

To: AAUP Colleagues
From: John Wiencek, EVP and Provost
Re: Delaware Cost Study (DCS) benchmarking preface
Date: July 30, 2020

Attached are a few documents. First, I have done some minor edits to the original memo sent to the AAUP, at their request, explaining how the budget reductions were assigned. That memo was delivered on June 17, 2020 nominally. Second, the AAUP response is also attached, which was delivered to the Provost on July 6, 2020. This cover page is intended to provide some belated replies to those questions. The questions were in many cases reasonable but no longer relevant by the time they were received. By July 6, many of the budget reductions were in place and the reduction in force list was already being assembled. The opportunity to reassess the differential costs had passed.

Brief responses to the various questions follow:

1. Yes, it is possible that 80% is too low for The University of Akron and we should benchmark ourselves to appropriate peers. I have suggested all other R2 institutions. Nonetheless, the reduction in expenditures were driven by the goal of matching expenses to revenues, since the financial reality is not linked to such benchmarks. Benchmarks are guides and information, no more, no less. Data can inform decisions, but it cannot dictate them. We have to make financial decisions based on our own reality.
2. Quality does not always follow funding and vice versa. An average is a guide and low expenditures often exist in the most innovative programs, those that have high quality and low cost. As said above, we need to find a way to achieve quality within our own reality of funding.
3. As stated, the exercise was a guide and not an indiscriminate or inflexible decree. The Deans and Department Chairs engage in trying to meet assigned cuts without requiring program closures. There was an expectation to meet the target at the College level and the department level data was not utilized in meeting College level goals. The final budget reductions were differential but not at the level of the initial targets. Some were higher and some were lower.
4. Even with high revenue programs, it is reasonable to monitor and control expenditures to appropriately match those revenues. [REDACTED] accomplishes that goal at the college level. Revenue attribution is in the eye of the beholder and must account for the real overhead costs. Such an analysis is appropriate for setting budgets as part of an ongoing budget model, after significant shared conversations on revenue attribution models that the colleges find acceptable.
5. The most recent audited expenditure data was used in the analysis, but the point raised is valid. We will need to develop a nimble budget model that allocate resources based on the contribution of the units to the general fund. Such a model will provide rewards for those that grow enrollments or bring innovations that help The University of Akron become financially sustainable.

My DCS
analysis

In closing, I thank the AAUP for reviewing this work and providing these questions and an opportunity to answer them. I am optimistic that once we get beyond our current disagreements that we can develop a new budget process that will enable us meet our mission in a financially sustainable manner.