Minutes approved at October 12, 2015 meeting of the RWJMS Faculty Council

Minutes RWJMS Faculty Council August 11, 2015

Present: Ayers, Boruchoff, Boyarsky, Brewer, DiCicco-Bloom, Kim, Pintar, Roth, Walworth

Absent: Aisner, Jacinto, Kiss

Guests: Philip Mesisca, Senior Associate Dean for Finance and Operations
         Jerome Langer, Steven Moorman, AAUP

1. Minutes of the April 14, 2015 Faculty Council meeting were approved.

President Roth welcomed Mr. Mesisca and Drs. Langer and Moorman to the Faculty Council meeting, and asked that the order of agenda items 2 and 3 be reversed.

3. 2. Short update on Appointments and Promotions issues

AAUP representatives Drs. Steven Moorman and Jerome Langer provided an update on the status of proposed Appointments and Promotions Guidelines put forth by the leadership of RBHS. Dr. Moorman reported that the AAUP has been negotiating revised guidelines since April 2015; a draft of these guidelines had been provided to faculty prior to that.

Dr. Moorman differentiated negotiable and non-negotiable items in the Guidelines. More than half of the document presented falls under category of criteria (and therefore not negotiable by the AAUP). Thus, once the union and administration agree upon negotiable parts, the faculty organizations need to address the criteria that are proposed in the document because must be agreed upon by faculty as a whole.

Moorman suggested that he could provide portions of the document that contain the criteria immediately (would have to ask). Moorman suspects that the chancellor will attempt to impose the criteria as soon as contract is agreed to.

Dr. Langer noted that he has been working on the negotiable parts with the AAUP and on the advisory committee to the negotiating committee. Since have members of all schools present, apparent that there are differences between faculty lives and responsibilities at the other schools. In working on negotiable parts, it was clear that things had to be split off because other schools would have trouble with wording that the chancellor and provosts (who all come from medical schools) did not anticipate. Thus, faculty of each school needs to address criteria for each school and he suggests establishment of working groups from schools that include members of A and P committees.

Last year, the Chancellor set up a stage of review with town hall meetings and feedback, but this was not an interactive process. Dr. Langer suggests that an interactive, back and forth discussion will result in a better document.

What is the process for adoption? Not clear. At RWJMS in the past, the A and P Committee reviewed guidelines, as did Executive Council before review by Faculty as a whole. It is not clear what the intended process is for these guidelines. As a faculty member, Dr. Langer feels that the Faculty should assert that they have a role, and should attempt to have a concerted role.
Dr. Langer’s goal is to alert faculty that this matter will soon be out of the hands of the AAUP and at the next stage, faculty typically would have input.

Dr. Boruchoff suggested that when talk about guidelines going to A and P committee, it is important to have non-tenure track faculty involved in the discussion regarding criteria.

Dr. Langer agreed, as there are serious retention considerations when adopting criteria.

Dr. Pintar asked for clarification of the timing of the process. Dr. Langer suggested that it is not clear that there is a clear process, though there may be people who know or claim to know.

Dr. Roth stated that she would report on this matter to the Dean. When she presents to the faculty at the Dean’s faculty meeting September 21, she can open it for discussion.

2. 3. Discussion of Issues of Concern to the Faculty regarding the budget

Dr. Roth provided a set of questions in advance of the meeting to Mr. Mesisca.

Mr. Mesisca provided an overview of RCM, citing NACUBO (National Association of College and University Business Officers):

Tuition and research revenues are allocated to the colleges and schools (responsibility centers) that generate them. Facilities and central administration costs are allocated in proportion to the space occupied and central services consumed. A central pool of resources (subvention pool) allows university to shift money where priorities are and to address imbalances.

How does RCM work?

Allocation of costs: central costs are allocated to the schools using a metric that best measures activity. Generally those metrics are unit expenditures, net assignable square footage, enrollment and tuition data, F&A return data, faculty and staff FTEs. Decision as to how to allocate costs is made with measurable criteria.

RCM at Rutgers:
Rutgers expenses trickle down to RBHS then to RWJMS, but no trickle down to Departments. RWJMS gets a share of central expenses, whether they start at Rutgers or at RWJMS. Even if wanted to trickle down to departments, couldn't do it this year because haven't had the numbers around long enough and not sure there is value in doing so.

Are there benefits of RCM?
RCM makes cleared the direct and indirect costs of operating schools and university as a whole; better aligns resources with units that generate and control them; creates financial incentives for schools to increase revenues and reduce costs, while supporting the university's mission; provides leadership with better data and funds to balance needs and set priorities.

RCM concerns and realities:
RCM encourages creation of unmanageable barriers to enrollment of students across schools (literature says only 10% of schools reported this as a problem, though that is still a portion)
RCM creates unmanageable barriers to interdisciplinary program development (literature says no negative impact on interdisciplinary programs; could argue that collaboration is a leadership issue and subvention dollars help create these programs)

RCM will eventually be a destination, but currently it is a journey. There was a mandate to make it happen on July 1, 2015, but lots of pieces are still being tweaked. Typically would know what is going to departments, but that's not what happened: so budgets for departments were done before RCM data was available; nuances have yet to be worked out.

Response to Submitted Questions (questions in italics, followed by Mr. Mesisca’s response as captured by the secretary):

1. **True or false-RCM started independently on 7/1/15.** True, RCM was implemented July 1, 2015 for the coming year
2. **True or false-RCM is running in parallel with the prior system(s), beginning 7/15, for a year, to test assumptions/models and make any needed adjustments.** No, they ran somewhat in parallel last year, but this year RCM is running. It will be tweaked as we go along, but this year is not a pilot or test phase.
3. **Assuming RCM started in July, what are the agreed on budgets for the departments in RWJMS. For example, could you present a pie chart or graph of all the Departments and their expected target (both deficits and gains) so that faculty can understand the targets/expectations for their Departments.** No, the impact of RCM on departments has not been calculated. As UMDNJ, there were costs that were allocated to central administration, which was a form of RCM. Some schools and institutes within RBHS have taken a greater hit than others, mostly because the previous allocation from UMDNJ was not based on solid data. Since RCM does not have direct impact on department budgets, can't show such budgets. At another time would be willing to show results for FY15 and could show budgets for coming year, but does not want to confuse that with discussion of RCM. Dr. Pintar asked about trickle down RCM in other units? Mr. Mesisca noted that this may be the case, but he would not necessarily have knowledge of that.
4. **Is the RCM model identical between RUNB and RBHS and the other two Rutgers components? or are there differences between the 4 divisions?** Yes, so far as he knows, they are identical. There are nuances that might be misinterpreted. For example, when RBHS allocated RCM costs to schools and institutes, it also reallocated state appropriations. It may appear that there were variations in the model, but it's the same across the whole system.
5. **How are expenses for shared resources between Rutgers New Brunswick and RWJMS divided (e.g. library)?** Everything has a formula. Mr. Mesisca showed an example of a portion of a spreadsheet to allocate costs for libraries, based on enrollments and number of faculty (total, not FTE count). So total costs for library allocated based on this; costs came to RBHS as a result and then trickled to individual schools within RBHS. Mr. Mesisca noted that he is not privy to specifics of discussions for determining formulas.
6. **With the incoming Dean stating that our goal is to "build a clinically integrated, statewide, high-value healthcare delivery system," how are funds for faculty, programs and clinics shared between schools be distributed?** With school losing money, there are no funds to be shared. Any generated funds are being used to reduce losses and get to a break-even budget. We are still in phase of trying to get into black.
7. **Given both good and poorer outcomes regarding RCM at other universities, especially regarding competition between different units, what measures have been identified to maximize the chance of a good outcome?** Mr. Mesisca indicated that he doesn't know, but it's a great question. Issues are popping up that have not been completely considered. In a transition time.
8. Could you outline the effect of removing CINJ from RWJMS on our overall budget deficit. How much of the RWJMS deficit could have been offset if CINJ was still part of RWJMS? This is important for faculty to understand what the results of the integration had with the separation of CINJ from our school. CINJ being removed financially and administratively did have an impact, but it is difficult to come up with a number because there are a lot of shared resources, shared financially-supported faculty between CINJ and RWJ. CINJ has an enhanced revenue agreement with the hospital. CINJ is able to get extra money from the hospital for some services provided by faculty whose RVUs count both toward CINJ and RWJ. Not having CINJ as part of RWJMS is a financial hit, his best guess is probably about $1M.

9. What role does faculty teaching have in the Departmental budgets? Previously, Departments were compensated for faculty teaching. Is this true under RCM? If not, where is the dollars associated with teaching being credited? Is there a benefit for faculty to do teaching? If yes, at what level (Medical School, Graduate School, Masters Programs?)? RCM has nothing to do with this. If faculty are involved in teaching, RWJMS is working on giving credit to departments for percent of faculty time related to teaching responsibility. Not finely tuned yet, same thing will happen to residency teaching. Is there a benefit for faculty to do teaching? (will tie answer into next question).

10. Is there any benefit for faculty to serve on School committees. In the past, Depts were supplemented for service on specific committees (Admissions, A&P). Is this no longer true? It is not true at the moment that specific service generates "credit". In his view, there is a certain amount of service that faculty should be expected to do. If cross a bar, than perhaps credit should be given, e.g. greater than 5% of time. Is there a benefit for faculty to be teaching and serving on committees (previous question)? What will be looked at is how each department will account for faculty time. What percent time is a faculty member doing clinical work or involved in teaching? This is how most medical schools operate and is the way to determine where additional resources might be needed. The more a faculty member is involved in doing anything, the better off the department will be in terms of allocating resources. Have come up with clinical FTEs; where do faculty spend their non-clinical time? Some departments have lots of non-clinical, non-funded time, others have very little, which makes it difficult to make across-the-board budget decisions. Given the mix, opportunities may be different, but need more information to sort this out. Dr. DiCicco-Bloom reflected that early versions of expectations circulated from RBHS suggested that revenue-generating productivity was what mattered, which dis-incentivized faculty from participating in teaching or committee work. Dr. Boruchoff concurred and suggested that clinical faculty have been told not to do anything other than clinical work (which would result in losing faculty who can just do clinical work and make more money elsewhere). Mr. Mesicsa responded: the way to do this is to say as a faculty member, if you’re going to be clinical (80%) then 4 days a week should be clinical (14 hours in the OR if a surgeon, or 8 hrs in the outpatient clinic). The other 20% of time should be taken up doing other things. If grant funded for 20% time, then drop clinical to 3 days per week. Benchmarks should be pro-rated. If 80%, then calculate RVUs based on 80% FTE, then compare to full time. If non-clinical side is unfunded, that’s a problem. Have to push on the clinical side to fund the important stuff going on in research and teaching. Even if someone is fully funded, still costs the institution 30 to 50% on top of every dollar. Need to build a productive infrastructure, then can count on productive clinical time and revenue. RWJMS should have fairness and consistency across the school. Need fairness across department as a whole: may have a great clinician balance a great teacher. Department should have freedom to divvy up the workload. Dr. Boruchoff noted that we still have a dysfunctional infrastructure. Mr. Mesicsa noted that RWJMS is losing less this year. Even though infrastructure has improved, it's still bad: improvement from terrible to bad doesn't feel good, but is progress. Mr. Mesicsa noted that RWJMS has put a lot of money into clinical infrastructure and moved $4M into an account to renovate lecture halls in Piscataway: chairs, electrical, etc so will lose $17M in FY16, otherwise would lose $13M. Dr. Boyarsky asked where...
money came from for renovations. Mr. Mesisca pointed out that this is a one-time expense that hits the bottom line. While there is no separation of clinical money from other sources (tuition, grant funds, etc), he could say that tuition money was used to paint the walls in Piscataway. Mr. Mesisca emphasized that there is a different decision-making process that goes into one-time expense compared to ongoing expense (additional staff, for example) and that RWJMS has thrown millions of ongoing costs into the clinical enterprise. Dr. Willett expressed concern regarding a citation reported at a recent GME meeting as a result of faculty leaving a particular program. Residents who were polled thought faculty pushed too hard to produce clinical dollars and did not have enough time devoted to teaching residents. Mr. Mesisca responded that it is up to the department to determine how much non-clinical time individuals have to devote to teaching. In Mr. Mesisca’s view, the spreadsheets from the departments do not match what he is being told. For FY16 budget, built 2% salary increase in and departments were asked to find that 2% by increasing clinical effort or cutting; which he does not think is an unreasonable request. When departments ask for additional faculty, finance asks for justification that demand can’t be met with current faculty. If justified, school will approve. RWJ has not pushed for added clinical effort. Layoffs are a departmental decision, not a school-wide decision. A system that was $40M in the hole with a horrible infrastructure takes time to fix. Dr. Stock asked why faculty are encouraged to get more grants if driving ourselves into a hole spending $1.30 per $1 in research funding. Mr. Mesisca responded that if we shut down research, we are not a medical school, we are a clinical practice. He suggested that it would be a great problem to have if we doubled our research in the coming year. Research can’t generate a profit, whereas clinical revenue can. If research grant is supporting a faculty member who was not fully funded, then new grant is helping the situation. At some point, increased research dollars might hurt our bottom line, but that would be a good problem to have. Dr. Boruchoff asked at what point Rutgers will invest resources in our infrastructure. Mr. Mesisca responded: if I'm Rutgers, I would say, you had a $40M deficit last year and still made payroll, so where did that money come from? When we are in the black, then can start making strategic investments and go to Rutgers with requests. So in his view they are putting something on the table. While he agrees that it would be nice if Rutgers could help with some infrastructure needs, we are not in position to ask just yet.

11. **Under RCM, RWJMS pays for services provided by Central Administration. What are we paying for and what are we getting for this. Specifically comment on:**
   1) **IT**—what is covered by this. If we can get the same services for less from an outside service or doing it internally, is it an option?
   - We are getting Central IT: security for overall systems (for example). Whatever is already central will stay central.
   2) If $/sq ft is calculated, does this mean that services for the rooms will be included? For example, individual labs now have to pay to have their floors cleaned. Would this be included?
   - Individual labs paying to have floors cleaned: only for strip and wax. This is an example of RCM that hasn't been worked through yet, because it is stupid. Phil pulled Rob aside and said to stop. Labs should not be burdened with this: Rob will use his index, not a lab or department index.
   3) **Would clinicians have to pay for the use of the examining rooms?**
   - No, not the facilities costs, but there is a usage cost. Laura, Andy: departments do pay rent. if don't charge for rent, departments become insatiatable in terms of how much space they need.

12. **Our understanding is that departments will be rewarded for reaching their target budget, even if it is a deficit. In planning for the budgets, salary increases (reported to be 2%) were**
incorporated into the budget. Hypothetically, If the AAUP contract is settled, and the settlement is beyond 2% (which could cover salaries increases in 2013 and 2014 plus 2015), where will this money come from? If this is larger than 2%, then it seems likely that all departments will not reach there target unless additional funds are provided by Central Administration (or those who sign the contract) for departmental budgets. If losing money, but can lose less money, want to develop a plan so that a percent goes back to departments to reward for beating budget. A 2% increase was built into FY16 budget. If AAUP contract is settled and settlement is beyond 2%, how will departments meet budget? RWJMS accrued money in FY15 budget to have ready for retroactive salary increases, so have some money stet aside for that. If settlement for FY16 is greater than 2%, departments will be held harmless; RWJMS will absorb topside. If settlement is 1%, than department budgets will go down by that amount.

13. Salary compression studies have been reported to have been performed, and identified differences relating to the hire date of faculty (new vs old). What is the estimated cost at RWJMS for correction of this inequity? Mr. Mesicsa is not aware of an across the board analysis. Surveys have been done for particular faculty for various departments or divisions. He is not sure what assumptions would be built into an analysis in order to estimate the correction cost. Only bring up those below 50th percentile? 25th percentile? He acknowledges that it clearly is a problem. Different departments have dealt with this in different ways and he doesn't have an easy answer. If an individual feels they have compression that is discriminatory in nature, that individual should go to the Rutgers Equal Employment Office. If not a race or gender issue, talk to department chairs. Finance has told departments that as long as they can make their budget and fund salary increases, they can do that.

14. What is the effect of the merger of RWJ Health System with Barnabas Health on RWJMS? Possibility of great opportunity in general. Should present opportunity for clinical practice and medical school as a whole. Details will matter, but are not known just yet. Won't be status quo: could be really good or really bad, but will have an impact.

Mr. Mesicsa was thanked for thoroughly responding to the questions posed, and graciously addressed other questions from the floor:
With the merger of departments across schools, what is our dean the dean of?
Phil has asked the same questions, and doesn't have an answer. Differences between the schools and practice plans make this a challenge. In other systems he has been part of, for something this big an infusion of money would be devoted to figuring out how this will work.

4.-6. Given the hour, other agenda items were tabled and the Council moved on to new business.

7. New Business
The Council agreed that the frequency of meetings (once each quarter) is appropriate, though emergent issues, such as the A and P guidelines could precipitate calling a meeting.

Dr. Roth thanked outgoing Faculty Council members for their service and welcomed newly elected members:
Laura Willett, MD, Department of Medicine
Michael Kelly, MD, Department of Pediatrics
Gary Brewer, PhD, Department of Biochemistry and Molecular Biology (re-elected)
John Pintar, PhD, Department of Neuroscience and Cell Biology (re-elected)
Dr. Roth will try to schedule a meeting the new Dean to meet with the Council for discussion of A and P Guidelines and other issues of interest to the Faculty.

The meeting adjourned at 6:45 pm.

Next meeting date pending Dean’s availability.