

Dear Dr. Wiencek,
Provost, The University of Akron

In response to your request, the University Budget and Finance Committee constituted a focus group to review expenditures along functional classification expense codes among our peer institutions. After an initial review of the budgets and mission of about 25 institutions, we selected the following 14 institutions as our peers. We further split this group into national peers and local peers as listed below:

National Peers

1. Ball State University
2. George Mason University
3. Northern Arizona University
4. University of Southern Mississippi
5. University of North Carolina Greensboro
6. University of Massachusetts – Lowell
7. University of Rhode Island

Local Peers

1. Kent State University Main Campus
2. Bowling Green State University
3. Cleveland State University
4. Ohio University
5. Youngstown State University
6. Eastern Michigan University
7. Wright State University

After quickly reviewing information available through IPEDS, we thought it would be more expeditious to continue working with information from audited financial reports of the institutions. Our tabulation of the data and the basic statistics computed are in the attached Excel workbook.

We offer the following observations and directional recommendations for FY 2021 budget based on the data in the E&G Tab of the attached workbook, which excluded Auxiliaries and Depreciation from consideration. Members of our group were not fully satisfied with the interpretation of the actual expenditures attributed to the functional classification codes. We offer these observations and recommendations based on our best, educated guess at the general fund expenses in each classifications, so that this analysis can be used in a timely manner to assist with the FY 21 budget process.

1. The fraction of our expenditure on **Instruction and Department Research** is higher than our peers. For FY 21, we *recommend that we begin aligning this with our peers and note that additional expenditures that may be warranted by the global health emergency.*
2. The fraction of expenditure for **Separately Budgeted Research** is, in general, higher than our peers in Ohio and lower than that of the peers outside Ohio. While the fraction for FY 2020 is considerably lower than prior years, we *recommend that the general fund offset for Separately Budgeted Research should be minimized* and the research support services should be fully supported with IDC dollars from externally funded research dollars.
3. The fraction of expenditure for **Public Service** is lower than our peers. We *recommend that this is a strategic activity that we can consider increasing in future years, and not FY 21.*
4. The fraction of expenditure for **Academic Support** appears to be consistent with our peers. Nevertheless, we *recommend that we look for savings in expenditures consistent with the redesign of UA, without compromising critical functions such as academic advising.*

5. The fraction of our expenditure on **Student Services** is lower than our peers. *We recommend increasing these expenditures to support our students through these turbulent times and strategically improve our retention.*
6. The fraction of our expenditure for **Institutional Support** is tending higher in recent years. *We recommend a focused examination of these expenditures consistent with the redesign of UA and with the structural deficit that we are carrying forward.*
7. The fraction of our expenditure on the **Operations and Plant Maintenance** is lower than our peers. However, given the circumstances we *do not recommend an increase in these expenditures*; we also noted the need minimize future maintenance costs.
8. Our best information is that the expenditure on **Scholarships and Fellowships** is not from General Fund dollars. If this understanding is wrong and these are General Fund dollars, then it is important to decrease this to align with our peers.
9. While we are not making a recommendation related to the fraction of expenditures for **Auxiliaries**, we noted that the *current debt-service is around \$26M* per year. Members of the group believe that it is necessary to further reduce Athletics expense, to help us confront the financial challenges that lie ahead of us.
10. We noted that the fraction of expenditures attributed to **Depreciation** is higher than our peers. Although, we cannot impact this expenditure tactically, *we suggest that our physical plant is too large for our enrollment.*

All the members of our focus group found this exercise of thinking through our expenditures valuable. We recommend a detailed review of all our expenditures at UA along these functional codes in the coming few months so that we can better inform the budget process for FY 2022 and future years. We need a more careful analysis of the dedicated funds (e.g., facility fees, parking, etc.) that flow through the general fund including a better understanding as to how research activities are subsidized by the general fund and the functional code attribution for critical student service functions. We are committed to putting the necessary work into such a project and present the output to University Council.

Thank you for the opportunity to support you through the budget process and we look forward to working with you more closely in the coming years. I would be happy to discuss any aspect of this report and the work of our group as needed.

Welcome to Akron!

Sincerely,
Shiva Sastry, Ph.D.
Chair, University Council Budget and Finance Committee

Cc: Steve Storck, Interim CFO, Linda Saliga, Chair, Faculty Senate, Ruth Nine-Duff, Chair, University Council, Mike Cheung, Jarrod Tudor, Will Cole (Vice Chair) and Dominic Cardarelli