

**March 30, 2018 Message from Marty Kich to all RCMs**  
**Old Wine in a New Bottle: The Opacity of Finances at WSU**

Throughout the period in which negotiations could have been taking place, the administration has been putting out a narrative that the University is on the verge of fiscal watch. They have repeatedly stated “every unit must pinch every penny” and blamed that on the previous administration – although key members of the previous administration remain in place, and some units have been exempt from penny-pinching. But with Fact-Finding looming – it was initially scheduled for January 31 and February 1 – the administration made CBA proposals that went far beyond fiscal austerity. Those proposals, if accepted, would have effectively put an end to collective bargaining for faculty at Wright State. Apparently, the President and the Board see the threat of fiscal watch as an opportunity to gut our union, after which they can walk all over the faculty – never mind the fact that doing so would also gut the quality of education we offer our students.

But all of this begs the core question: does the current administration actually have a credible plan to rebuild the financial health of the institution and avoid fiscal watch? For months now, the administration has reported repeatedly to the Board’s Finance, Audit, and Infrastructure (FAI) Committee that their budget remediation plan would deliver a \$6 million surplus for the current fiscal year (ending June 30, 2018), a target which the administration had argued was needed to avoid fiscal watch. [In fact, AAUP-WSU had calculated that a surplus of roughly \$3.1 million would have given WSU a Senate Bill 6 score of 1.9; that score would be high enough to avoid fiscal watch, as key administration officials have quietly acknowledged.] Then suddenly, at the February 23 meeting of the FAI Committee, the administration announced that medical costs were going to run \$6 million over budget; they even added a new \$6 million

expenses category called “Unbudgeted Benefits” to their monthly report to the Committee. But in the same report, the administration also announced \$5.5 million in previously unanticipated savings (\$0.5 million in Compensation, \$2 million in Scholarships & Fellowships, and \$2 million in Other Non-Labor Expenses) *and* another \$0.5 million in previously unanticipated revenue (Tuition & Fees) – \$6 million to the good in total. In the course of one month – from the report through December 31, 2017 to the one through January 31, 2018 – the administration discovered a \$6 million problem with benefits and \$6 million that miraculously solved this new problem.

Should we believe any of what the administration says about budgets? They claimed for months that a \$6 million surplus was needed to avoid fiscal watch, even though they knew that a considerably smaller surplus would have sufficed. In one month, they claimed to have discovered a \$6 million budget problem and simultaneously a \$6 million solution. The conclusion we draw: the administration had actually been expecting a \$12 million surplus but had not publicly told even the Board of Trustees, much less the University community. In that case many of the layoffs of faculty and staff were unnecessary!

Indeed, as the *Dayton Daily News* reported in a February 23 article, WSU’s chief business officer Walt Branson said, “The medical insurance was a big wild card that got thrown in...I’m still confident we’ll meet our target at this point.” The same article stated,

If it were not for the unexpected benefits costs, WSU may have been able to add close to \$12 million to reserves this year instead of just hitting its goal of \$6 million, Branson said.

But there is more. The Board’s FAI Committee had long been

scheduled to meet again on March 23, and as of the afternoon of March 20, the agenda and some (but not all) supporting documents for that meeting had been published online. But by that evening, the meeting had been postponed, and all the documents had disappeared from the WSU website. Conveniently, the meeting was rescheduled for April 6, *after* the Fact-Finding hearing. On March 21, AAUP-WSU requested all the supporting documents for the postponed FAI Committee meeting. Thus far, the administration has not even acknowledged our request, much less honored it.

What would the March 23 meeting have revealed? What would the supporting documents have reported? It certainly looks to us like the administration has something to hide.

How much of what the administration has said during negotiations – or what they will say during the upcoming Fact-Finding – should we believe? At the January 31 hearing, they claimed to have made millions of dollars in cuts that did not involve faculty. So, on February 2, we asked them for documentation of these supposed cuts; we made eight specific requests.

For example, they claimed \$2 million savings in vacant positions, so we requested a list of all those vacancies, and for each the position's name and its base salary plus benefits. If their claims are valid, this documentation should be readily available – how else could they have calculated the savings they claimed? – and they should be glad to share it with us, if for no other reason to confirm their own credibility. *We have received nothing.*

Likewise, earlier this week at a Faculty Budget Committee meeting, the administration stated it would need to make \$6 to \$10 million *more* in cuts this year because of a mistake they made

in modeling the University's revenues and expenses related to the VRIP plan. As of today, we don't know whether this \$6-10 million is *in addition to* the \$6 million they miraculously discovered to cover unplanned medical expenses or whether it *includes* the \$6 million miracle. They claim that they won't have any real numbers until later, maybe next week. Again, this seems all too convenient given that we have a fact-finding hearing next week on Tuesday and Wednesday.

From this swirl of obfuscation and ever-changing financial figures, we have come to believe that the administration *either* wants to withhold evidence that might not be favorable to them *or is* simply as incompetent in managing the University's finances as the previous administration.

The President and the Board have stated plainly and directly that the fiscal crisis gives them the advantage in negotiations and fact-finding. That is why their proposals go far beyond anything that could remotely be related to preventing the University from being put on fiscal watch. The reality is that this struggle is about power and respect. The outcome will determine whether we return to having a University whose central mission is educating students and serving the public interest. The alternative is an institution that continues to have misplaced priorities and puts our students and the community last.

What will happen in the Fact-Finding hearing on April 3 and 4? What will the Fact-Finder's Report say when it is released on April 19? We don't know. If the Report is fair and both parties accept it, we will have a new CBA.

Otherwise, our right and our power to stand up as faculty for the students and the community we serve will be intact, but we will need to *use that right and power*. Specifically, ***if the Fact-Finder's***

***Report is not fair, we should vote to reject it.*** Alternatively, if the Report is fair, the Board may still choose to reject it. In either of these cases, the faculty will have the right to strike, and as the teachers of West Virginia have shown us, if we stick together we will win – and therefore so will our students.

So, for us, the Bargaining Unit Faculty, and more importantly for the students of Wright State University – both today's and those who will follow them – these next weeks will be critical. The academic integrity of Wright State University hangs in the balance.

We are one faculty.

Best regards to all RCMs,

**Marty**

Martin Kich, President, AAUP-WSU