To: AAUP Colleagues
From: John Wiencek, EVP and Provost
Re: Delaware Cost Study (DCS) benchmarking

It's been non-stop listening, learning, analyzing, communicating and implementing Board and Presidential actions since I have joined The University of Akron just six weeks ago. The work I share here with you, at your request, was done with as much care as possible but likely contains minor errors here and there. In addition, it is not nicely formatted or with a lot of explanation. This work was done by me personally and not intended for large scale communications at this point. For these reasons, this analysis is a guide, not an absolute "formula" and I have built in a contingency fund to address any oversights or fundamentally unwise allocations of budget reductions. The Deans and Department Chairs have been the driving force in making said adjustments and we are just now getting to the point where actionable budgets are being prepared, along with the necessary adjustments in personnel. I have adjusted the targets in downward directions in several cases and roughly one half of this contingency is already deployed. Any remaining funds will be used to mitigate unanticipated challenges in the coming year. If funds remain at the end of the year, they will be invested in hiring faculty strategically going forward.

Original budget reduction targets were set by the Budget Office utilizing the functional spending approach that was outline in the video on the OAA website and informed by the benchmarking work of UC Budget and Finance committee. No reductions were made to scholarships, student services, and public service. 20% reductions were given to institutional support and plant operations/maintenance. 25% reduction was given to instruction/departmental research. 30% reduction was given to separately budget research. 40% reduction was given to academic support given the consolidations of the colleges. The university budgets flowed from those functional spending reductions.

The reductions to the units reporting to the Provost were further differentiated based on a benchmarking analysis. The University of Delaware collects data from research universities that captures faculty workload with respect instruction and research expenditures. The DCS benchmark data is attached as an Excel sheet called "Delaware Cost Study Database." They also capture the cost of instructional delivery on an $ per SCH mode, broken down by the CIP code (Classification of Instructional Programs – a number assigned to each program offered on campus).   Thus, one can calculate how much it should cost to deliver an academic program on average at a research university. Our expenditure data Provost's is reported at the department level which will often capture multiple programs or CIP codes. See ▉▉ analysis ▉▉▉▉▉ which contains the data provided to me by Institutional research. It includes current year SCH data and FY 19 expenditure data. I needed to move from the data in the tab called, "Main Tabulation" to a table that prorates the budget for a department among its various CIP codes (differing academic programs). This is an approximation, but it is done by weighting the budget by the SCH delivered in that CIP. In addition, CIPs can exist in multiple locations such as Wayne or the main campus.   This analysis bundled all SCH irrespective of location.

Thus, we have a national average expenditure and a U of Akron expenditure. I divide the UAkron expenditure by the national average (which is unique for each CIP) expenditure to arrive at a % of DCS.

The tab called Sheet 6 contain my calculations. A program that spends 100% of DCS is spending at the national average for a research university. A program that spends at 80% of DCS are below the national average. Here is the frequency plot of our various academic programs as a function of the national average:
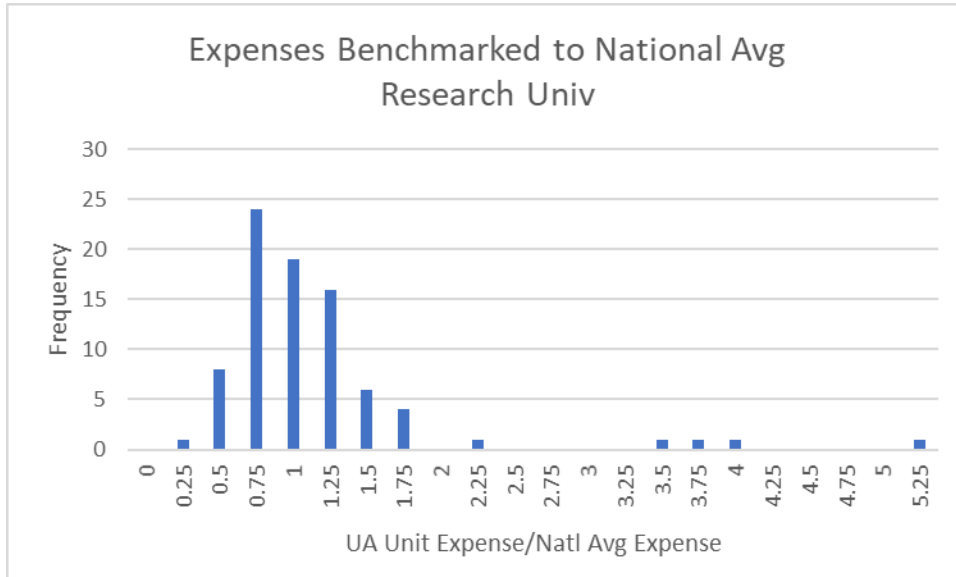
Notice that we have a program that is operating on 25% of the national average funding. This very low number is likely due to the assumption that funding is tracking with SCH delivered. On the other end, we have some again nuanced and unique situations. One program has much of its funding tied up in research instrumentation cores and infrastructure so their costs are warped by the placement of a function normally operating with a research office into an academic unit.

Please remember that research universities include multiple classifications. R1 institutions are very large and substantially different than R2 institutions. R1 institutions in Ohio include Case Western Reserve University, Ohio State and Cincinnati. They pay their faculty higher salaries and are more generously resourced. R1 institutions are likely, by and large, to be above the national average in terms of this type of anlysis. R2 institutions, conversely, are likely to be below. I have asked for a subset of this data including R2 institutions going forward so that I can reanalyze our data. My prior institution was a R2 institution as well and its programs as an aggregate operated with a budget at about 80% of DCS. Our data is comparable in this regard.

The reasons for some units being above or below national averages are impossible to explain. The state of affairs right now is simply a reflection of many incremental decisions made over the lifetime of the institution. Some of those decisions were likely due to some special project or influence a given program might have but many of the decisions were likely rewarding productive behavior or strategic interests.   scale I developed above based on the DCS data

The philosophy in this case is to preserve the quality of instruction and academic excellence. Those at the high end of the ▮▮▮▮▮▮ have more capacity to absorb the budget reduction and still maintain academic excellence. Fundamentally, the goal was to provide differential cuts that also help maintain

academic excellence. Other approaches that artificially assign revenue and expense to each unit could be equally effective but ultimately suffer from a lack of agreement on revenue attribution as well as a tendency to ignore overhead costs. This approach was chosen since it is less rife with such controversy and fundamentally benchmarks nationally rather than internally.

Given the assumptions tied up in proration, the analysis was bundled up to the College level. That is shown in the second spreadsheet. Each college was then assigned a budget reduction target based on their % DCS. The budget reductions ranged from 15 to 35% as INITIAL targets. This builds a surplus that was used to work with Deans that could not meet the target and maintain the integrity of their academic departments. Since Wayne was not separately analyzed, I made an assumption that it was less than 100% of DCS but not a lot less. I have worked with the Dean (now Director) of Wayne to tap into the mitigation funds given this anomaly in the analysis. This process is still under development but much of the contingency fund is being redeployed as we unearth some flaws in the analysis (scholarships in College budgets) and also critical needs for the UA (the library in particular).

The dollar amounts are shown in the attached PDF. Please remember that the final numbers will be different since this is a work in progress.