SPECIAL REPORT

of the

RULES COMMITTEE

concerning

THE FINAL REPORT OF THE
JOINT TASK FORCE ON RESOURCE ALLOCATION (JTFRA)

Presented at the
738th Regular Meeting of the Faculty Senate
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RULES COMMITTEE

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I. Background

The Joint Task Force on Resource Allocation (JTFRA) was created at the 730th meeting of the Faculty Senate on October 10, 2013 (Sen. Doc. No. 14-014B) and charged to “organize the campus’s consideration of alternative resource allocation models, and make recommendations to the Chancellor for moving forward with any proposed improvements that result from the study.” In the same document, the JTFRA was also instructed to: “issue progress reports to the Faculty Senate as appropriate. JTFRA will develop preliminary recommendations and present them to the campus community for consideration by April 1, 2014. Following that discussion, final recommendations will be presented to the Chancellor. The Committee’s Final Report to the Chancellor will also be broadly disseminated to the campus community.”

II. Executive Summary

The Phase 1 report of the Joint Task Force on Strategic Oversight underscored the need to promote an “evidence-based resource allocation” and to “adopt practices that reinforce the link between evidence and decisions.” The Joint Task Force on Resource Allocation (JTFRA) was charged with organizing the campus’ consideration of alternative resource allocation models and making recommendations to the Chancellor for moving forward with any proposed improvements. Specific expectations laid out in the charge include: (1) educating and engaging the campus community; (2) identifying key characteristics for an effective resource allocation model, and (3) proposing specific changes for consideration by the campus community (Faculty Senate Document No. 14-010B).

Beginning in November 2013, the JTFRA worked with the assistance of Huron Education to both examine our current resource allocation model and explore alternatives. Using the Phase 1 report of the Strategic Plan as a starting point, the JTFRA developed a set of budgeting values and six budgeting principles. These are high-level principles that were intended to help us to assess how well our current allocation system supports our strategic priorities, and what the attributes of any new model should be. Some of the budgeting values that the JTFRA felt were not currently well met by our current resource allocation model include transparency, alignment of authority with responsibility, flexibility, and appropriate simplicity.

On the basis of this analysis, the JTFRA asked Huron Education to explore a customized UMass Resource Allocation Model (URAM), one that is more decentralized and transparent, but that still maintains a strong holistic view of the University and support for the common good. We recognize that any resource allocation model considered should promote a balance among research, educational opportunity, public service, and support activities that align with the strategic plan and focus on campus success areas including quality, student success, diversity, equity, and inclusiveness. The goal in asking Huron Education to develop a model was for it to serve as a knowledge discovery process for both the JTFRA and the campus.

The JTFRA worked closely with Huron Education on the development of a baseline UMass Resource Allocation Model, and beginning in January, the JTFRA made a series of presentations to campus constituencies to receive feedback on both the process and content of the model as it was being developed (e.g., the Student Government Association, Graduate Student Senate, Faculty Senate, Campus Leadership Council, the Council of Deans, etc.). The major components of the model include: (1) selection of primary units (schools, colleges, and auxiliaries) and administrative & support units, (2) mechanisms for revenue allocation to the primary units, (3) allocation of costs to primary units for central services, and (3) the creation and use of a strategic investment pool—a central pool of resources for strategic initiatives benefits the whole university.
After a consideration of the baseline UMass Resource Allocation Model—both its component parts and the complete model—the JTFRA recommends: (1) The University continue the process started by the JTFRA and further evaluate a more decentralized and transparent UMass Resource Allocation Model and accompanying system; (2) that this evaluation include testing of this UMass Resource Allocation Model in parallel with the existing model. By the end of calendar year 2014, the campus should take stock of what has been learned and determine appropriate subsequent action (e.g., additional study, exploration of further variations, steps towards transition to a different model, etc.). It is important to underscore that the JTFRA is not recommending adoption of any specific model or any specific change to the campus budgeting system at this time. In the following report we outline the process by which we came to these recommendations, the components of the UMass Resource Allocation Model, its role in the UMass Resource Allocation System, and a proposal for next steps.

III. Recommendations

After evaluating each of the components considered for model development, adjusting them to better align with campus priorities, and considering how they fit together into a complete resource allocation model, the JTFRA recommends that:

1. The University continue the process started by JTFRA and further evaluate a more decentralized and transparent UMass Resource Allocation Model. JTFRA is not recommending adoption of any specific model or any change to the campus budgeting system at this time.

2. This evaluation should include testing of the UMass Resource Allocation Model discussed above in parallel with the existing model. This parallel testing will result in no changes to current budgets or processes and will consist solely of modeling and simulating recent and current data to permit evaluation and comparison of different approaches, and to better understand how an alternative model and system might work.

3. The JTFRA continue to lead the campus engagement throughout the parallel and implementation phases if a decision is made to move forward.

4. The JTFRA address certain immediate challenges prerequisite to a successful exploration, including:
   - Understanding, vetting, and correcting where necessary the financial, instructional, and other data underpinning the model.
   - Assessing the capacity at all levels to investigate and test a new model while simultaneously operating the existing model.
   - Specifying the articulation between deans and departments in the resource allocation system to ensure appropriate levels of transparency and to define the role of faculty in resource allocation.

5. By the end of calendar 2014, the campus should take stock of what has been learned, and determine appropriate subsequent action (e.g., additional study, exploration of further variations, and/or a decision on whether or not to transition to a different model).

The baseline model recommended here requires greater elaboration before it can be usefully evaluated, and many issues need to be explored during a parallel process and beyond. Issues already identified include:

- Insuring no adverse impacts or disincentives for fundraising (e.g., excluding restricted gifts and endowments from the Strategic Investment Pool).
- Enrollment management and enrollment planning policies and practices.
- Staff training and development, and requisite staffing patterns.
- Data accuracy, validity and utility.
- Budget development processes.
Methods and procedures for understanding, evaluating, and influencing the cost of administrative and support services.

Ramifications of differential costs, including the potential for differential charges;

Alternative methods to calculate space and facilities costs, and to attribute those costs to units.

While the primary units for revenue allocation in the URAM are the schools and colleges, access to data and transparency at the departmental level is critical, since that is where many of the important decisions and unit planning takes place. The coordination of unit planning and decision making at the departmental and college level needs to be further explored in the development of any new Resource Allocation System.

IV. Appendix

The complete report of the Joint Task Force on Resource Allocation is available at: http://www.umass.edu/senate/738

V. Motion

MOVED: That the Faculty Senate receive the report of the Joint Task Force on Resource Allocation; express its thanks and appreciation for the contributions of the Task Force members and the many participants in its forums and meetings around campus; endorse its recommendations as enumerated in Section III above; and look forward to vigorous campus consideration of both a Resource Allocation Model and a wider Resource Allocation System required to assure that the Model remains in service to campus values and priorities, as presented in Sen. Doc. No. 14-039.