

**CLAS FINANCE COMMITTEE 2021-2022
REPORT ON OPS REALLOCATIONS**

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THE COMMITTEE'S CHARGE

In AY 21-22 the CLAS Finance Committee was charged by the college with developing a set of recommendations for the reallocation of base OPS budgets for CLAS units that would incorporate reductions necessitated by the elimination of distance learning fees for residential students taking online courses. (College liaison Chris McCarty recommended that discussion of the impact of cuts the Graduate School Fellowships be deferred.)

The total OPS budget in the college for FY 21-22 was **\$17,613,174**. The college liaisons indicated this amount would need to be reduced to **\$14,483,847**, and the committee has taken this figure as its target.¹ This target did not include the \$2M "backstop" funding the College is receiving from the Provost this year and in each of the subsequent two years to soften the impact of the loss of DL fees and provide the college a period of time to implement the necessary adjustments to its OPS budget. The committee was given to understand that base OPS does not include OPS funds units receive from UFO, Quest, the Innovation Academy, or other separately funded programs.

ANALYSIS OF INFORMATION

As in the previous year, the Finance Committee met every two weeks throughout the Fall and Spring semesters to execute its charge. In AY 20-21, the Finance Committee (which had received a similar charge at the beginning of its term) had developed a set of Workload Profiles for Graduate Assistants, which identified fifteen different profiles reflecting the range of graduate assistant assignments in the college and specified for each profile the various types and amount of work that would normally be expected of a graduate assistant appointed at 0.5 FTE.

During that year, the Finance Committee also developed a template for OPS budget requests from the departments and centers in the college. Chairs and Directors were asked by the college

¹ These figures do not include OPS for the Department of Economics due to its unique funding arrangement.

to employ this template to submit OPS requests for AY 22-23 by August 2021. These were presented to the committee in a standardized form suitable for its review in October 2021.

After receiving its charge this year, the Finance Committee discussed College priorities for use of OPS funding. The committee recognized as chief among these priorities supporting undergraduate education, principally by funding Graduate Teaching Assistants, and supporting graduate education. It was also recognized that OPS funds provided to units can be helpful in facilitating faculty efforts to secure external grant funding. The committee was sensitive to these priorities throughout its evaluations.

In reviewing the unit OPS budget requests, the Finance Committee divided its members into five two-member working groups, each responsible for reviewing and reporting on an assigned subset of unit OPS requests. The working groups sought to identify projected uses of OPS funds in their assigned units that appeared not to be in keeping with norms in the college or potentially unsustainable for other reasons. The working groups paid particular attention to whether projected TA assignments were conforming to the normative expectations articulated by the Finance Committee in its set of Workload Profiles. The working groups' initial review of the unit OPS budget requests in October and November raised several questions which were assembled and communicated to the units as requests for additional information or clarification in December. Once responses to these requests were received, the Committee felt that it had sufficient information to proceed.

THE TWO-STAGE METHOD

The committee resolved to generate suggestions for reallocation and reductions in OPS based on the information it had received via the following two-stage process.

Stage 1: Identify what targeted reductions in the amounts of OPS funds requested might be appropriate in each unit, focusing especially on projected graduate student assignments in the unit OPS requests that fail to conform to the normative expectations established in the Finance Committee's workload profiles, but also trying to identify other possible reductions (e.g., where OPS is used for office support or in an unsustainable manner for research assistants).

Stage 2: Establish a formula based on units' relation to averages on SCH generation and other metrics deemed appropriate by the committee to achieve the remaining savings required to achieve a total base of \$14,483,847 via across-the-board cuts with a minimum impact on overall SCH production.

STAGE 1: INITIAL REPORTS ON UNIT OPS REQUESTS

The full set of reviews produced by its two-member working groups were presented to and discussed by the whole committee. They were revised by each working group in response to suggestions and additional information they received. These reviews represent the culmination of Stage 1 of the process outlined above. They not only describe in detail where reductions in the amount of OPS funds requested might be appropriate but also suggest an *initial* base OPS budget for each unit based on the analyses performed by the committee's working groups.

The total amount requested by units in their OPS budget requests for AY 22-23 was **\$20,905,056.33**. This figure significantly exceeded the total FY 21-22 OPS budget of **\$17,613,174** even without including OPS budgets for the Dean's Office and contingency. The committee suspected that Chairs and Directors in some cases may have inflated their requests in anticipation of cuts to come, and yet there was no way for it to determine when this might actually have been the case. Indeed, the committee recognized that the increased requests in certain units reflected recent expansions in their programs and additional instructional burdens they have undertaken. The total of the *initial* base OPS budgets suggested by the committee for each unit based on the analyses performed by its working groups during Stage 1 came to **\$17,321,357**. Although this figure is only \$291,817 less than the current year total of \$17,613,174, it nevertheless constitutes a significant reduction from the total amount requested. It also reflects the committee's proposal for recalibrating the relative amounts of base OPS allocated to the college's various units in light of changes within those units over the past decade or more.

STAGE 2: ADDITIONAL REDUCTIONS TO ACHIEVE TARGET

The committee subsequently considered how the college might best make the remaining reductions necessary to reach the **\$14,483,847** target for total base OPS. Recognizing that the college is unlikely simply to adopt a particular set of OPS allocations suggested by the committee but will instead want to make its own final calculations, the committee thought it would be more useful to offer its suggestions in the form of a decision tree and a set of models showing the results of following some of its paths. The committee believed this would be the best way for it to assist the Dean's Office in arriving at new base OPS allocations for the various college units. The models described in what follows were offered only as examples of the results of following different paths along the decision tree. The committee did not positively recommend any specific model.

First, the committee recommended beginning Stage 2 calculations from the initial base OPS for each unit suggested by its working groups even though a number of these represent increases to the unit's base OPS. The reason for this recommendation was that the committee had been tasked not only with recommending a set of reductions to OPS given the loss of residential DL fees but also, and just as importantly, with suggesting a realignment of OPS allocations in light of changes at the unit level over the past decade or more. As already indicated, the results of the committee's review of unit OPS budget reflected its suggested recalibration of the relative amounts of base OPS allocated to the college's various units given of these changes.

The next step should be to consider options for achieving the additional reductions necessary to achieve the \$14.5M target. Here the main options are:

(A) implement an identical percentage multiplier of 83.6% across all units;

(B) identify a relevant and appropriate criterion and correlate it with percentage multipliers set to achieve the target; and

(C) identify a relevant and appropriate set of criteria to figure in a formula and correlate the output of that formula with percentage multipliers set to achieve the target.

Although option (A) may be thought overly simple, it does have the merit of preserving the relative realignment among unit base OPS allocations achieved in Stage 1. It also has the merit of yielding a lower average percentage reduction in departments and other units than the more complex options for Stage 2 reductions considered by the committee, as is explained below.

Options (B) and especially (C) are more nuanced, as they require a measure of judgement not only in identifying a relevant and appropriate criterion, or set of criteria, but also in calibrating the correlated percentage multipliers.

Option (B) takes SCH/\$1000 as a relevant and appropriate criterion. Data provided the committee by the college early in the year included figures for each department produced by dividing the total SCH it generated in calendar year 2020 by its total budget for FY 21-22. The results ranged from 1.47 to 6.85, with an average of 3.93. These figures provide a basic measurement of unit efficiency in the delivery of instruction.

The committee considered two models for applying this criterion as to achieve the necessary Stage-2 reductions based on the use of two different sets of correlated percentage multipliers. One model employed a set of multipliers with a wider range between the high and low multipliers (from 95% to 72%), while the other model employed a set of multipliers with a narrower range (from 89% and 77.5%). The committee developed these models to reinforce by example the impact of determining the *range* of percentage multipliers correlated with the departmental figures for this or any other criterion (or set of criteria).

For units without SCH figures, the *average* of the department multipliers was employed except for the contingency budget, which was adjusted downward slightly at the end of the calculations to achieve the \$14.5M target.

One noteworthy result of these calculations is that the averages of the department multipliers on option (B) are actually *lower* than the single percentage multiplier of 83.6% employed for all units to achieve the target on option (A). The average percentage multiplier is 81.7% on option (B1), where a wider range of multipliers is employed, and 82.4% on option (B2), where a narrower range of multipliers is employed. This result is a function of the differences in the size of the OPS budgets in the different units initially suggested after the committee's Stage 1 review.

While the SCH/\$1000 criterion measures the efficiency of departments in the delivery of instruction, in a manner that is readily applicable across departments, other possible criteria were also discussed in a preliminary way by the committee. For example, the number of graduate degrees granted over a certain number of years divided by the number of graduate faculty in a department or by a measure of the department total budget or base OPS budget might also be relevant and appropriate. Other criteria such as these could be used in isolation or incorporated with the SCH/\$1000 criterion into a more complex formula.

The committee offered two examples of how this might work.

Option (C1): SCH/\$1K + Grad Degrees/Fac + Majors/Fac&Grad. This model employs the following set of criteria: (i) SCH/\$1000, (ii) the number of graduate degrees awarded by a department over the past five years divided by the number of department faculty, and (iii) the total number of majors (including double majors) in a department divided by the total number of FTE faculty and graduate students in the department. This model assigns equal weight to each criterion and averages their normalized values to arrive at a single figure with which a narrower range of percentage multipliers is correlated to arrive at a final set of base OPS budget figures for each unit.

Option (C2): SCH/\$1K+GradDegrees/\$100K. This model employs the following pair of criteria: (i) SCH divided by each \$1000 of total department budget and (ii) the number of graduate degrees awarded by a department over the past five years divided by each \$100,000 of total department budget. Note that this spreadsheet employs the same data (total department budget) as the divisor in each criterion, following a suggestion from a member of the committee. But the same second criterion in the (C1) spreadsheet could also have been employed as the second criterion here in the (C2) spreadsheet.

The committee notes that a number of complexities arise both when employing a set of criteria in this way and when employing these criteria in particular.

First, normalization is required when employing a set of criteria given that the range of values is different for the different criteria. For the three criteria employed for (C2), the value ranges are (0-7), (0-5), and (0-13), respectively. The normalization has been accomplished by dividing the values by the range's high value and multiplying the results by 10. There is an additional complication in the case of the values for the number of majors divided by the total FTE faculty plus graduate students, given that although the majority of values range from 0 to 5, there are four "outlier" values (7.65 for SCL, 7.77 for POL, 9.61 for BIO, and 12.99 for PSY). There is reason to be concerned that the standard normalization of the values here (dividing by 13 and multiplying by 10), reduces toward statistical insignificance the values for the remaining 17 departments. So, the College may wish to consider other appropriate ways of normalizing the values for a metric with outlier values such as this.

There are also complexities relating to the specific criteria. For example, the number of majors in a department may not be the best measure of its effectiveness in the delivery of instruction.

While it is a significant measure of the health of a department's undergraduate program, it should be balanced by a metric of the SCH departments generate. Some members of the committee had reservations about whether this particular criterion is a useful one to employ at all.

More significant issues arise when trying to employ the number of graduate degrees granted by department as a criterion. Should this number include master's degrees as well as doctoral degrees, or perhaps only doctoral degrees? Some departments have a significant number of graduate students funded by grants and sources other than their base OPS. How should the effect of this difference among programs be factored in? Additionally, some departments have not produced doctoral degrees over the past five years because of their particular situations, while others might be regarded as having been able to produce an inflated number of graduate degrees for other reasons. At this time, it is unfair to these departments, or otherwise inappropriate, to employ graduate degrees awarded as a criterion for determining their base OPS allocations.

Model C1 attempts to address this imbalance by also including the criterion Majors/FTE Faculty + GA's as one of its three criteria, each of which is equally weighted in the formula after normalization. Model C2, by contrast, does not address the imbalance by introducing an additional criterion. Instead, it uses SCH/\$1K and 5-yr Grad Degrees/\$100K of FY 21-22 base OPS, which are given equal weight after normalization for all departments.

These examples give some indication of how difficult it is to identify criteria that can be employed to achieve the further Stage-2 reductions in base OPS necessary to reach the \$14.5M target. Criteria need to be such that they can be fairly and appropriately applied across all departments. The committee also recognizes that it is important that sacrifice be shared across departments.

The College may also find it useful to compare the figures for the final recommended new base OPS allocation on each of the five models developed by the committee. Again, it is notable how the average percentage reductions differ depending on the formula employed for the calculation. When the identical percentage reduction is employed across all units, as seen on option (A), the average reduction for the departments is 16.4%. The average department reduction is higher in each option where a differentiating criterion or set of criteria is employed: 18.3% on option (B1), 17.6% on option (B2), 17.7% on option (C1), and 17.1% on option (C3).

The committee also developed an option comparison presenting the recommended base OPS amounts for each department calculated according to method employed on each of the five options. The comparison was designed to make it easier to see at a glance which option yields the best, second best, third best, second worst, and worst resulting amounts for each department. The option comparison also presented a "veil of ignorance" view. This view enables one to get a sense of the broad overall results of each option. This "veil of ignorance" view of the outcomes suggests two questions (at least):

- (a) If you were a department Chair and did not know which line represented your department, which of the four options would you be inclined to recommend?
- (b) If you were an administrator responsible for the allocation of resources, which of the four options would you be inclined to recommend?

The committee was ultimately unable to settle on a recommendation for which, if any, of these options is ultimately preferable. It nevertheless hoped that its presentation and discussion of the factors and decisions that need to be considered in following various paths in the decision tree will be of genuine assistance to the College in making its final determinations.

CONCLUSION

Finally, the committee wishes to emphasize that reductions to base OPS budgets of this magnitude will have serious negative impacts on virtually all its graduate programs and on the quality of its undergraduate teaching. The DL fees generated by residential students taking the online courses offered in the College for UF Online were integral to viability and sustainability of those course offerings. Now that this pillar of support for UF Online course offerings in CLAS has been removed, the college needs to explore with the university administration how to make these online course offerings viable and sustainable once again so that its fundamental commitment to educating on-campus undergraduate and graduate students does not suffer as a consequence. Moreover, some departments in the college are already seeing a decline in admission acceptance rates as the level of support they can offer struggles to remain competitive with that offered at comparable R1 universities. Significant reduction of base OPS allocations at this time can be anticipated to result in a decline in the overall quality of graduate students in the college. In addition, cuts to OPS will mean fewer graduate students available to teach sections of undergraduate courses. With fewer graduate students, departments may be forced to reduce the number of sections offered for undergraduates. (Indeed, some departments have already reported having had to cut the number sections offered in the coming year due to reductions in graduate student support.) The outcome could be a decline in SCH in the college. Given the serious negative impact of base OPS reductions of the magnitude planned for here on CLAS undergraduate and graduate programs and on faculty morale, the Finance Committee urges the College to work with the University administration to find a way to maintain at least the current level of funding.