

Glossary of Financial Terms



Our thanks to Tom Rooney, AAUP-WSU Treasurer, for drafting this glossary.

Affiliated Entity –a legal entity that: (a) is separate from the University; (b) has a bona fide business purpose and is formed or operated to support a public purpose that is consistent with the mission of the University; and (c) is created, controlled, or strongly influenced by the University; receives significant support from the University in the form of funds, staff or other resources; or uses the University’s name. The organizations that the Board of Trustees considers to be actual Affiliated Entities is not clear, or is at best subject to change. As of December 2016, the list of WSU affiliated entities included:

- 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.*

Budget – a plan based on an assumption of some level of income, and how that income will be allocated or spent. Budgets are plans that reflect institutional priorities, but—and this is important to remember—they do not reflect actual income or actual expenditures. *They are only plans* regarding what the income or actual expenditures will turn out to be.

The 2017–2018 budget is available at: <http://www.wright.edu/business-and-finance/financial-and-business-operations/budget-planning-resource-analysis/current-funds-budget>

Budget Cut – reductions in annual allocations to programs, departments, or colleges

Core Mission of the University – activities related to teaching, learning, scholarship, and service

Financial Exigency – In section 17.1 of the current CBAs, it is defined in the following manner. “Financial exigency means that severe financial problems exist which threaten the University’s ability to maintain its academic operations at an acceptable level of quality.” The administration makes the determination of exigency.

However, our CBA negotiating team has proposed strengthened language for the next contract. They proposed the following. “17.1.1 Financial exigency exists when the President can reasonably demonstrate the existence of an imminent financial crisis (exigency) of such severity that it threatens the survival of the institution as a whole and cannot be alleviated without terminating the appointments of TET BUFMs, or terminating the appointments of BUFMs with continuing appointments or terminating fixed term appointments before the end of their term.” This proposal is consistent with the widely-understood meaning, namely that there is an *imminent financial crisis that threatens the survival of the institution as a whole*.

More information can be found at: <https://www.aaup.org/report/financial-exigency-academic-governance-and-related-matters>

Financial Statements – unlike a budget, financial statements show actual income and actual spending by the administration, and can be used to assess financial health. The three basic financial statements are (1) the balance sheet, which shows the university’s assets (cash on hand, value of buildings, etc.) and liabilities (debt owed); (2) and profit and loss statement, or income statement, which shows how much revenue and net income is generated; and (3) a cash flow statement, which shows the inflows of cash to and outflows of cash from the University. Financial statements are created each year by the Controller’s Office and must be audited by an outside firm. Recent financial statements are provided here:

<http://www.wright.edu/business-and-finance/financial-and-business-operations/controller/financial-reports>

Fiscal Watch – When a university’s SB-6 ratio falls below a defined threshold for 2 consecutive years, the state places the university on fiscal watch. The Auditor of State is legally required to intervene in the University’s operation. The Auditor provides oversight, and issues a report outlining the nature of the financial accounting and reporting problems of the college, as well as recommendations for corrective actions.

Overspending – when a university division or affiliated entity spends more money than was allocated to it

Retrenchment – The current CBAs define retrenchment (section 17.1) as the termination of TET BUFMs, or of NTE BUFMs with continuing appointments, “as a result of any of the following three circumstances: (1) financial exigency; (2) significant reduction in enrollment of a College, Department, or Program, (here and elsewhere, meaning a program offered for credit) continuing over four or more academic semesters (not counting summer) and which is expected to persist; or (3) discontinuation of a College, Department or Program.”

SB-6 Ratio – A quantitative measure of a university’s financial health required by a state law passed in 1997. SB stands for Senate Bill. The law applies to all state colleges and universities. The SB-6 ratio uses values from the annual audited financial statements to monitor individual campus finances. Each institution receives an annual composite score that ranges from 0 (bankrupt) to 5 (financially healthy). A composite score at or below 1.75 for two consecutive years results in an institution being placed on fiscal watch. More information can be found at: <https://www.ohiohighered.org/campus-accountability>.



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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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