

# Finance Committee Report on OPS Allocations

## April 17, 2017

During the 2016-2017 academic year the CLAS Finance Committee analyzed the CLAS OPS budgeting and distribution process. The intent of this exercise was to understand the current process and identify areas in which it could be improved. The committee was aided in this effort by Uma Sethuram and Peter Waylen, who provided data over the past five years and results of their own analyses.

**Motivation:** This work was motivated by two factors. First, while we fully understand that the College's budget has been flat or declining for many years, there was much discussion in the committee concerning the fact that base OPS expenditures have been static for most departments during this decade. Changes in enrollments, TA costs and other crucial factors have little part in the OPS budgeting process, and thus there is little allowance made for change or innovation. As a result, it was unclear whether allocations adequately reflect the current status of departments rather than simply their state at the beginning of the era of flat budgets. Second, at least at the level of this committee, the process by which allocations were assessed and revised was not clear.

**Procedure:** The committee designated a subcommittee, comprised of Bonnie Moradi, Phil Boyland, and Anthony Gonzalez to work with Uma Sethuram and Peter Waylen to synthesize and digest the available data on OPS allocations, undergraduate and graduate SCH, and faculty and lecturer FTEs for units within the college. In this effort this group focused upon departments rather than centers, but included the Center for Gender, Sexualities, and Women's Studies, which has many of the characteristics of a department. This subcommittee reported back to the full committee at multiple meetings during the spring semester.

**Findings:** We list here the main factual findings of the committee.

- (1) Since at least 2010, base OPS budget allocations have been determined via a status quo model where units are typically allocated a similar amount as in previous years. While there have been individual exceptions, this has been the de facto means of determining OPS budgets. There also appears to be no institutional memory regarding how these allocation levels were initially set.
- (2) A consequence of the status quo allocation method is that changes in enrollments, TA costs, and other crucial factors are not directly incorporated within the budgeting process, and thus there is little allowance made for change or innovation. Rather, requests for modifications are addressed on a case-by-case basis in conjunction with departmental APRs.
- (3) A strong case was made, and the committee agrees, that the diversity of departments within the college argues against any attempt to implement a one-size-fits-all formulaic approach to determine allocations to all departments. The committee was however concerned that a continuation of the status quo approach is likely not the most effective long term funding model. In the attached Figures we provide an illustration of factors that may be effective starting points for investigating relative allocations amongst similar departments, such as OPS allocation per Undergraduate SCH and Graduate SCH per Faculty+Lecturer FTE. For instance, it is not obvious why the relation between these factors should be orthogonal for the Humanities and Social and Behavioral Sciences. It is also helpful to continue to track the evolution of such quantities (as has been done by Peter Waylen). OPS funding to SCH ratios in most units have been flat over the past 7 years, but there have been some changes. These changes over time, coupled with careful discussions with units, should help guide informed re-calibration of OPS budgets in targeted cases. We emphasize caution against a purely SCH driven re-calibration; rather, we recommend

that changes in OPS to SCH ratios over time serve as a point of collaborative discussion with units about their changing needs and circumstances.

- (4) The fundamental goals that should drive future allocations are clear. The distribution of OPS resources should be (a) fair, commensurate with the various department's requirements and activities, and (b) transparent. Any interested parties should be able to easily find out the details of the distribution of OPS resources and the logic behind those decisions.

**Recommendations:**

- (1) **We recommend increased transparency in both the current funding allocations and the means by which allocations are made.** The Finance Committee has an informational role to play in disseminating and explaining this information and should fill this role, but it should also be easy for any interested person within the college to obtain the OPS base budget allocations.
- (2) **We recommend that Department Chairs be informed directly of the base OPS allocations each year as early as possible, ideally prior to the standard admissions period in the late spring.** This may be as simple as confirming that there is no change from the previous year, but an explicit statement to this effect is helpful, particularly for small departments, in determining admissions numbers.
- (3) **We recommend that CLAS explore changes to the OPS allocation method that may improve the correlation between funding and positive outcomes within departments, but not in a uniform, formulaic way that applies across departments.** As noted above, we appreciate that departments vary widely in their undergraduate and graduate programs. For example, departments with a large number of lab courses will require a greater number of TAs to support those courses. We feel though that it would be helpful to have a means of rewarding departments for effective use of their OPS allocations, by whatever objective criteria may be appropriate for that department or a set of similar departments.
- (4) **We recommend that any revisions that lead to significant changes from current allocations for any department be made gradually to avoid dramatic program impacts, unless supported by the department.** Any concrete steps to optimize future OPS allocations will need to be carefully considered, as the committee appreciates that changes can have unintended consequences.

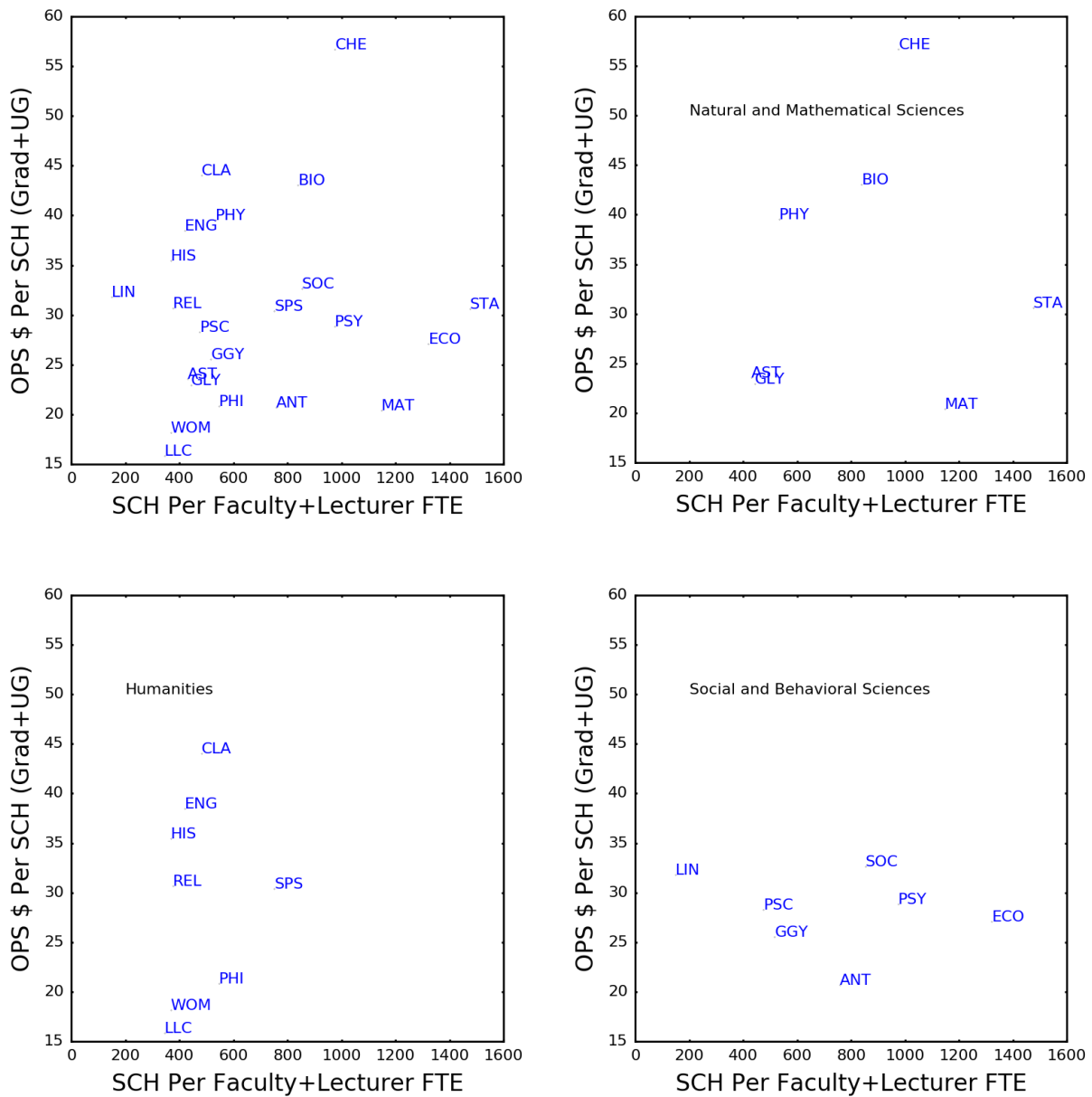


Figure 1 - OPS funding per student credit hour (including both graduate and undergraduate SCH) versus the number of student credit hours per faculty plus lecturer FTE. The y-axis is designed to show the OPS cost per instructional unit, while the x-axis reflects the SCH load per full time instructor. Instruction is most costly towards the upper left of these figures. Graduate SCH are a minor component of the SCH on both axes. In the Natural and Mathematical Sciences the wide spread is partially reflective of the labs. For instance the fraction of SCH corresponding to lab courses is high in Chemistry. The committee did not investigate why the relations for the Humanities and Social and Behavioral Sciences would be approximately orthogonal to one another.