

“Cracking the Nut,” Part 1



This is the first in a series of communications on what we know about the reductions to the budgets of the administrative and the academic units at Wright State.

We have still received only a very limited response on our 19 open-records requests. But the information that follows comes from our analysis of a spreadsheet summarizing the budget cuts, which has come to us through several sources. We will post a link on the AAUP-WSU webpage for anyone who wants to download a copy of this spreadsheet.

If the administration wishes to challenge any of the data that we are presenting or any of the conclusions that we are reaching in this series of communications, we will welcome a full sharing of the data that supports those challenges.

I would like to thank Rudy Fichtenbaum and Jim Vance for their work on analyzing this data. They continue to demonstrate just what indispensable assets they are to our chapter.

SOME BASIC POINTS ABOUT THE REDUCTIONS

1. All of the budget cuts are being made from Fiscal Year (FY)2015 actual spending, in spite of the fact that we just finished FY 2016. Thus, the data for FY 2016 is what was budgeted, not actual spending.
2. The actual spending in FY 2015 was greater than the budget for FY 2016 by 7%.
3. The actual spending in FY 2015 on the spreadsheet is \$290.9 million (administrative plus academic) but the actual expenses from the audited financial statements (not counting depreciation, which is a non-cash expense) were \$361.3 million.

Another measure of actual expenses on a cash basis comes from the cash flow statement taking payments to employees, payments for benefits, payments to suppliers and payments to scholarships and fellowships, all of which came to \$362 million.

So, excluding interest payments from the calculation of expenses because the administration cannot cut interest payments, it appears that only 80% of expenses are included in the budget—that is, on the chopping block.

We cannot help but wonder what constitutes the other 20% of expenses.

THE BASELINES FOR THE REDUCTIONS TO ADMINISTRATIVE UNITS

Comparing the actual spending in FY 2015 to the budget for FY 2016, just about every administrative unit was well “over budget.”

- The President was 10% over budget.
- The sub category for the Non-Academic units in the Provost’s office was 25% over budget.
- Moreover, the sum of all the provost categories (non-academic, libraries and CATS) was 6% over budget.
- The VP for Enrollment Management was 35% over budget.
- The VP for Multicultural Affairs and Community Engagement was 10% over budget
- The VP for Research and Graduate School was 4% over budget.
- The VP for Student Affairs was 4% over budget: this administrative unit would have been on budget except that Athletics was 6% over budget.
- And the VP for advancement was 8% over budget.

HOW THE REDUCTIONS TO EACH ADMINISTRATIVE UNIT HAVE BEEN CALCULATED

The administrative cuts start with a column showing a 3.5% reduction across the board in each VP area.

Next there is a column called Personnel reduction. If the FTE change from December 30, 2012, to March 28 2016 is positive–i.e., the unit added personnel–the reduction is \$86,701 times the number of FTE.

The administration claims that it added a total of 35 FTE positions between the two indicated dates. Since there are no adjunct administrators, it is likely that most of these were full-time positions. This suggests that the administration believes that, on average, each one of these administrative FTE positions costs \$86,701.

This number seems low. Using the benefits rate for unclassified staff (36.4%) from the benefit rates reported on the Controller's webpage, one can calculate that benefits cost an average of \$31,559 and that implies the average salary of these hires was \$55,142.

Next is a column for the "total reduction," which in general is the sum of the 3.5% plus the personnel reduction.

But interestingly, there are some exceptions. Using the 3.5% plus personnel reduction method the reduction for the President's budget would have been \$1,872,530 a 5.5% reduction. But apparently the President's budget took an additional reduction of \$1,193,605 for a total of 9.1%.

The Provost non-academic also took an additional cut of \$24,600, leading to an 8% cut. All other administrative cuts followed the formula of 3.5% plus the personnel reduction.

In percentage terms, the two biggest cuts in the administrative area is 19% for the VP for Curriculum and Instruction, which was actually under budget and 11.4% the VP for Multicultural Affairs and Community Engagement.

So, there would appear to be no correlation between being over budget and the percentage cut in the administrative areas.

In fact, by starting with a 3.5% cut from FY 2015 actual spending the administration is rewarding people who went over budget.

Also, by using an average level of compensation to make personnel cuts, they are rewarding the people who hired individuals with above average salaries.

So if an administrative unit overspent its budget and hired high paid staff, it is being rewarded.

IN TOTAL, ACTUAL 2015 SPENDING WAS 7% OVER WHAT WAS BUDGETED IN 2016 AND THE TOTAL REDUCTIONS ARE 7.6%, OR ABOUT \$8.7 MILLION.

WHAT IS MISSING

What is missing is a complete accounting of WSRI.

There is some data on WSRI in the spreadsheet, but it is incomplete.

According to the WSRI website, WSRI has 94 employees. If they have average compensation of \$86,701 then WSRI would have a personnel budget of \$8,149,894.

There is a calculation of the cumulative losses from FY12 to FY15 of \$4.3 million at WSARC.



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I thought on ““Cracking the Nut,” Part 1”



John T. Holm

August 13, 2016 at 12:13 pm

On August 1, the DDN reported that WSU had exceeded its payroll budget by \$15.2 million in 2015. Inexcusable(!) . . . given that faculty and staff salaries and associated benefits are KNOWN quantities heading into a budget year.

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