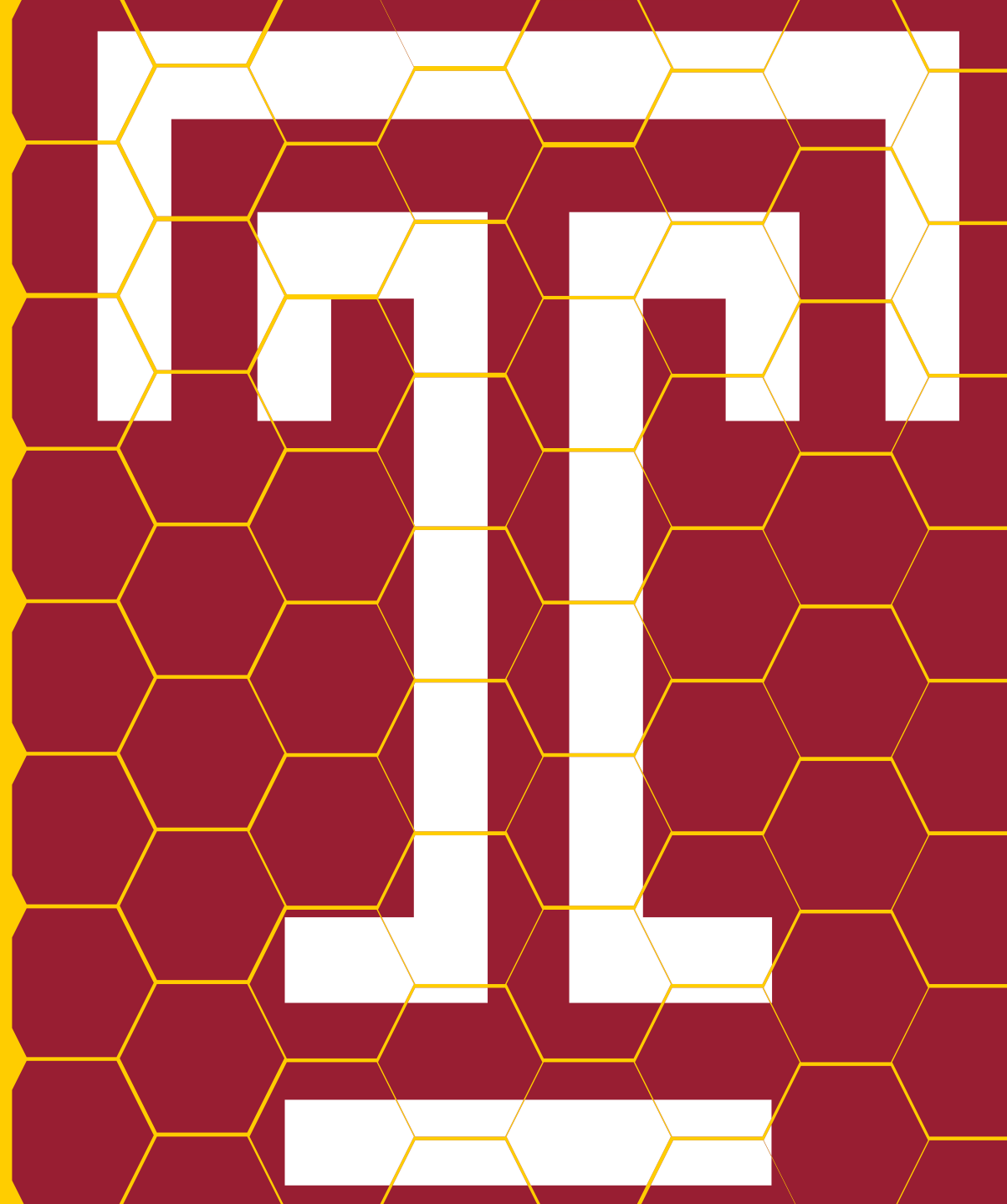
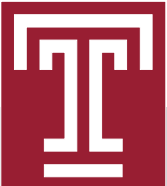


Temple University
RCM Basics
updated August 2024



Responsibility Centered Management (RCM)

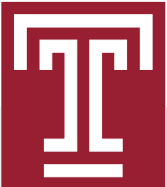
- Fully implemented July 1, 2014 (model [assessed](#) during FY2017 and FY2022)
- A response to macro-economic forces and environmental challenges
- Aligns authority with responsibility
- Encourages multi-year strategic planning and aligning resources with top priorities
- Incentivizes entrepreneurial activity and shifts the focus from annual expenditure increments to responsible revenue growth
- Promotes and rewards efficient use of resources
- Responsive to the market with a stronger focus on students



Guiding principles

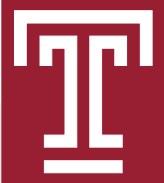
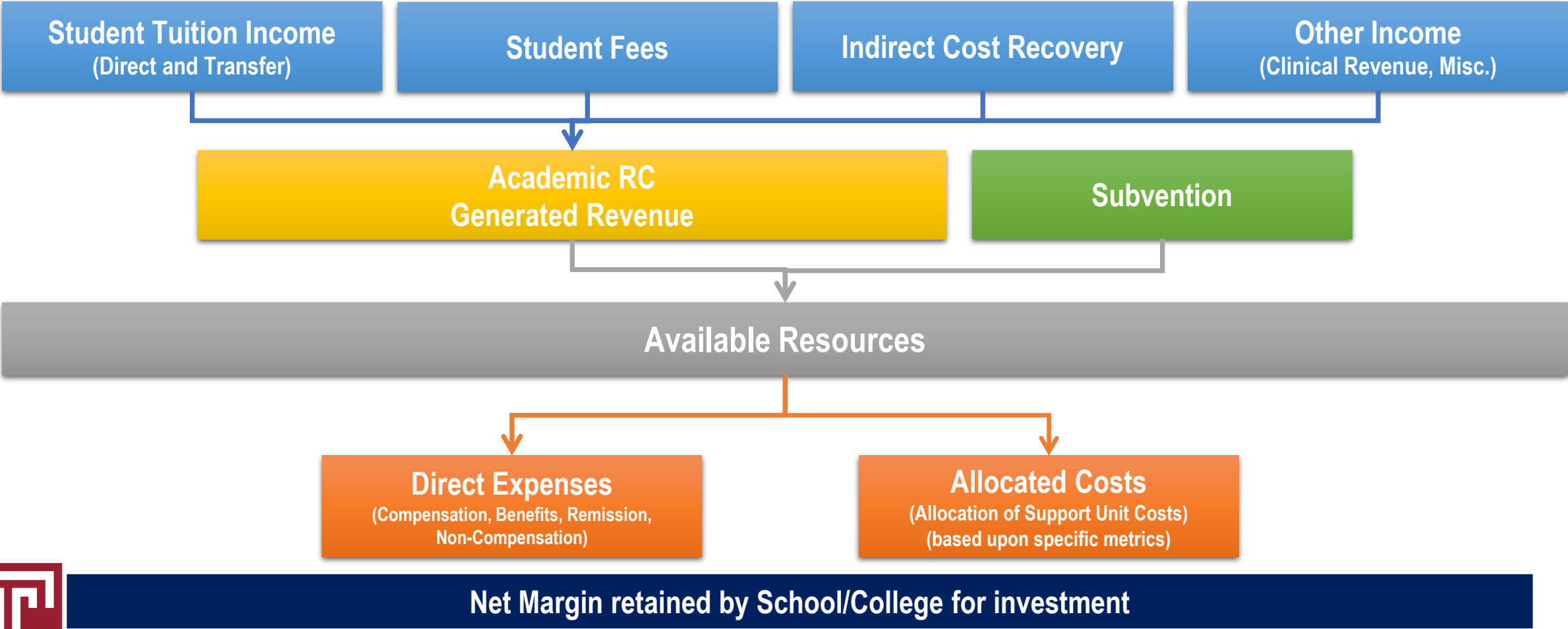
Temple's [guiding principles](#) were developed by faculty and staff in FY2013 to structure the process and decision-making, irrespective of changes in goals, strategies or leaders.

- **Mission-driven:** The budget model reflects Temple's primary mission to support its teaching and research enterprise first, and its goals and success supersede those of the individual units and revenue centers.
- **Align Authority with Responsibility and Accountability:** The authority to make decisions will be pushed closer to the action and the responsibility or accountability for such decisions.
- **Fairness:** Be consistent, predictable, and transparent. Considers a student-focused approach to delivering and funding services to ensure equitable access.
- **Encourage Innovation, Entrepreneurship, and Efficiency:** Incentivize appropriate risk-taking and efforts to enhance revenue or reduce expenses. Support interdisciplinary collaboration and discourage unnecessary internal competition.
- **Simplicity:** Simple to understand, explain, and maintain.

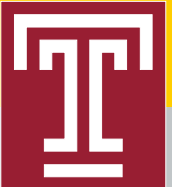


RCM Revenue flow

Temple's RCM Model only includes the operating budget (which is driven by tuition, student fees, appropriation, and other income).
Gifts, research, and other non-operating revenue and expenses are managed separately.



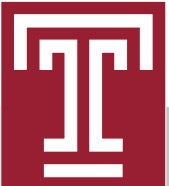
Revenue



Gross Tuition Budget

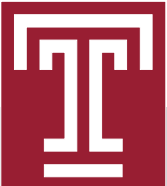
How is Gross Tuition determined?

- The tuition budget is created using most recent enrollment data
 - FY2024 data used for FY2025 budget
- Enrollment changes are applied across schools/colleges
 - Enrollment changes are proportionally spread based on the actual student headcount distribution.
- Approved tuition increases are applied to updated enrollment data



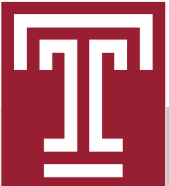
Allocation of Undergraduate Fall and Spring Tuition

- Total Undergraduate Fall and Spring Tuition is allocated to the schools and colleges based upon 3 metrics – credit hours generated, majors and degrees conferred.
- The tuition pool includes:
 - Total undergraduate tuition (base and differential tuition) generated during the fall and spring
 - Less investment in undergraduate financial aid
 - Less investment in the University's strategic fund
- The net tuition pool is then allocated using the following methodology:
 - 60% undergraduate instructional credit hours of the previous fall and spring
 - 30% undergraduate majors as counted during the previous fall census
 - 10% undergraduate degrees conferred during last academic year

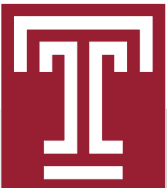
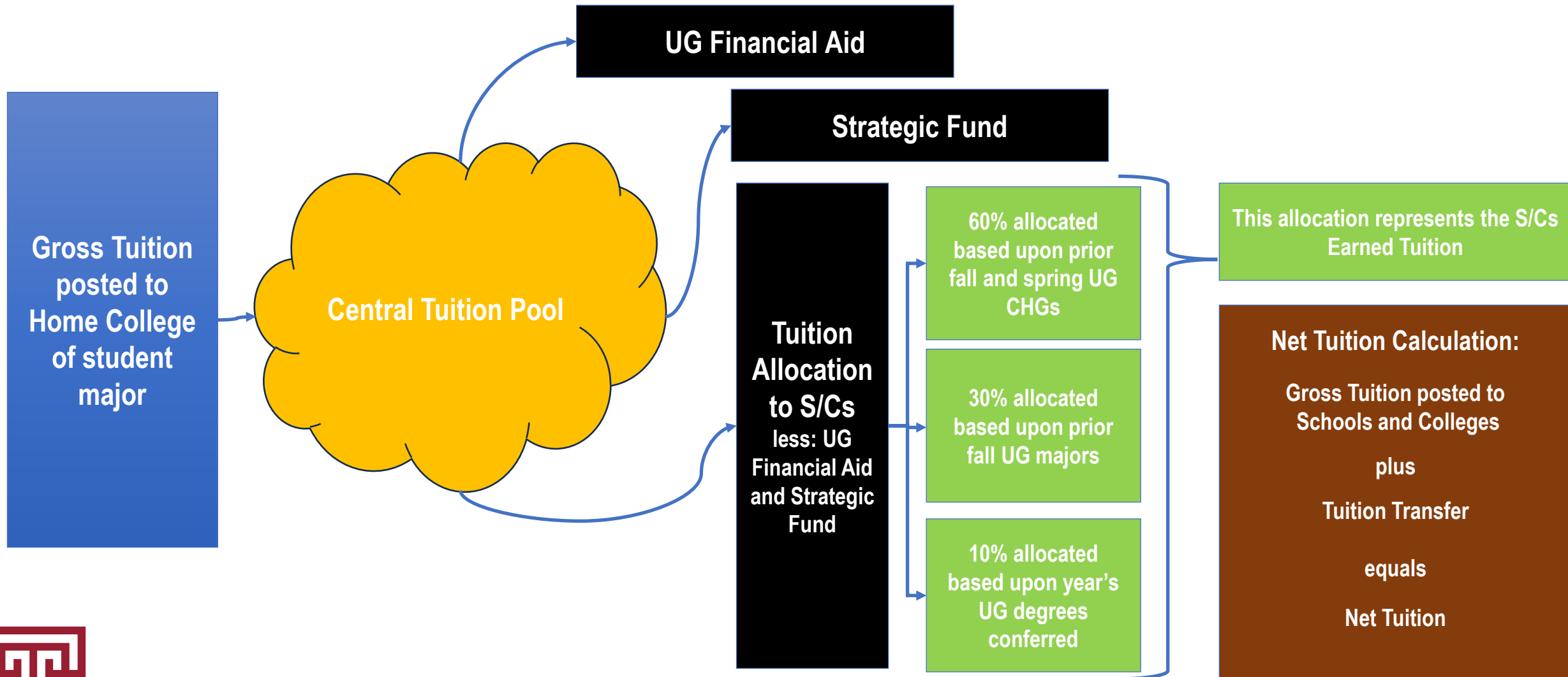


UG Fall and Spring Tuition Transfer Calculation

- Undergraduate Fall and Spring Tuition Transfer
 - Gross tuition is posted to the individual schools and colleges based upon the student's major.
 - The gross tuition across the University is pooled centrally and allocated back to the schools and colleges using the allocation formula described in the previous slide.
 - To ensure that each school on an actual basis earns the tuition that was guaranteed, the Budget Office processes a monthly calculation to “true up the net tuition” to what is earned.
 - The Tuition Transfer represents:
 - The transfer of gross tuition out of the home college to the central pool
 - + The transfer of earned tuition back to the schools and colleges that taught the CHGs
 - = Fall and Spring Tuition Transfer (figure shown on transfer line in Banner Finance)

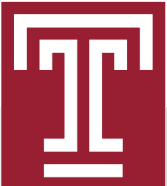
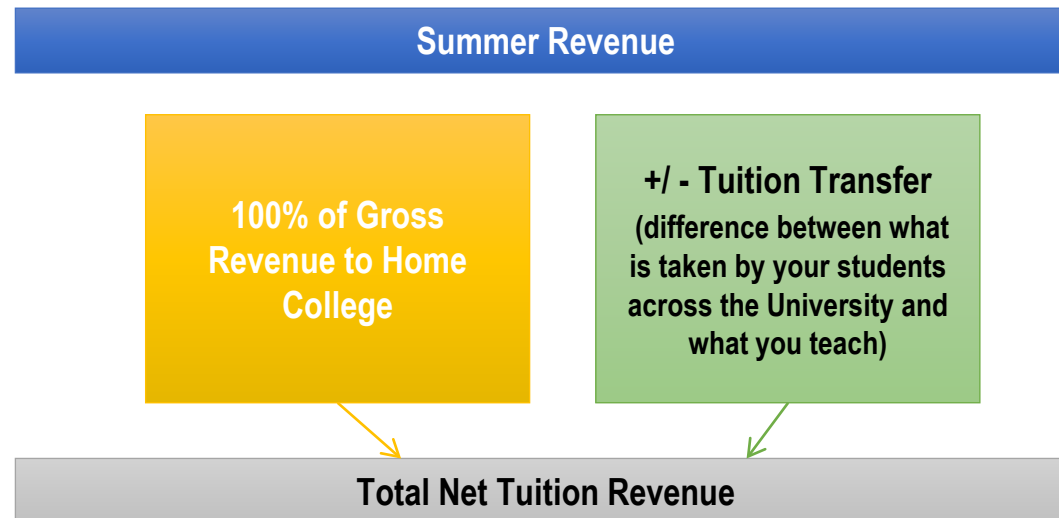


Allocation of Undergraduate Fall and Spring Tuition



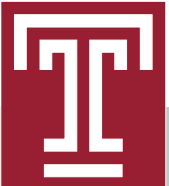
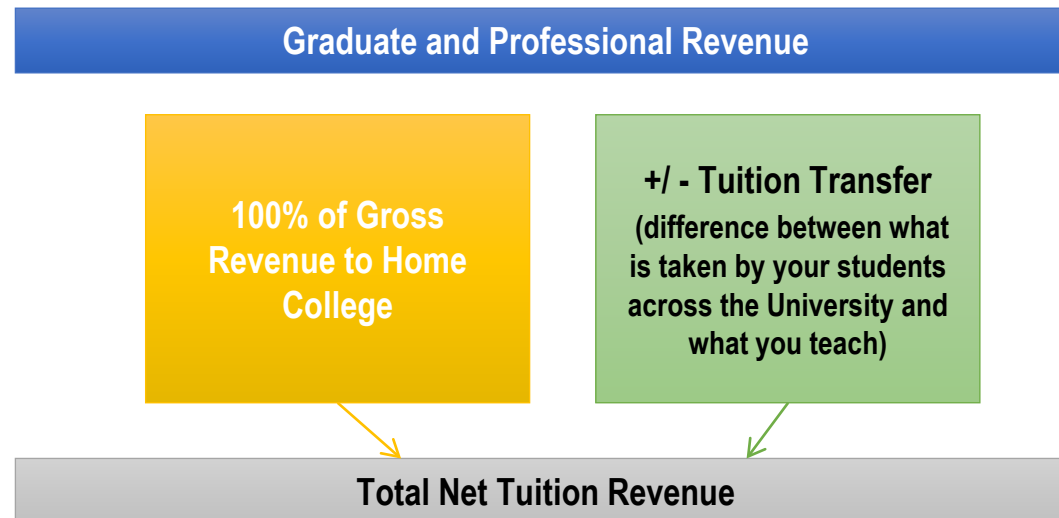
Allocation of Undergraduate Summer Tuition

- Gross tuition is posted to the home college of student
- Tuition revenue is transferred to the college of instruction based upon number credit hours taken at a standard transfer rate.
- Standard rate is tied to the semester's undergraduate part-time resident base per credit hour tuition rate.



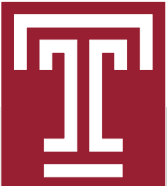
Allocation of Graduate and Professional Tuition

- Gross tuition is posted to the home college of student
- Tuition is transferred to the college of instruction based upon number credit hours taken at a standard transfer rate.
- Standard rate is tied to the semester's graduate part-time resident base per credit hour tuition rate.



Other Earned Revenue

- Student Fees
 - Student fee revenue generated by a revenue center is retained 100% by the unit
- Indirect Cost Recovery (ICR)
 - ICR generated by a revenue center is retained 100% by the unit
 - ICR generated by a support unit is retained 36.5% by the unit
- Other Income
 - Includes clinical revenue and any other miscellaneous income posted to the operating fund are retained 100% by the unit

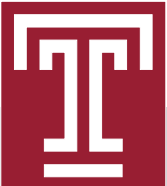


Allocated Costs



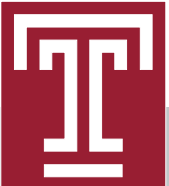
3 Metrics Used to Allocate Costs

- Credit Hours Generated (CHG)
 - All Terms - Summer II, Fall, Spring, Summer I - End Census (i.e., FY25 budget uses FY24 CHG data)
 - All CHGs are treated as equal (no difference between undergraduate, graduate, or professional)
- Assigned Space (square footage)
 - Data provided by Facilities Information Resources & Management (FIRM) and FY25 square footage rate is calculated using spring 2024 data
- Net Direct Expenditures (NDE)
 - Prior fiscal year actual data from general ledger is used and FY25 budget is calculated using FY23 final data

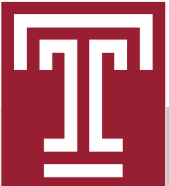
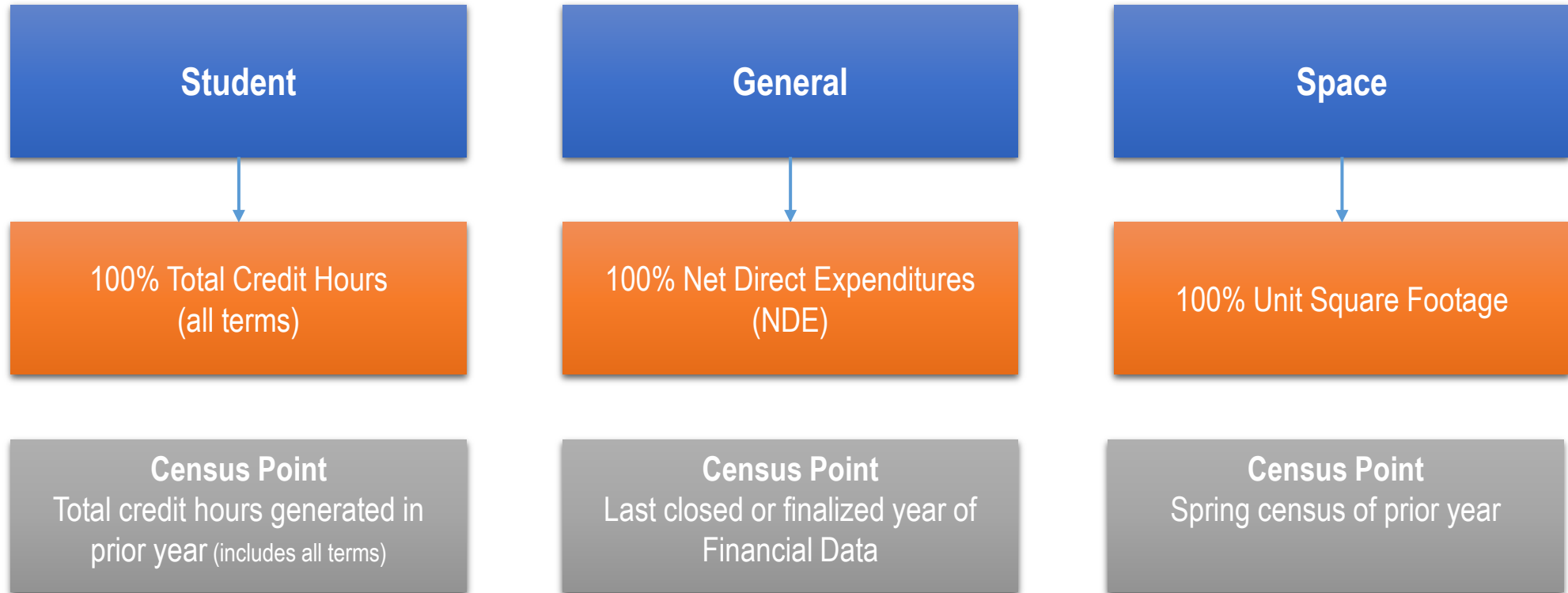


Net Direct Expenditures

- What is included:
 - All funds (operating budget, gifts, research, startup, etc.)
- What is excluded/adjusted:
 - Tuition Remission (7611)
 - University Overhead (7902-7908)
 - Work In Process (7730, 7890)
 - Loan Payback (7951, 7954, 7956-7962)
 - Subcontract Accounts (7331-7333, 7341-7349, 7386, 7387)
 - Transfer Accounts (7970-7998 except 7980)
 - Credit for Spendable Fee Revenue (49XX)
 - Credit for Net Contribution Revenue Generated (51XXXX and 53XXXX Funds)
 - Exclude hospital and clinical funds (104XXX and 18XXXX)
 - Exclude non-federal research funds (24XXXX-29XXXX, 42XXXX-49XXXX, 55XXXX Funds)
 - Exclude project funds (80XXXX, 81XXXX, 83XXXX)



Allocation of University Overhead



Allocation Methodology

STUDENT

Academic Affairs, Assessment and Institutional
Research (AAAIR)

Information Technology Services
(50% of budget)

Public Safety
(50% of budget)

Bad Debt Allowance

Intercollegiate Athletics

Student Affairs

Enrollment Management

International Campuses

Temple Press

Global Engagement

Libraries

University College

Graduate School

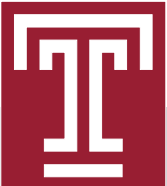
Office of the Provost

Faculty Affairs

Health and Wellness

Provost Operations

Undergraduate Studies



Allocation Methodology

GENERAL

Center for Equity and Inclusion

Office of the CFO and Treasurer

University Compliance Office

Govt Affairs & Civic Engagement

Office of the President

University Marketing & Communications

Human Resources

Office of the SVP and COO

Public Affairs

Information Technology Services
(50% of budget)

Office of University Counsel

Office of the Vice President for Research

Institutional Advancement

Public Safety (50% of budget)

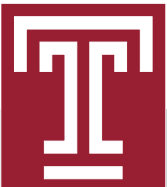
WRTI Operations

Institutional Expenses (e.g., benefits, insurances,
leadership comp)

Strategic Events

Internal Audit

University Budget Office



Allocation Methodology

SPACE

Debt Service

Plant Fund (deferred maintenance)

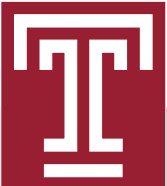
WirelessFirst

Environ Health & Radiation Safety

Real Estate

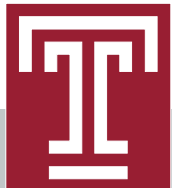
Facilities Management

Utilities

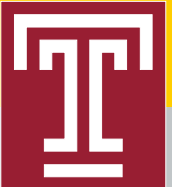


Support Unit Costs

Support Bucket Metric used	General NDE	Student CHGs	Space Sq. Ft.	Total
FY25 Budget to Allocate	\$175,718,969	\$50,469,124	\$74,976,089	\$401,164,182
Metric	\$623,328,385	824,799.9	2,361,468.4	
Cost per Metric	\$0.2819	\$182.43	\$31.75	



Subvention



Subvention

- Year 1 of RCM
 - Subvention was calculated as the funding needed to have a balanced budget.
 - Direct Revenue – Direct Expense – Indirect Expense = **-\$000** ~ this amount was FY2015 subvention
 - Direct Revenue – Direct Expense – Indirect Expense = **+\$000** ~ no subvention needed
- Year 2 through FY2024
 - Assessment of the Annual Strategic Fund was the mechanism to adjust subvention across the schools and colleges.
- FY2025 and beyond
 - Adjusted to account for model changes implemented July 1.
 - To be adjusted to account for future enrollment shifts and school needs.

