

## **“Cracking the Nut,” Part 11**



This post might be sub-titled “More on the semi-autonomous units and their relation to the University’s budget fiasco.”

But before I get to that issue, I’d like to address the more superficial matter of the running heading of this series. Several of my regular correspondents have suggested that “Cracking the Nut” is now less apropos since David Hopkins has resigned as President. Early on, he seemed to relish using the phrase when describing the challenges involved in reducing deficit spending. Although I would not place a bet on the cause-effect relationship, I did notice that his fondness for the phrase seemed to decline markedly after I had appropriated it. I should not have to explain to anyone who knows me even casually why I could not resist appropriating it. And, since the budget issues have scarcely been resolved following his resignation as President, and since each new development related to

the budget has some of the effect of a kick to the groin, I am going to continue to use the heading for the posts in this series.

With that settled, let's turn now to some more serious stuff.

The list of the \$30 million in budget cuts being made in 2017-2018 does not include any reference whatsoever to the 19 "semi-autonomous units" (see the list immediately following this paragraph) that have accounted for somewhere between 30% and 60% of the reserves expended to cover the University's negative cash flow over the past four years. The explanation for the non-mention of the 19 "semi-autonomous units" is that from this point forward, they are going to be required to be self-sufficient.

### ***List of Affiliated Entities as of December, 2016***

1. *Advanced Technical Intelligence Center for Human Capital Development*
2. *Advratech LLC*
3. *daytaOhio Holdings, Inc.*
4. *Double Bowler Properties Corp.*
5. *Fairborn Value Investments I LLC*
6. *Fairborn Value Investments II LLC*
7. *506 East Xenia Drive, LLC*
8. *Global Impact Stem Academy*
9. *Grimes Street LLC*
10. *Miami Valley Research Foundation*
11. *National Center for Medical Readiness*
12. *Regional STEM Collaboration, Inc.*
13. *Research Park Capital Corp.*
14. *The Wright Brothers Institute, Inc.*
15. *Wright State Applied Research Corp. (WSARC)*
16. *Wright State Alumni Association*
17. *Wright State Physicians, Inc.*
18. *Wright State Raider Aquatics, LLC*
19. *Wright State University Foundation, Inc.*

Self-sufficient?? This proposition is dubious for several reasons. First, we have been assured year after year that these units were not only going to become self-sufficient but that they were going to generate revenue for the University to support and to enhance its core academic mission. Second, it is unclear how most of the 19 units are going to generate *any* net revenue for the University. Third, the audited financial statements for WSARC make it fairly clear that it will *always* operate at a loss. And, lastly, it is not only difficult to explain the relationship between WSRI and WSARC, but it very difficult to track much of the expenses incurred by WSRI beyond payroll costs.

This spring, rumor had it that WSRI was going to “come close” to being revenue neutral in 2017-2018. But there are reasons for wondering whether that result is nothing more than a bookkeeping ruse.

You will recall that when the son of the former Chair of the Board of Trustees was hired by WSRI without any formal search being conducted, the rationale for that hiring was that the salary was being paid for by a grant, and positions funded by grants are exempt from the University’s usual hiring policies and procedures. (For background, see the item below.) It turned out, however, that the University was covering most if not all of the WSRI payroll and calling that subsidy a “grant.”

*From the Dayton Daily News, January 4, 2017:*

*The Ohio Ethics Commission publicly reprimanded Michael Bridges, president of the Wright State University Board of Trustees, for his role in the hiring of his son at the University’s research arm. Ethics commission investigators found Bridges emailed his son David’s resume to two administrators and helped set up a meeting between David and Wright State Research Institute Director Dennis Andersh, who later recommended creating a new position for the trustee president’s son after interviewing him in January 2015. Michael Bridges then voted to approve David’s hiring in the same May 2015 meeting where he was voted board chairman.*

The situation was further complicated early in the summer of 2016 when the Board seems to have approved a policy change by which employees of the 19

“semi-autonomous units” can be migrated directly onto the university payroll.

We know of at least five highly paid employees of two of those units who have been “transferred” into administrative units of the University proper. The total salary and benefits seems to be between \$1.25 and \$1.5 million, and four of those five employees were originally with WSRI.

So, the immediate question is whether WSRI is about to “come close” to breaking even simply because a significant portion of its payroll has been shuffled elsewhere within the University.

Someone seems to think that WSRI’s operating in the black is a worthwhile goal in itself. At the risk of pointing out the obvious, I doubt that anyone on the faculty gives a fig about that—except for how it impacts the broader university budget. To give a turn to a cliché, if good money is being thrown after bad, it does not matter if it is being thrown into a single hole or into several different holes—and it does not matter what names are being given to the holes.

Moreover, it is worth reiterating that WSRI has been competing with faculty for some indeterminate percentage of the actual external grants it is receiving: that is, somewhere between a third and two-thirds of those external grants now received by WSRI previously were received by or directed to faculty. So, the grant monies actually being generated by WSRI have been distorted by this circumstance, and it has forced faculty to compete not just with outside applicants, but with a semi-autonomous unit within their own university, for some research funding.

Beyond those issues, there are also some ethical questions that should be obvious with any degree of reflection. First, are the budget reductions, by unit, including the transferred payroll costs? (Do semi-autonomous units that offload employees onto WSU proper receive credit for having cut costs? If so, are the units within WSU proper receiving these employees receiving matching debits? In other words, are the offloaded positions exacerbating Wright State’s overspending problem?) Second, are employees hired according to the established policies and procedures being terminated while those hired under “grants” (a.k.a. subsidies from the

University) are being continued? Third, are highly paid positions being preserved by eliminating a much larger number of lower-paying positions? And, lastly, what exactly is the justification for preserving any of the highly paid positions on University payroll if the “semi-autonomous units” were operating at a significant loss under the leadership of those individuals?

Looking at these issues more broadly, how can we be assured that the 19 “semi-autonomous units” will now be self-supporting when, despite all of the assertions of increased transparency, the various documents released by the administration regarding the current budget-cutting reveal nothing on the current state of the semi-autonomous units’ budgets?

None of us should any longer be especially surprised by any of this, but it seems important to keep in mind how university resources have been misdirected, wasted, and hidden in pursuit of very skewed institutional priorities. As budget cuts continue to be made—and the process threatens to extend over the next several years—it seems very important that we not simply haggle over very specific targets for reductions. Instead, we need to focus on the broader issues of institutional priorities—on the many other priorities related to our core academic mission to which the wasted resources might have been directed, and might still be directed, to much more substantive effect.

Marty Kich

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I am a Professor of English at Wright State University's Lake Campus, where I have been a faculty member for more than 25 years. I have now served multiple terms as the President of the WSU chapter of AAUP, which now includes all full-time instructional faculty, and as the Vice-President of the Ohio Conference of AAUP. I have also served several terms as an at-large member of the Executive Committee of AAUP's Collective Bargaining Congress. In addition to serving as co-editor of the Academe blog, I am also a member of the editorial board of Academe and have been a guest editor for an issue of the magazine on collective

bargaining strategies. As co-chair of the Ohio Conference's Communication Committee, I began to do much more overtly political writing during the campaign to repeal Ohio's Senate Bill 5, which would have eliminated the right of faculty to be unionized. I have sustained that activism, and at the risk of stating the obvious, I have very much enjoyed contributing to the Academe Blog and to our chapter blog. I also maintain several other blogs to which I have re-posted, by topic, my posts to the Academe blog, as well as some other items. [View all posts by martinkich](#)

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