MEMORANDUM

July 26, 2011

TO: David H. Perrin
    Provost and Executive Vice Chancellor

FROM: Program Efficiency Data Review Committee
      Ed Arrington
      Dan Bibeau
      Alan Boyette
      Bill Brown
      John Deal
      Steve Honeycutt
      Tim Johnston
      Anne Wallace
      Sarah Carrigan (Contributor/Data Support)

RE: Recommendations regarding Financial/Efficiency Data proposed for Academic Program Review

At your request, this committee was assembled to make recommendations regarding Criterion C, Program Efficiency, as proposed in UNCG’s Academic Program Review process. The committee met on June 27, 2011 and July 21, 2011, and reached consensus on the following recommendations.

(1) Adopt only measures for which clear and reliable data are available.

The committee believes that the currently proposed metrics cannot be measured with sufficient precision or accuracy, and should be eliminated. For example, criterion C2 requires program costs to be separated into instructional, research, and service cost categories. Despite the existence of budget codes labeled “organized research” and “public service,” faculty time and program expenditures are not allotted or tallied in these specific categories. As a result, these measures will be imprecise and subject to valid criticism, causing the process to lack credibility.

(2) Because the committee is unable to identify any other efficiency data that meet the requirements of recommendation one above, the committee recommends that these criteria be excluded from the academic program review process until more reliable and interpretable data can be provided. We believe that efficiency considerations are indeed relevant to program review. However, it is our perspective that it would be a tremendous mistake to include data for which we cannot confirm associated levels of accuracy, reliability, or validity, especially given the high level of tension and dissatisfaction already associated with the review process.

Below we will attempt to provide additional support for our recommendations. In an effort to gain a working knowledge of what we believed to be potentially workable efficiency data and understand how they might be used by the University Program Review Committee, we examined data for a sample of academic departments. These data included the following:
a. Student Credit Hours (SCH) generated per Full Time Equivalent (FTE) Faculty, with Delaware comparison;
b. State Expenditures per SCH; and
c. Non-Appropriated Revenues (gifts, fees, contracts & grants, trust funds, etc.) per FTE Faculty.

Our review concluded that serious problems exist in regard to each of these data sets. A fundamental problem in the application of efficiency data to academic programs is the fact that most universities, including UNCG, record data by department instead of by program (except in the rare case of separately budgeted programs that do not have departmental status). Following extensive discussion, the committee concluded that there is no valid way to measure program efficiency on the basis of departmental data.

Even if we were able to devise an acceptable method for applying departmental data to academic programs, other significant difficulties would need to be overcome. Our search for solutions to these data problems was unsuccessful. For example, when evaluating departmental expenditure data, we found no acceptable manner for controlling the overwhelming impact of faculty salaries, which vary greatly by discipline. Another problem concerns the comparability of the data from one department to another. We are aware that the deans operate differently from one unit to another in terms of resource management, with some deans paying departmental invoices directly, and others moving funds to the department for expenditure. The latter approach more accurately reflects departmental expenditures, but we cannot accurately specify which departmental expenditure totals reflect true departmental expenses and which are understated because the dean has covered many departmental costs centrally. Even if we had this information, it is unlikely that we would be able to identify specific departmental expenditures made by deans and then add the specific expenses to the relevant departmental totals. We also discovered widespread disparities in practices and procedures that impact the recording of non-state expenditures.

In sum, the inconsistencies and ambiguities across all the measures that we have examined render these data useless for academic program review purposes. Roy Schwartzman, Chair of the University Program Review Committee, attended our July 21 meeting and confirmed our conclusion in this regard. Moreover, he shared the committee’s concern that the present time may be too early in the review process to try to specify relevant efficiency data. It is likely that results from the assessment of program quality and demand, frequently stated as the two primary drivers of academic program review, will suggest which specific elements of financial and other data, if any, should be examined.

The committee recognizes that the Chancellor and Provost must prepare for and respond to the anticipated program review demands of UNC General Administration. President Ross and former Chancellor Woodward will surely consider financial and possibly other efficiency-related metrics in their assessment of UNC System programs. These metrics may include SCH per faculty FTE, expenditure data, average teaching workloads, and the like. Accordingly, we anticipate that UNCG’s senior leadership will at the appropriate time seek to evaluate financial data and other so-called efficiency measures associated with UNCG’s academic programs.

The committee’s recommendation to exclude efficiency data from the Academic Program Review process is driven by the serious problems we identified in the efficiency data that are presently
available. We suggest that alternative measures of cost and efficiency be defined and relevant data be made available to the Chancellor and Provost to assist them in making decisions. These data should be discussed with relevant deans and program directors if they play a significant role in shaping the Provost’s recommendations and/or the Chancellor’s decisions regarding the status of any academic program.