

Financial Analysis of Wright State University

Howard Bunsis

Professor of Accounting, Eastern Michigan University

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Roadmap

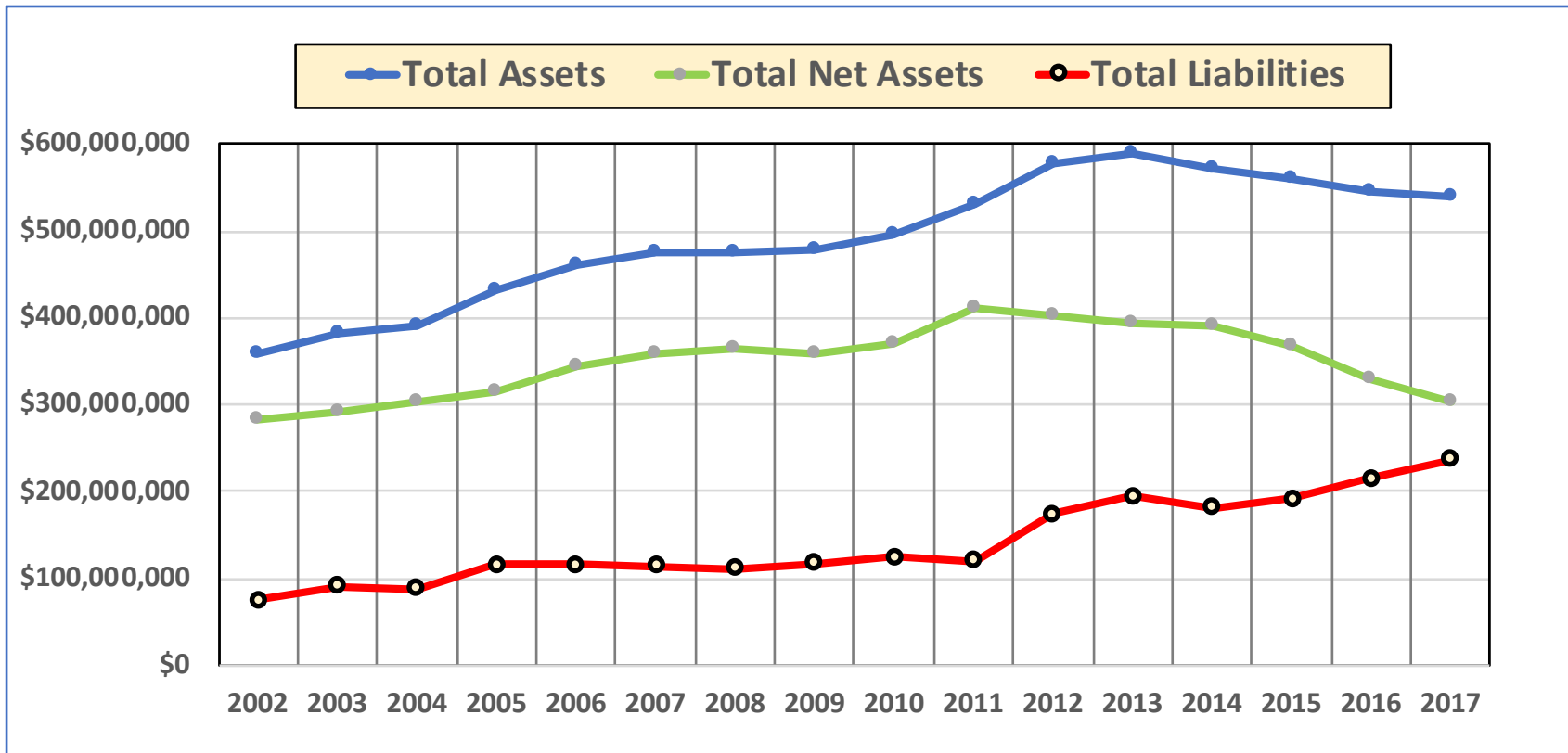
- 1. Overall financial condition of WSU: A significant decline**
- 2. Timing of proposed cuts – these negotiations have no effect on the ability to stay off of Fiscal Watch**
- 3. Administration Response for staying off Fiscal Watch and how current changes already meet the SB 6 benchmark**
- 4. Reasons for the declining performance: Examination of tuition revenue, enrollment, state SSI, WSU Administration legal issues and administrative spending, Athletics**
- 5. Faculty Salaries Under the Administration Proposal**
- 6. Health Care Analysis: Faculty out of pocket costs**

1.

**Overall Financial Condition
of Wright State University:
A Significant Decline**

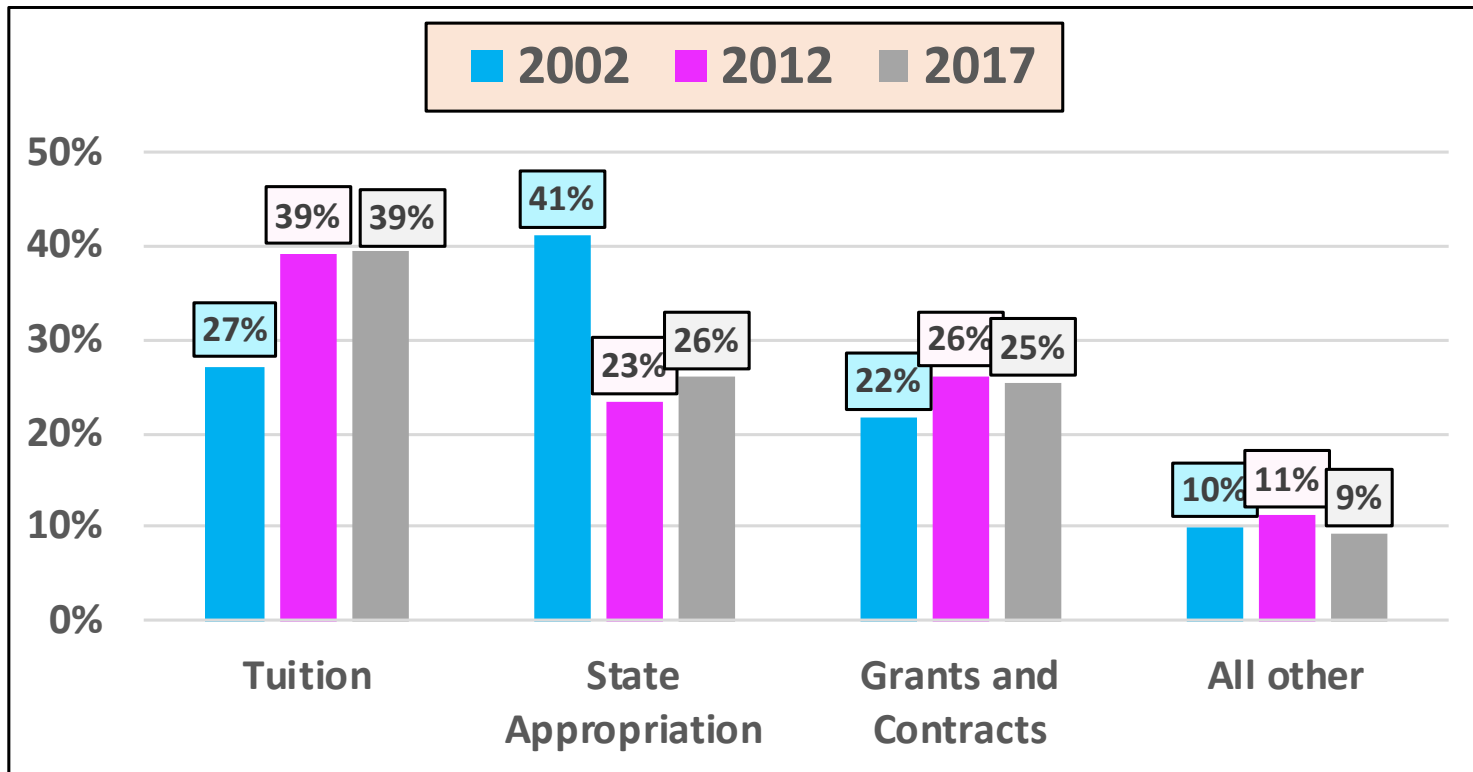
Wright State Balance Sheet

Source: Audited Financial Statements, Adjusted for GASB 68 (Pensions)



Wright State Revenue Distribution Over Time

Source: Audited Financial Statements



Ratios to Define University Performance

Ratio	Numerator	Denominator	Weight in Formula		
			SB 6	F-B	CFI
Viability	Total Reserves	Total Debt	30.0%	22.5%	35.0%
Primary Reserve	Total Reserves	Annual Expenses	50.0%	45.0%	35.0%
Net Income	Change in Net Assets	Total Revenues	20.0%	12.5%	20.0%
Cash Flow	Operating Cash Flows	Total Revenues	0.0%	20.0%	0.0%
Net Asset	Change in Net Assets Before Other Items	Total Revenues	0.0%	0.0%	10.0%

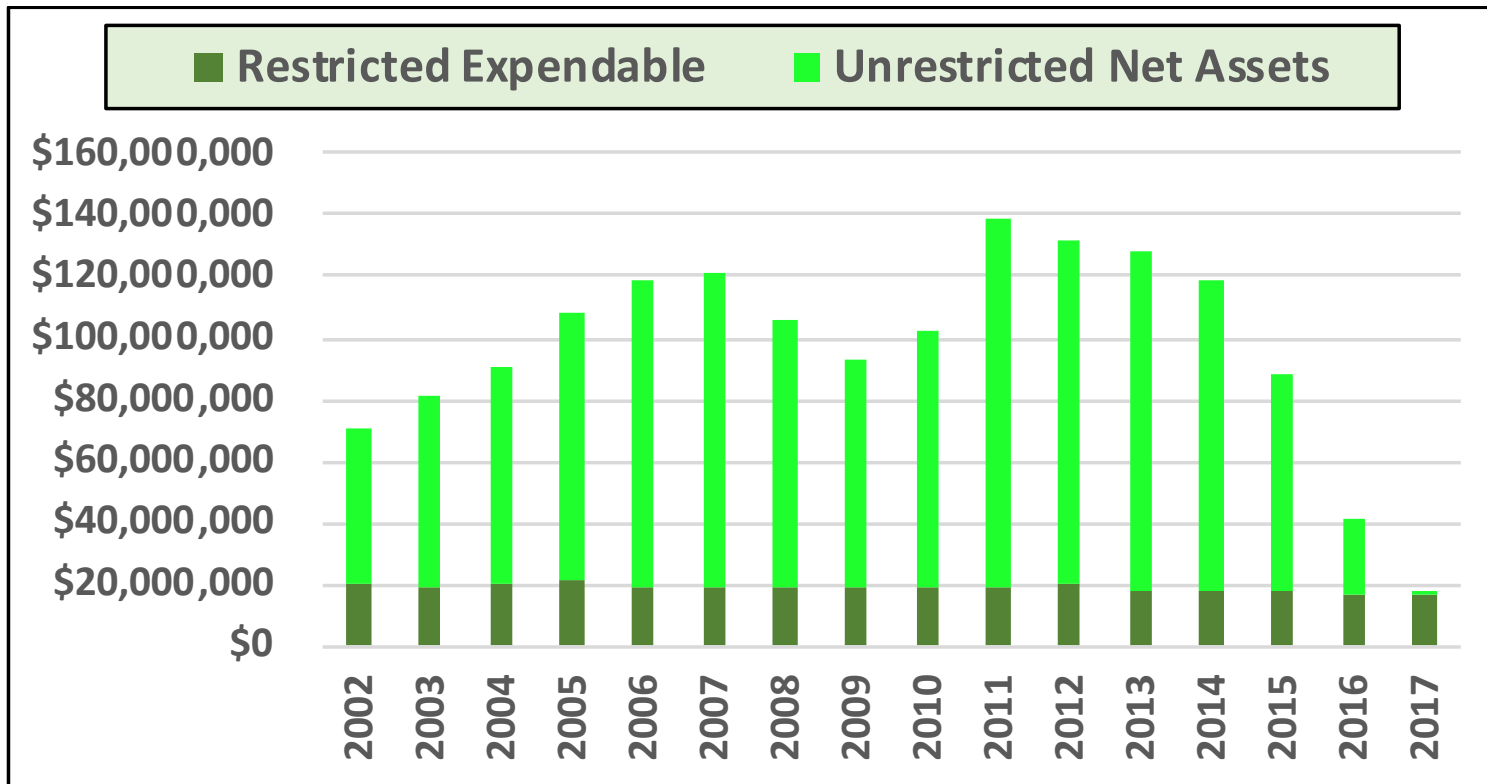
Ratio Scores

	Low	Medium	High
	Score of 0 to 1	Score of 2 to 3	Score of 4 to 5
Viability	Less than 30%	30% to 100%	Over 100%
Primary Reserve	Less than 5%	5% to 25%	Over 25%
Net Income	Less than 0%	0% to 3%	Over 3%
Cash Flow	Less than 0%	0% to 3%	Over 3%
Net Asset	Less than 0%	0% to 3%	Over 3%

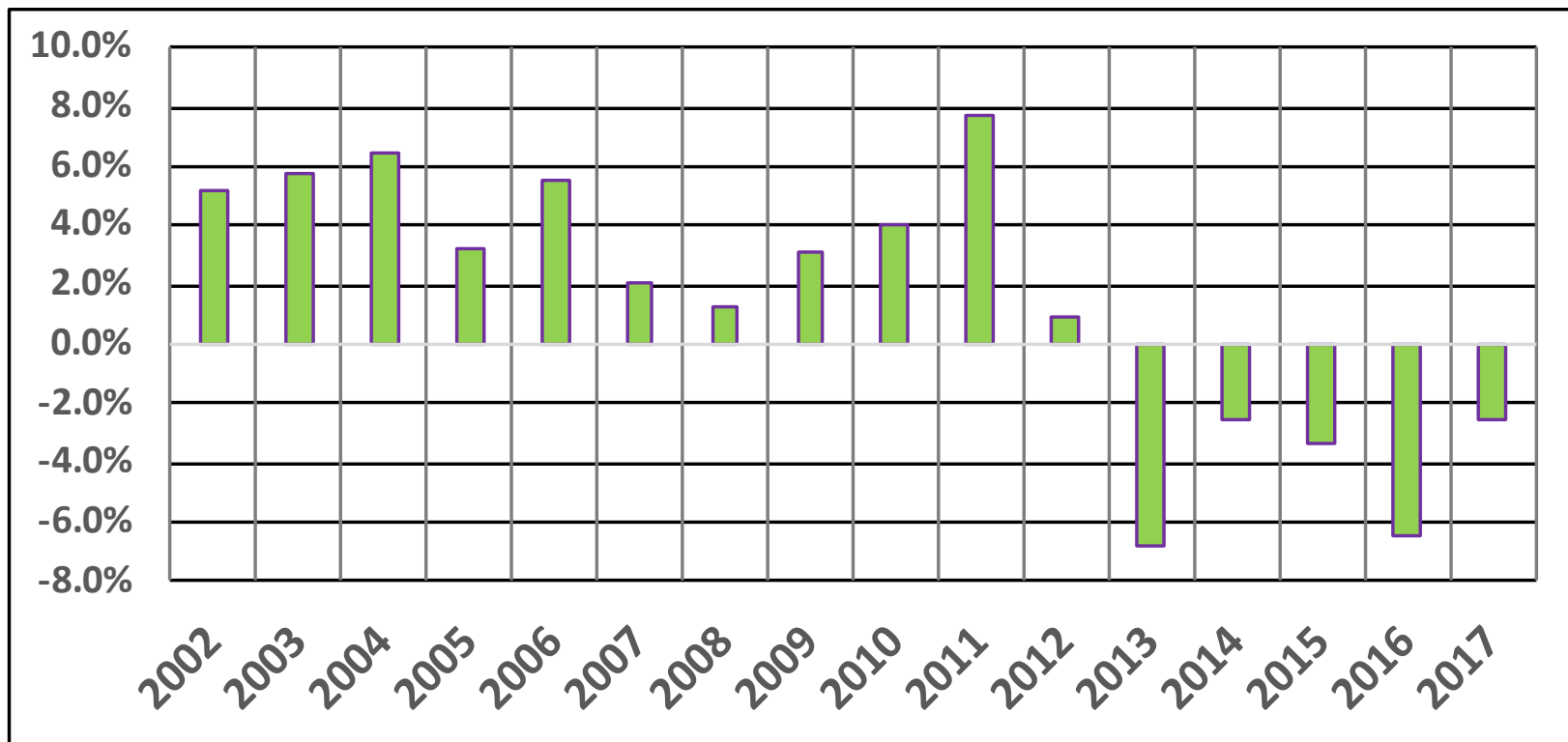
Ratio Data for Wright State Over time

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Viability Ratio	613%	436%	551%	234%	278%	313%	297%	295%	269%	425%	156%	112%	112%	89%	45%	20%
Primary Reserve Ratio	31%	33%	35%	40%	41%	38%	32%	27%	29%	39%	36%	34%	32%	23%	10%	4%
Cash Flow Ratio	5.2%	5.8%	6.5%	3.3%	5.5%	2.1%	1.3%	3.1%	4.1%	7.7%	0.9%	-6.8%	-2.5%	-3.3%	-6.5%	-2.5%
Net Asset Ratio	4.9%	4.0%	3.8%	4.7%	8.9%	4.4%	1.1%	-1.0%	3.1%	10.1%	-2.5%	-2.3%	-0.9%	-6.0%	-9.9%	-13.0%
Viability Score	5.00	5.00	5.00	4.40	4.69	4.92	4.82	4.80	4.63	5.00	3.87	3.58	3.58	3.22	2.00	1.16
Primary Reserve Score	3.75	3.82	3.90	4.09	4.15	4.03	3.79	3.57	3.66	4.06	3.94	3.85	3.77	3.37	2.51	1.44
Cash Flow Score	4.59	4.91	5.00	3.64	4.75	3.05	2.64	3.54	4.03	5.00	2.40	0.14	1.00	0.84	0.20	1.00
Net Asset Score	4.44	4.02	3.90	4.33	5.00	4.21	2.57	1.31	3.57	5.00	1.00	1.04	1.32	0.29	0.00	0.00
Fichtenbaum-Bunsis Composite Score	4.29	4.33	4.37	4.10	4.50	4.06	3.64	3.56	3.94	4.58	3.25	2.69	2.87	2.45	1.62	1.11
SB 6 Composite Score	4.30	4.30	4.30	4.00	4.50	4.30	4.10	3.70	4.30	4.50	3.40	3.40	3.40	2.40	2.10	0.80
CFI	4.69	4.91	5.11	3.88	4.63	4.26	3.06	2.68	3.21	6.53	1.61	1.20	1.28	0.35	-0.56	-0.93

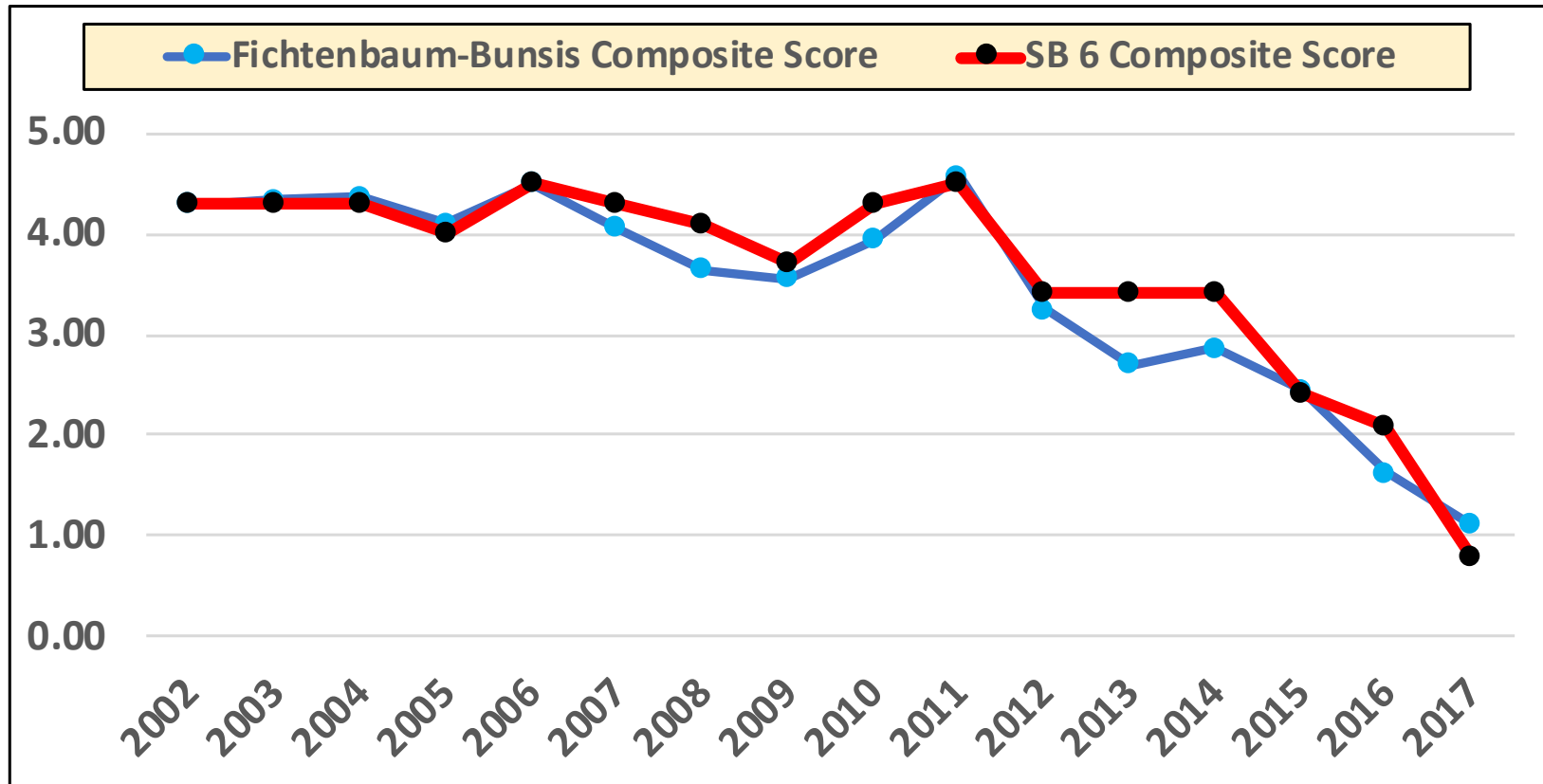
Total Reserves Over Time



Cash Flow Ratio Over Time

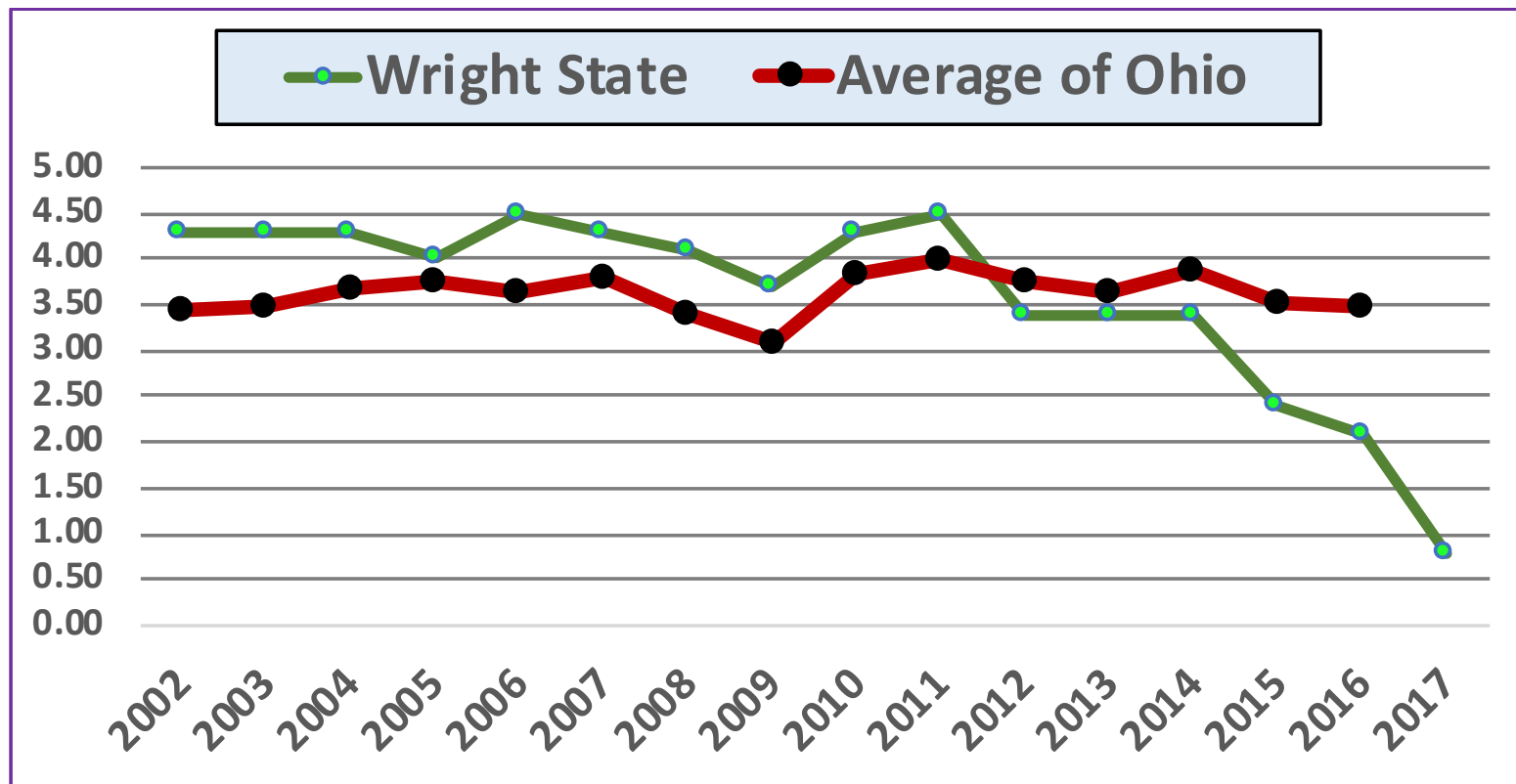


Composite Ratio Scores Graphically Over Time



WSU SB 6 Score Compared to Other Ohio Publics

Source: <https://www.ohiohighered.org/campus-accountability>



Wright State Bond Rating

**Moody's Downgrades Wright State University to Baa2 from A2;
Outlook Negative: May 2, 2017**

The downgrade is driven by WSU's severe financial deterioration in a short period of time, with significant operating deficits in FY 2016 and projected for FY 2017 resulting in substantial reduction in liquidity.

Management is implementing a comprehensive expense reduction plan to restore fiscal balance in FY 2018.

However, with a relatively inflexible expense base, realizing adequate savings to align with revenues will prove challenging. Should the university not accomplish its expense realignment plan, it will continue to have deficit operations and potential further draw downs on liquidity, which could trigger additional downward rating pressure.

The Baa2 favorably incorporates WSU's regionally important role as a low-cost public university serving the Dayton region, with good scale, solid fundraising, diverse revenue, and a predictable debt structure.

It also incorporates the university's relationship with the State of Ohio (Aa1 stable), which has implemented enhanced monitoring of the university's financial condition.

Wright State Moody's Ratings Over Time

Date	Moody's Rating	Rank (out of 21)
Nov-07	A2	6th highest
Dec-09	A2	6th highest
Oct-11	A1	5th highest
Oct-12	A1	5th highest
Oct-15	A2	6th highest
May-17	Baa2	9th highest
Though there are 21 categories, the lowest 11		
are referred to as Speculative Grade		

2.

**These Negotiations Will
Not Affect The 2018 SB6
Score and Fiscal Watch**

Fiscal Watch Timing and Fact-Finding

Source: <http://www.serb.state.oh.us/pdf/FF-Guidebook-2014.pdf>

In order to stay off of fiscal watch, the SB 6 composite ratio score must be 1.90 for FISCAL 2018, which ends on June 30, 2018

Fact Finding Hearing Ends	April 4
Fact Finding Report	April 19
Vote	April 27
Posting of results	30 days

Issues in Practice

- **Assuming no delays or unusual issues, the fact-finding process will end April 27**
- **Even if the draconian health care changes are implemented, the most time these could affect fiscal 2018 is for one month of the academic year**
- **Bargaining unit salaries for 2017-2018 are already set – at 0%**
- **Any changes being negotiated in this process will not fully take effect until the fall of 2018, well after the fiscal year ends on June 30, 2018**
- **Bottom line: These negotiations will not affect WSU's ability or inability to reach the SB 6 benchmark that avoids fiscal watch**

**3.
Administration Plan to
Prevent Fiscal Watch:
Simulation Proves the
Proposed Administrative
Cuts are Too Deep**

SB 6 Simulation: Raw Data to Compute SB 6 Ratios

Source: https://www.wright.edu/sites/www.wright.edu/files/uploads/2017/Nov/meeting/FAI2_FY17%20Financial%20Presentation.pdf

	2016 Actual	2017 Actual	2018 Realistic Projections	2018 WSU Admin Projections
Total Revenues	\$375,171,743	\$365,710,390	\$348,144,293	\$345,891,079
Total Expenses	\$410,143,494	\$392,675,459	\$345,004,658	\$340,842,298
Change in Net Assets	(\$34,971,751)	(\$26,965,069)	\$3,139,635	\$5,048,780
Expendable Net Assets	\$41,703,870	\$16,907,992	\$20,047,627	\$21,956,772
Plant Debt	\$88,747,614	\$81,865,276	\$74,982,938	\$74,982,938
Viability Ratio	47%	21%	27%	29%
Primary Reserve Ratio	10%	4%	5.8%	6.4%
Net Asset Ratio	-9.3%	-7.4%	0.9%	1.5%
Viability Score	2	1	1	2
Primary Reserve Score	3	1	2	2
Net Asset Score	0	0	3	3
SB 6 Composite Score	2.10	0.80	1.90	2.20

Revenue Forecasts Behind the Simulation

Source: https://www.wright.edu/sites/www.wright.edu/files/uploads/2018/Jan/meeting/FAI8_WSU%20Budget%20Variance%20Report%20-%20December%202017.pdf

Step 1: Use WSU Budget to determine gross tuition revenue change:

	2017 Actual	Budget Reforcast FY18	\$\$ Change	% Change
Budgeted Tuition & Fees				
Gross Tuition & Fees (December)	\$187,954,000	\$172,007,000	(\$15,947,000)	-8.5%
Gross Tuition & Fees (earlier forecast)	\$187,954,000	\$173,707,000	(\$14,247,000)	-7.6%

Step 2: Use WSU Budget to determine other revenue change per budget:

	2017 Actual	Budget Reforcast FY18	\$\$ Change	% Change
Budgeted Revenue				
Tuition (Gross)	\$187,954,000	\$172,007,000	(\$15,947,000)	-8.5%
Other Revenue	\$117,993,000	\$113,850,000	(\$4,143,000)	-3.5%
Total Revenue	\$305,947,000	\$285,857,000	(\$20,090,000)	-6.6%

Step 3: Convert Budget to Actual Financial Statement Basis (How SB 6 ratios are determined): Use 2.5% Decline for other revenue instead of -3.5%

	2017 Actual	2018 Realistic Projection	\$\$ Change	% Change
Net Tuition	\$140,388,956	\$128,455,895	(\$11,933,061)	-8.5%
Scholarships	\$47,349,000	\$43,324,335	(\$4,024,665)	-8.5%
Gross Tuition	\$187,737,956	\$171,780,230	(\$15,957,726)	-8.5%
Other Revenue	\$225,321,434	\$219,688,398	(\$5,633,036)	-2.5%
Total Revenue	\$365,710,390	\$348,144,293	(\$17,566,097)	-4.8%

Why -2.5% Is More Realistic than -3.5% for Other Revenue

- **The most important reason is what is forecast to happen with SSI in 2018:**
 - **SSI is the 2nd largest revenue source, at 26% of total revenue**
 - **Per the Ohio Board of Higher Education, SSI for Wright State in 2018 is forecast to decline only 0.5%**
- **When the administration forecast total revenue in their budget documents, they are only forecasting 84% of the total actual revenues, and it is actual revenues that are used for SB 6**
- **The administration is forecasting the following declines in large revenue items:**
 - **20% decline in gifts, contributions and other revenues**
 - **17% decline in grants and contracts**
 - **3% decline in sales and service**
- **For these reasons, a predicted 2.5% is much more realistic, and even this decline is very conservative**

Final Revenue Projections

Realistic	2017 Actual	2018 Projection	\$\$ Change	% Change
Net Tuition	\$140,388,956	\$128,455,895	(\$11,933,061)	-8.5%
Scholarships	\$47,349,000	\$43,324,335	(\$4,024,665)	-8.5%
Gross Tuition	\$187,737,956	\$171,780,230	(\$15,957,726)	-8.5%
Other Revenue	\$225,321,434	\$219,688,398	(\$5,633,036)	-2.5%
Total Revenue	\$365,710,390	\$348,144,293	(\$17,566,097)	-4.8%
WSU Administrrtion	2017 Actual	2018 Projection	\$\$ Change	% Change
Net Tuition	\$140,388,956	\$128,455,895	(\$11,933,061)	-8.5%
Scholarships	\$47,349,000	\$43,324,335	(\$4,024,665)	-8.5%
Gross Tuition	\$187,737,956	\$171,780,230	(\$15,957,726)	-8.5%
Other Revenue	\$225,321,434	\$217,435,184	(\$7,886,250)	-3.5%
Total Revenue	\$365,710,390	\$345,891,079	(\$19,819,311)	-5.4%
Difference			\$\$ Change	
Net Tuition			\$0	
Scholarships			\$0	
Gross Tuition			\$0	
Other Revenue			\$2,253,214	
Total Revenue			\$2,253,214	

Expense Projections

	2017 Actual	2018 Realistic Projections	2018 WSU Admin Projections
Total Expenses	\$392,675,459	\$345,004,658	\$340,842,298
Expense Cut		(47,670,801)	(51,833,161)
	Dollars	Percent Cut	
Expense Cut Needed to get to SB 6 score of 1.90	-\$47,670,801	-12.14%	
Expense Cut Proposed by WSU administration	-\$51,833,161	-13.20%	
Extra Expense Cuts that are Not Necessary	\$4,162,360		

Summary of SB 6 Simulation

- Using budgeted and actual projections, a total revenue decline of 4.8% is more realistic than a 5.4% decline. This will lead to a lower revenue decline by \$2.2 million
- In order to arrive at an SB 6 composite score of 1.90, given the revenue decline above, an expense reduction of only \$47.7 million is needed. The WSU administration believes that a \$51.8 million reduction is necessary
- A steep but realistic revenue decline of 4.8% combined with an expense decline of \$51.8 million will lead to an SB 6 composite score of 2.20, which is well above the 1.90 needed.
- However, an expense decline of only \$47.7 million will still allow WSU to avoid fiscal watch.
- Therefore, the WSU administration is proposing unnecessary cuts of \$4.1 million (\$51.8 million less \$47.7 million). This difference alone is enough to negate the need for the health care increases being proposed

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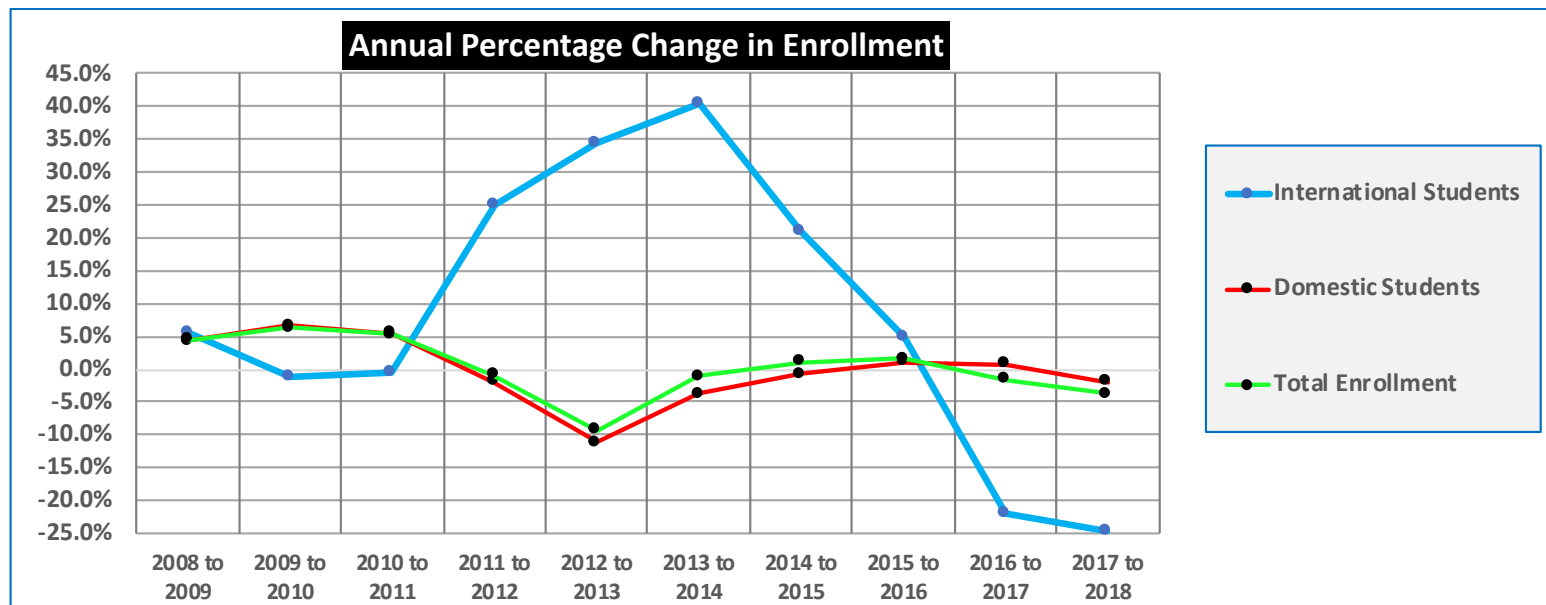
**Reasons for the
declining performance:
How Did We Get Here?**

Enrollment: Is There Really an Enrollment Crisis?

2018 = Fall 2017

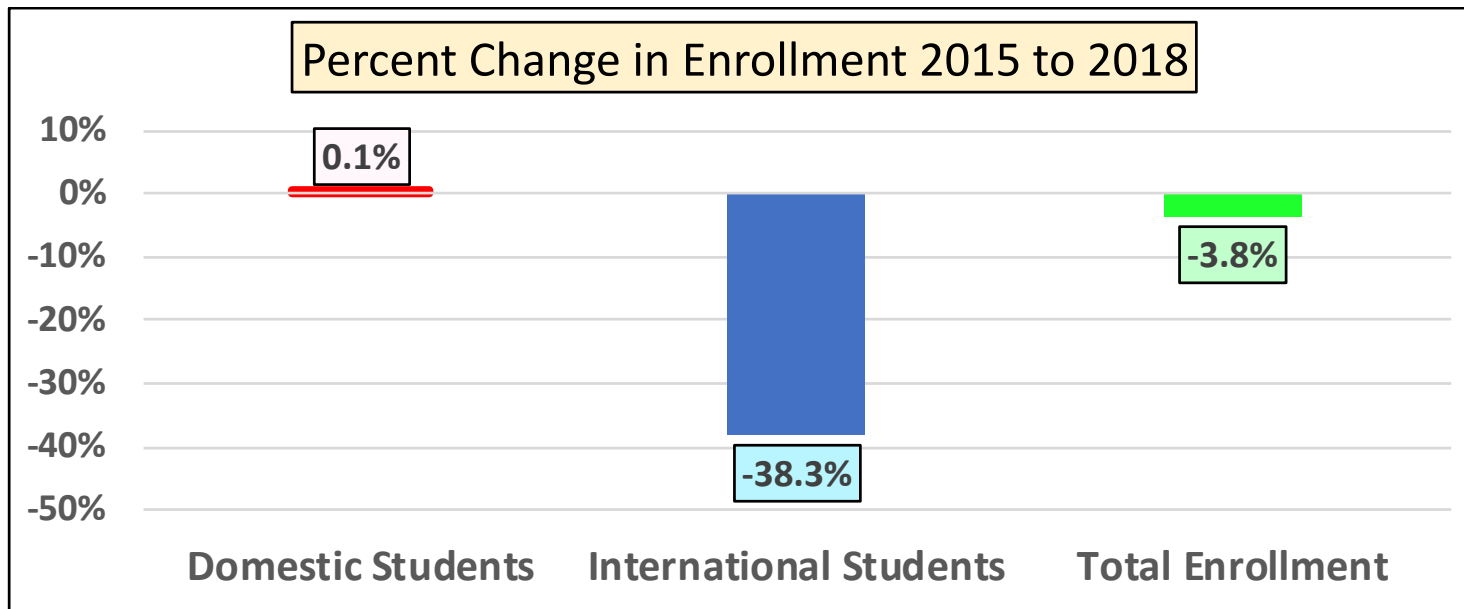
Source: [https://www.wright.edu/files/page/attachments/f16 factbook.pdf](https://www.wright.edu/files/page/attachments/f16%20factbook.pdf)

<http://webapp2.wright.edu/web1/newsroom/files/2010/10/University-Fact-Sheet-October-2017-final.pdf>



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Domestic Students	16,308	17,023	18,154	19,163	18,812	16,729	16,106	15,979	16,170	16,300	15,998
International Students	605	639	632	630	788	1,060	1,489	1,800	1,889	1,475	1,110
Total Enrollment	16,913	17,662	18,786	19,793	19,600	17,789	17,595	17,779	18,059	17,775	17,108

Change in WSU Enrollment from 2015 to 2018

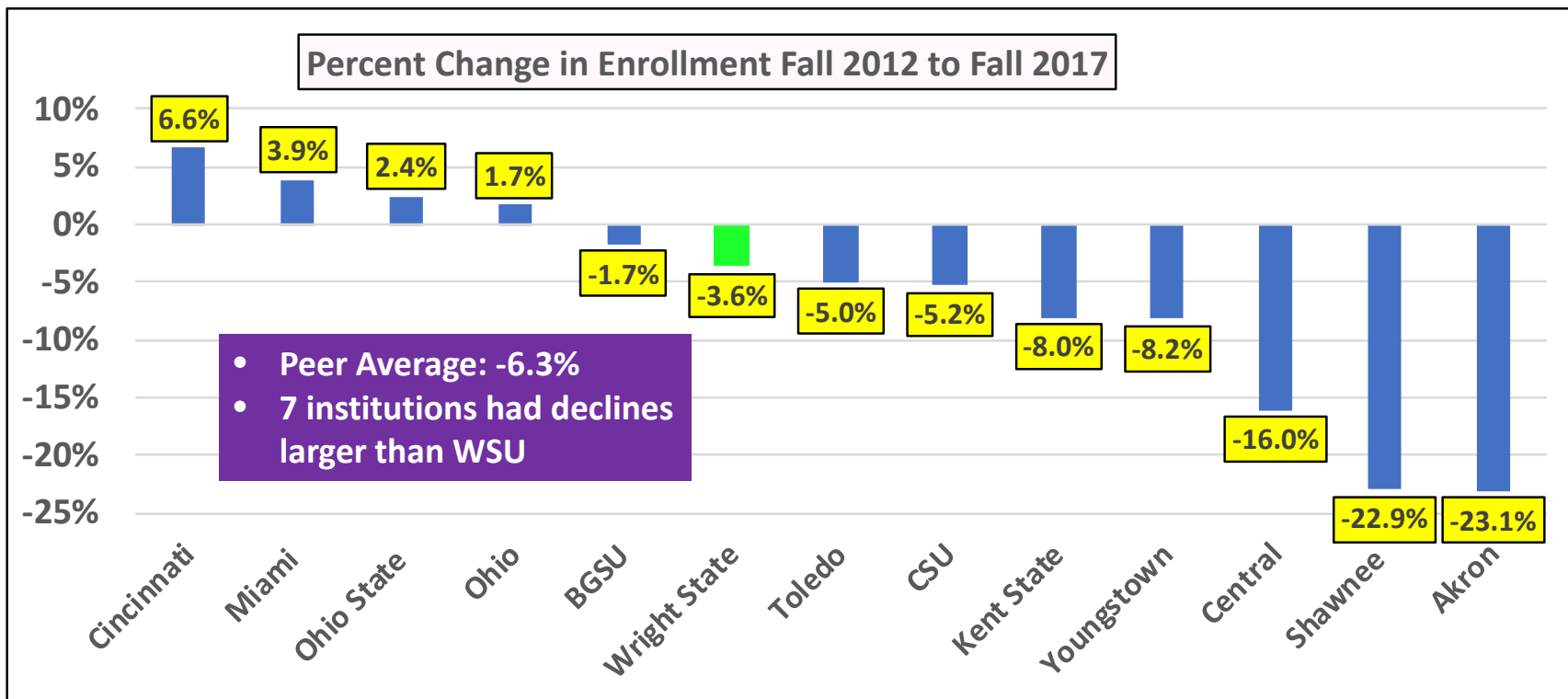


98% of the total international student decline between 2016 and 2017 was due to declines in Kuwaiti, Saudi, and Indian student enrollment

Source: WSU BOT presentation, April 7, 2017

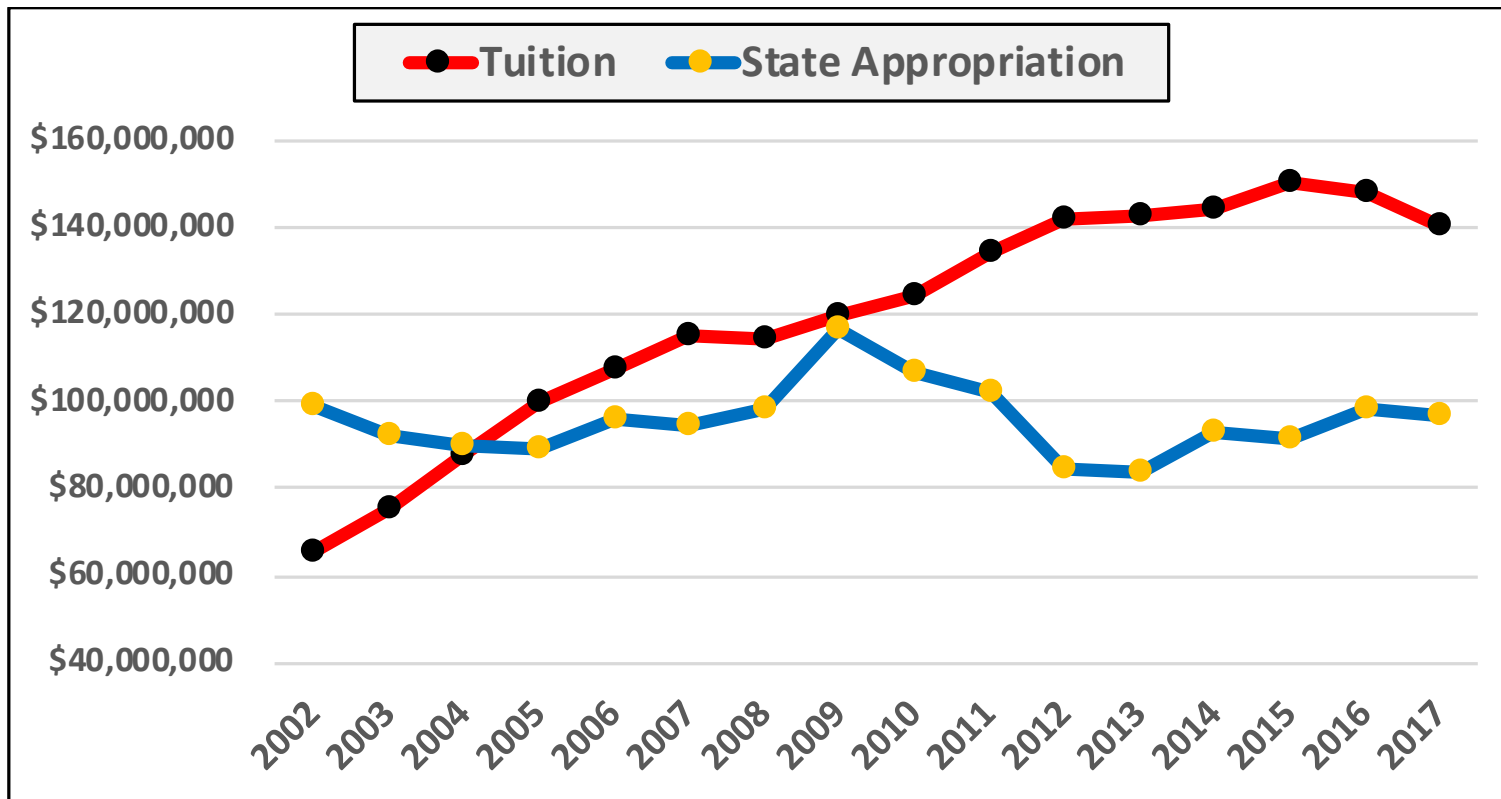
Change in WSU Enrollment vs. Other Ohio Public Institutions

Source: https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/data/statistical-profiles/ph_rpt_2017_master_0.pdf

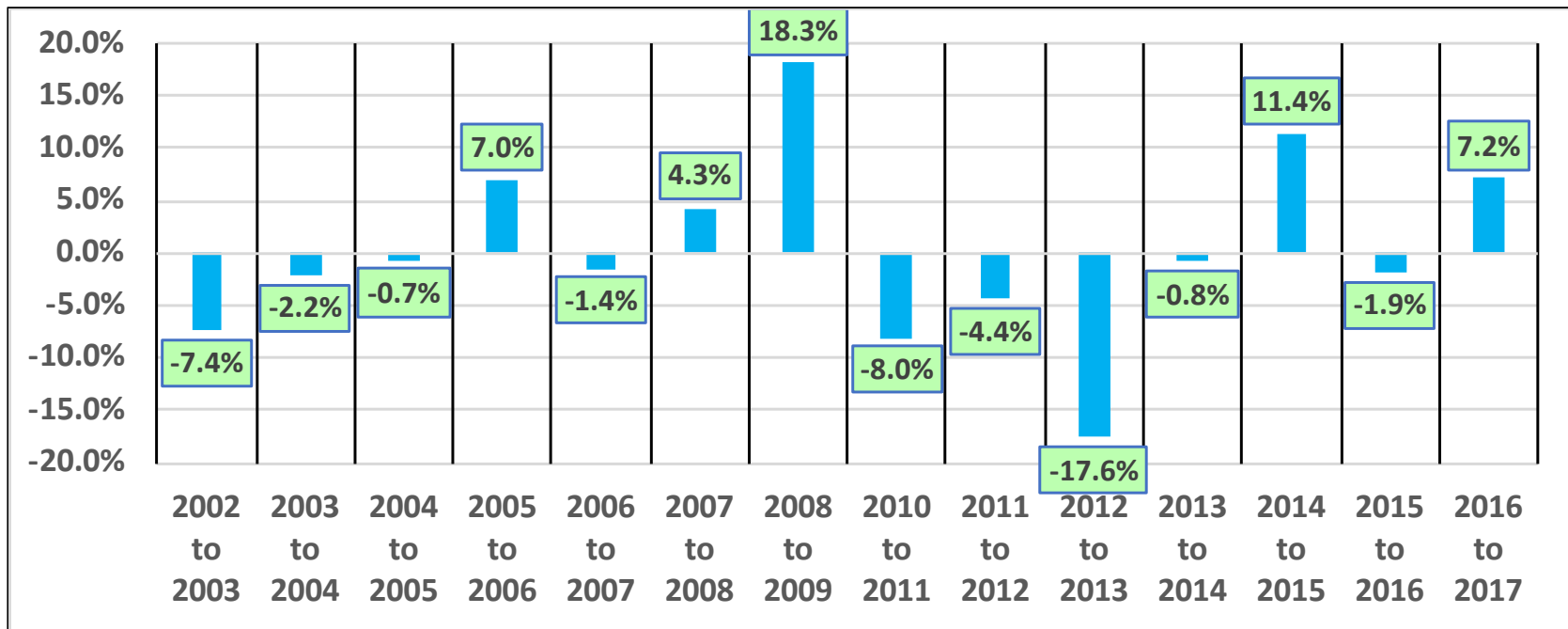


Tuition Revenue vs. the State Appropriation

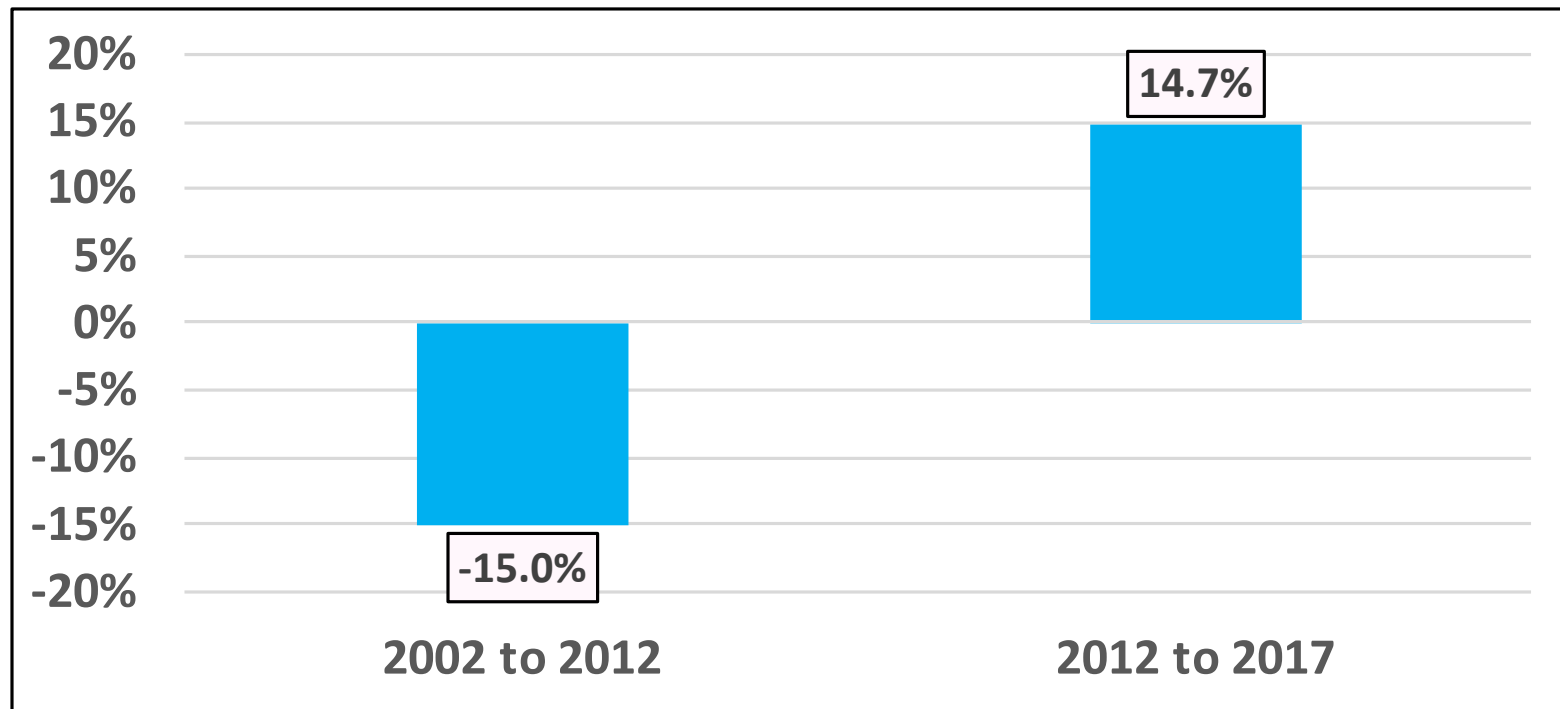
Source: WSU Audited financial statements



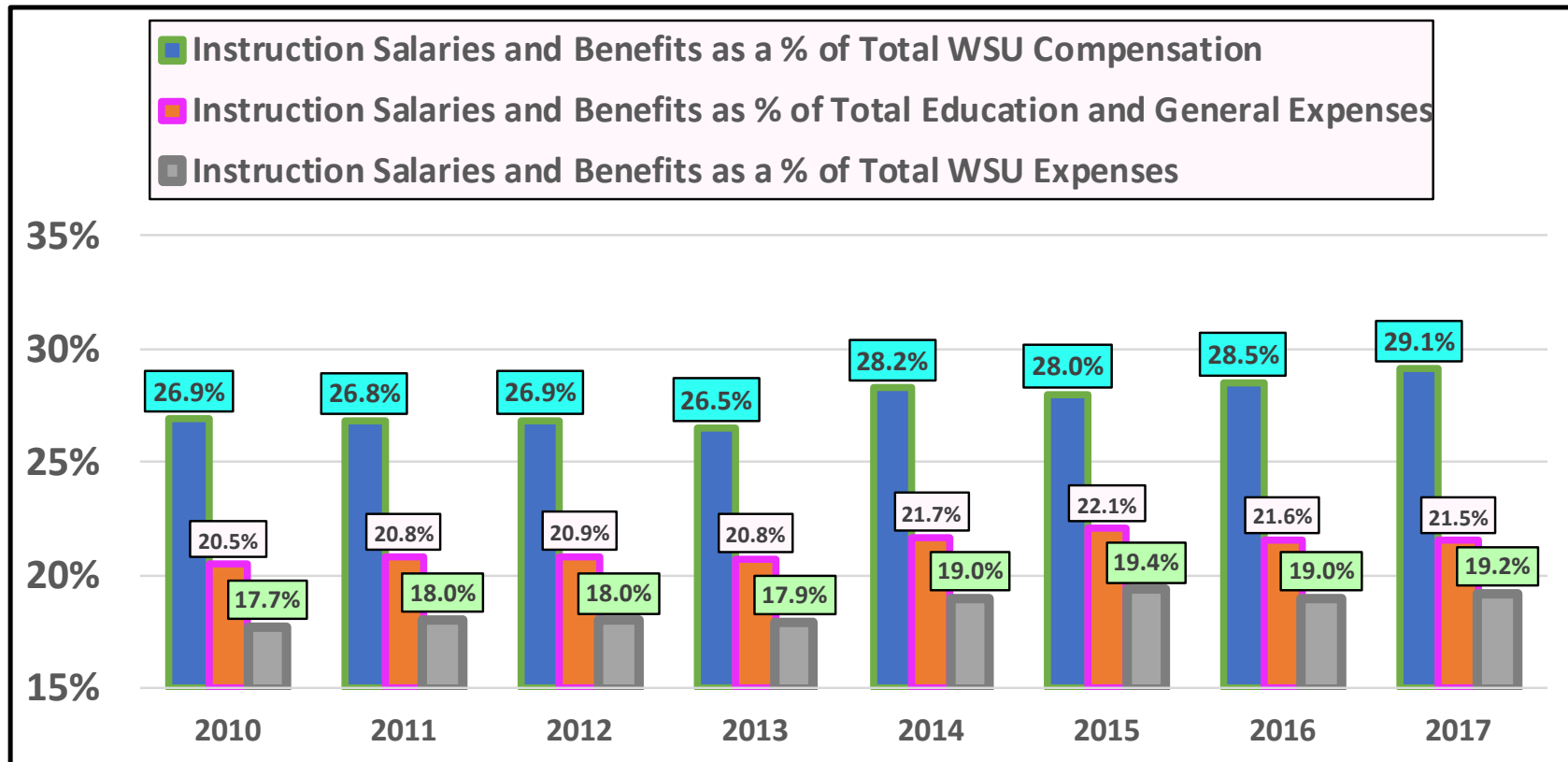
Annual Percentage Change in the Total State Appropriation



Long-Term Percentage Changes in the State Appropriation



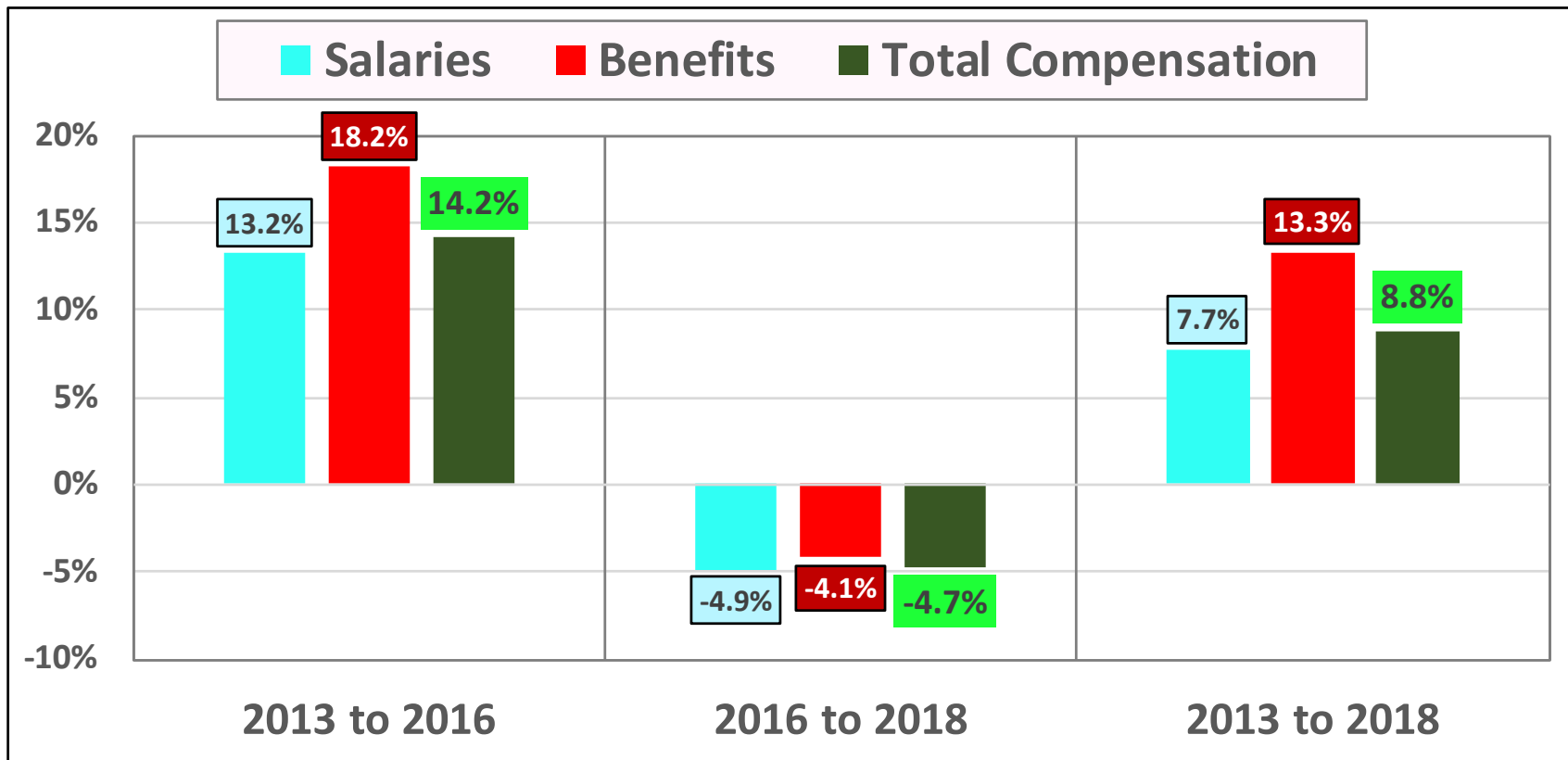
Spending on Instructional Salaries and Benefits (all but medical faculty) No Changes in the Last Four Years



Salaries and Benefits of Bargaining Unit Faculty Only

	2013	2014	2015	2016	2017	2018
Salaries	\$47,162,596	\$48,920,544	\$51,102,770	\$53,392,142	\$54,039,024	\$50,797,096
Benefits	\$11,837,812	\$13,893,434	\$13,797,748	\$13,988,741	\$14,752,654	\$13,410,433
Total Compensation	\$59,000,408	\$62,813,978	\$64,900,518	\$67,380,883	\$68,791,678	\$64,207,529
Benefit Rates	25.1%	28.4%	27.0%	26.2%	27.3%	26.4%
Percentage Changes		2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018
Salaries		3.7%	4.5%	4.5%	1.2%	-6.0%
Benefits		17.4%	-0.7%	1.4%	5.5%	-9.1%
Total Compensation		6.5%	3.3%	3.8%	2.1%	-6.7%

Long Term % Changes in Bargaining Unit Compensation



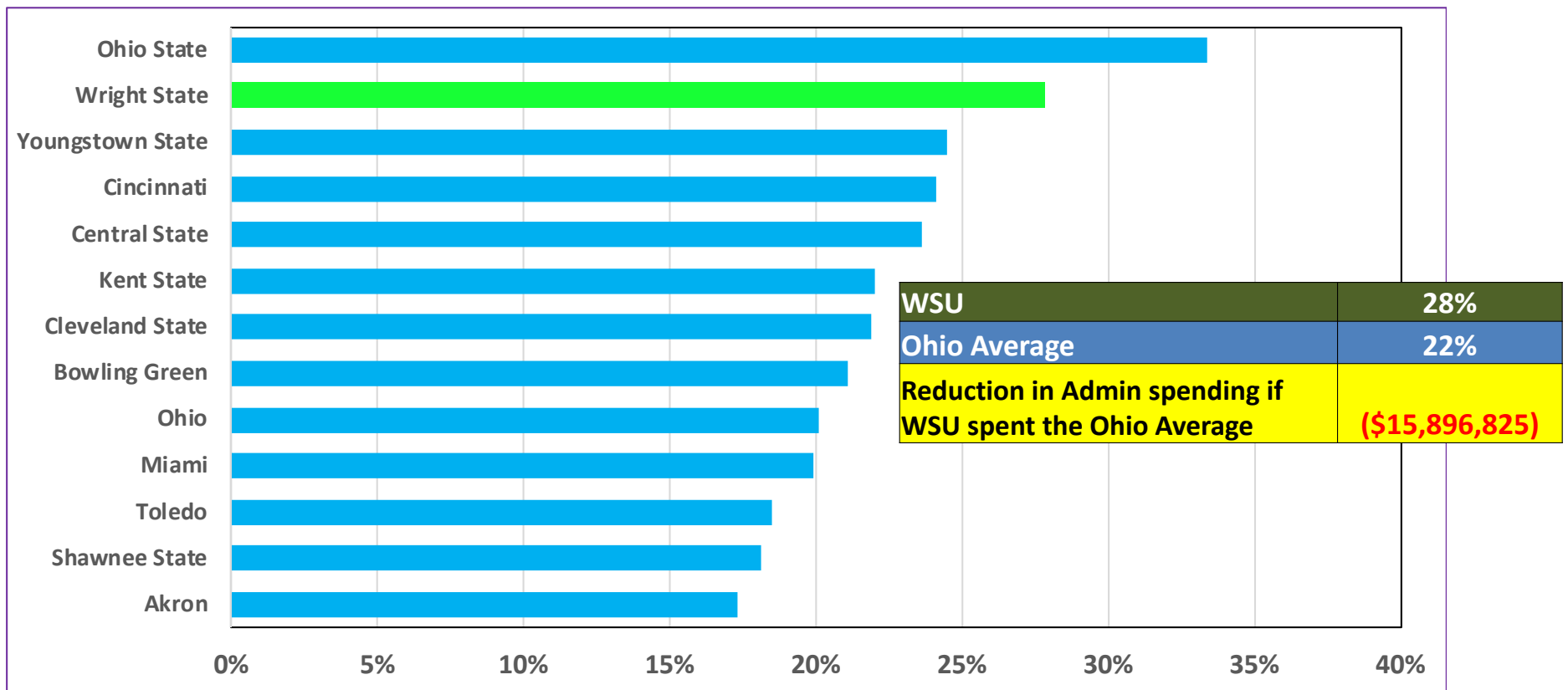
Cash Spent by WSU on Pensions: Decline from 2016 to 2017

Source: Audited Financial Statements

	2013	2014	2015	2016	2017
OPERS	\$8,534,584	\$8,712,371	\$9,045,674	\$9,034,533	\$8,315,454
STRS	\$10,064,517	\$10,202,409	\$10,756,852	\$10,739,476	\$10,531,111
ARP	\$6,384,440	\$6,117,266	\$6,905,431	\$7,501,937	\$7,466,023
ARP OPERS	\$152,637	\$163,962	\$184,076	\$212,870	\$208,607
ARP STRS	\$1,250,936	\$1,573,660	\$1,693,514	\$1,809,017	\$1,817,177
TOTAL	\$26,387,114	\$26,769,668	\$28,585,547	\$29,297,833	\$28,338,372
Totals:	2013 to 14	2014 to 15	2015 to 16	2016 to 17	2013 to 2017
\$ Changes	\$382,554	\$1,815,879	\$712,286	(\$959,461)	\$1,951,258
% Changes	1.4%	6.8%	2.5%	-3.3%	7%

Administrative Salaries as a % of Education & General Spending

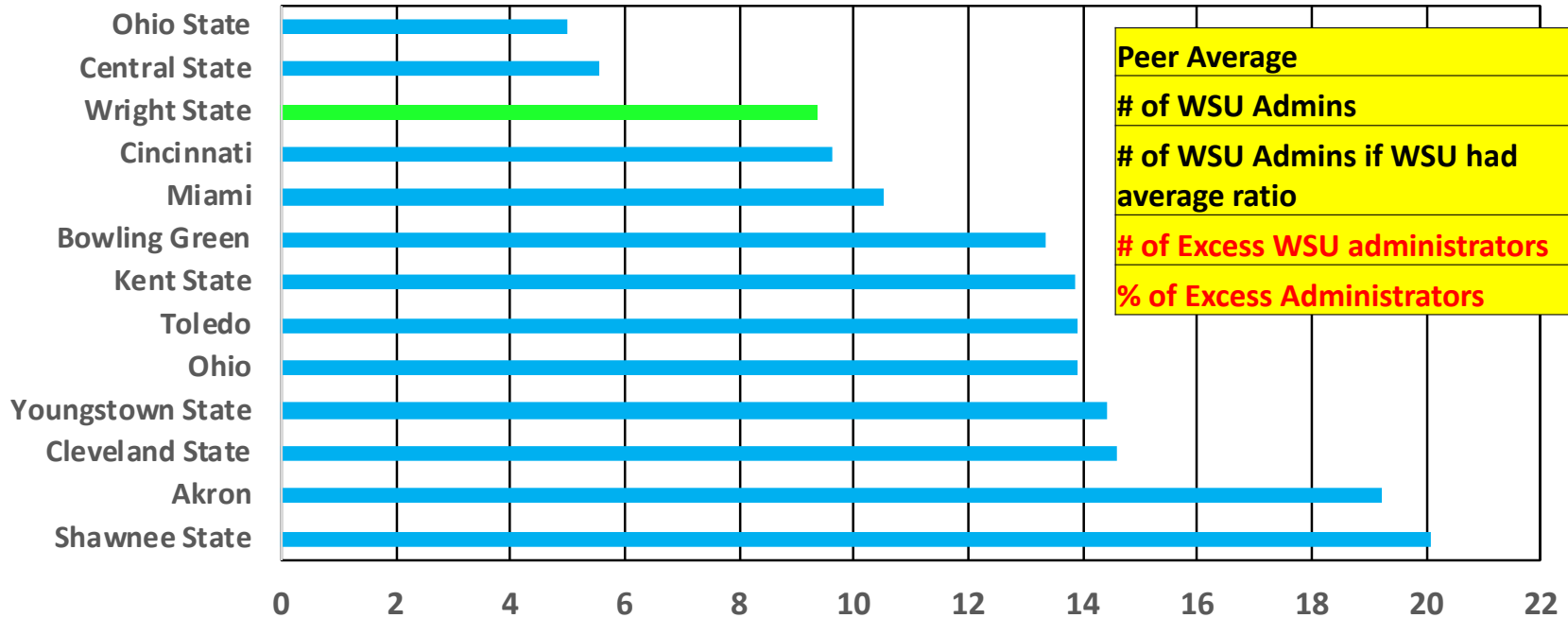
Source: <https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/affordability-efficiency/Administrative%20Productivity%20Measure.pdf>



Number of Administrators per Student FTE; Lower Ratio Means More Admins per Student

Source: Ohio Board of Education

Number of FTE Students per Administrator



Peer Average	12.4
# of WSU Admins	1,215
# of WSU Admins if WSU had average ratio	920
# of Excess WSU administrators	295
% of Excess Administrators	24%

Athletics: Direct Revenues and Expenses

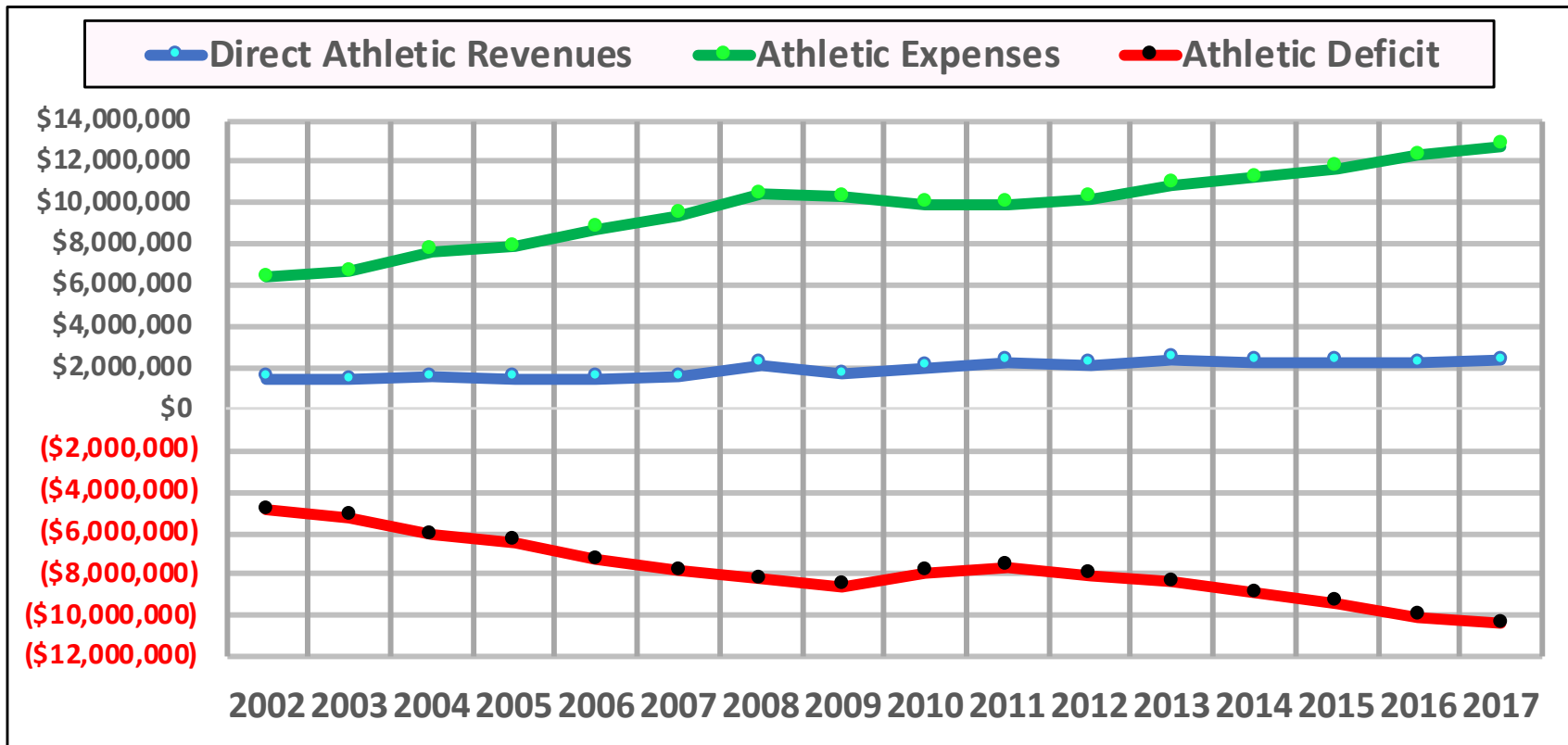
Sources: USA Today Database and NCAA Management Report

	Direct Athletic Revenues	Athletic Expenses	Athletic Deficit
2002	\$1,519,053	\$6,388,184	(\$4,869,131)
2003	\$1,394,407	\$6,623,679	(\$5,229,272)
2004	\$1,532,853	\$7,638,381	(\$6,105,528)
2005	\$1,472,579	\$7,889,692	(\$6,417,113)
2006	\$1,482,930	\$8,760,851	(\$7,277,921)
2007	\$1,567,790	\$9,402,842	(\$7,835,052)
2008	\$2,124,742	\$10,393,436	(\$8,268,694)
2009	\$1,704,061	\$10,279,886	(\$8,575,825)
2010	\$1,992,545	\$9,914,670	(\$7,922,125)
2011	\$2,269,897	\$9,914,670	(\$7,644,773)
2012	\$2,167,897	\$10,226,716	(\$8,058,819)
2013	\$2,447,164	\$10,852,077	(\$8,404,913)
2014	\$2,292,806	\$11,236,512	(\$8,943,706)
2015	\$2,288,955	\$11,663,355	(\$9,374,400)
2016	\$2,245,361	\$12,279,662	(\$10,034,301)
2017	\$2,344,421	\$12,756,674	(\$10,412,253)

From 2013 to 2017:

- Revenues down 4%
- Expenses up 18%

Athletic Revenues and Expenses Graphically



Subsidy in Dollar and Percentage Terms

Year	School Funds	Income (Deficit)	Total Athletic Subsidy	Athletic Expenses	% of Athletic Expenses Subsidized
2002	\$4,877,263	\$8,132	\$4,869,131	\$6,388,184	76%
2003	\$5,749,098	\$519,826	\$5,229,272	\$6,623,679	79%
2004	\$5,831,043	(\$274,485)	\$6,105,528	\$7,638,381	80%
2005	\$6,251,300	(\$165,813)	\$6,417,113	\$7,889,692	81%
2006	\$7,556,678	\$278,757	\$7,277,921	\$8,760,851	83%
2007	\$6,981,631	(\$853,421)	\$7,835,052	\$9,402,842	83%
2008	\$7,127,079	(\$1,141,615)	\$8,268,694	\$10,393,436	80%
2009	\$7,083,386	(\$1,492,439)	\$8,575,825	\$10,279,886	83%
2010	\$7,410,823	(\$511,302)	\$7,922,125	\$9,914,670	80%
2011	\$7,463,552	(\$181,221)	\$7,644,773	\$9,914,670	77%
2012	\$7,774,722	(\$284,097)	\$8,058,819	\$10,226,716	79%
2013	\$7,726,762	(\$678,151)	\$8,404,913	\$10,852,077	77%
2014	\$8,417,787	(\$525,919)	\$8,943,706	\$11,236,512	80%
2015	\$8,388,880	(\$985,520)	\$9,374,400	\$11,663,355	80%
2016	\$8,622,393	(\$1,411,908)	\$10,034,301	\$12,279,662	82%
2017	\$8,577,655	(\$1,834,598)	\$10,412,253	\$12,756,674	82%

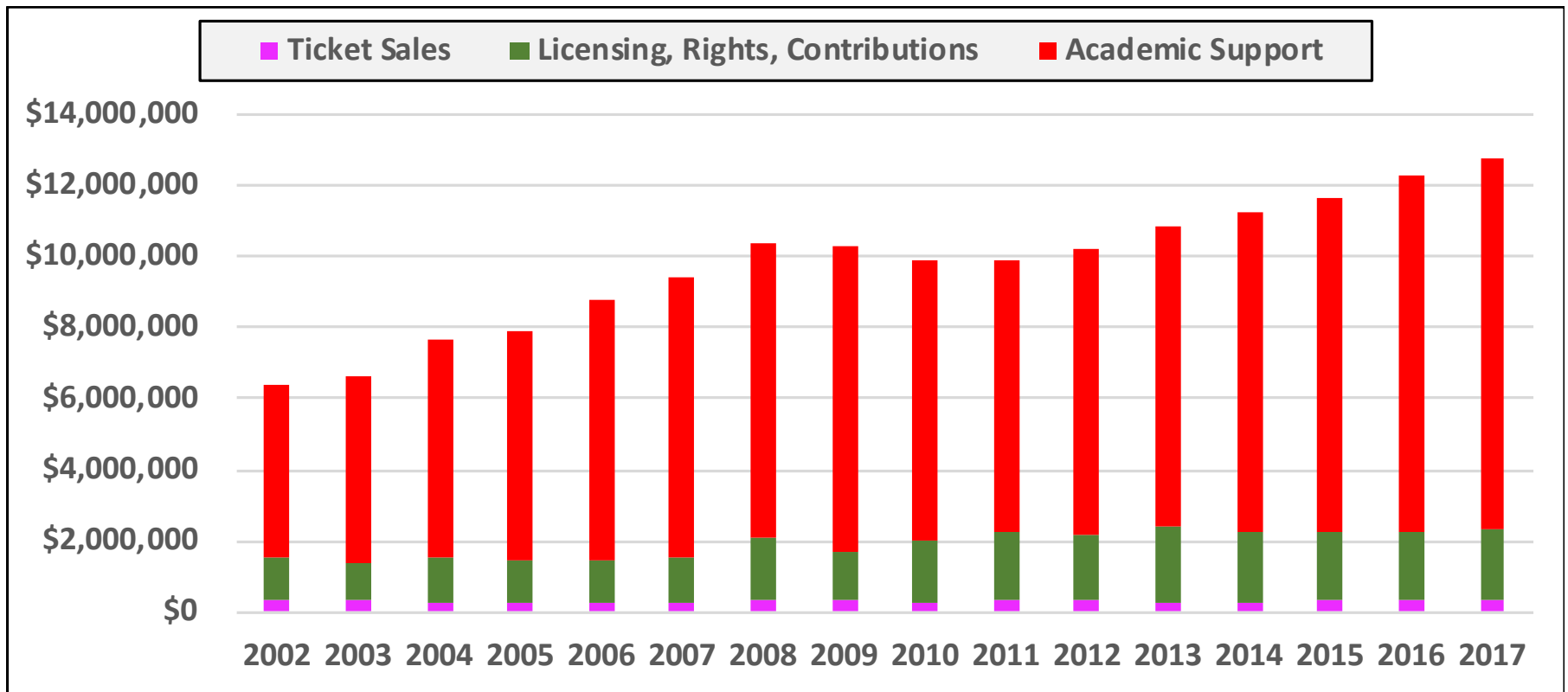
Subsidy of Other Ohio Institutions

	Subsidy in \$\$	Subsidy %
Cleveland State	\$10,391,350	86%
Wright State	\$10,034,301	82%
Kent State	\$19,288,226	74%
Miami	\$23,771,560	71%
Akron	\$23,813,277	69%
Youngstown	\$10,209,516	68%
Ohio U	\$20,263,483	64%
BGSU	\$12,528,362	55%
Toledo	\$14,759,749	53%
Cincy	\$24,892,123	42%
OSU	\$0	0%
Ohio Average	\$15,991,765	58%

Subsidy of Other Horizon League Institutions

	Subsidy in \$\$	Subsidy %
Northern Kentucky	\$11,617,644	89%
Cleveland State	\$10,391,350	86%
IUPUI	\$7,948,430	84%
Wright State	\$10,034,301	82%
Wisconsin Milwaukee	\$10,805,090	81%
Oakland	\$12,913,602	81%
UIC	\$14,182,940	80%
Youngstown	\$10,209,516	68%
Wisconsin Green Bay	\$5,032,782	56%
Horizon League Average	\$10,387,669	78%

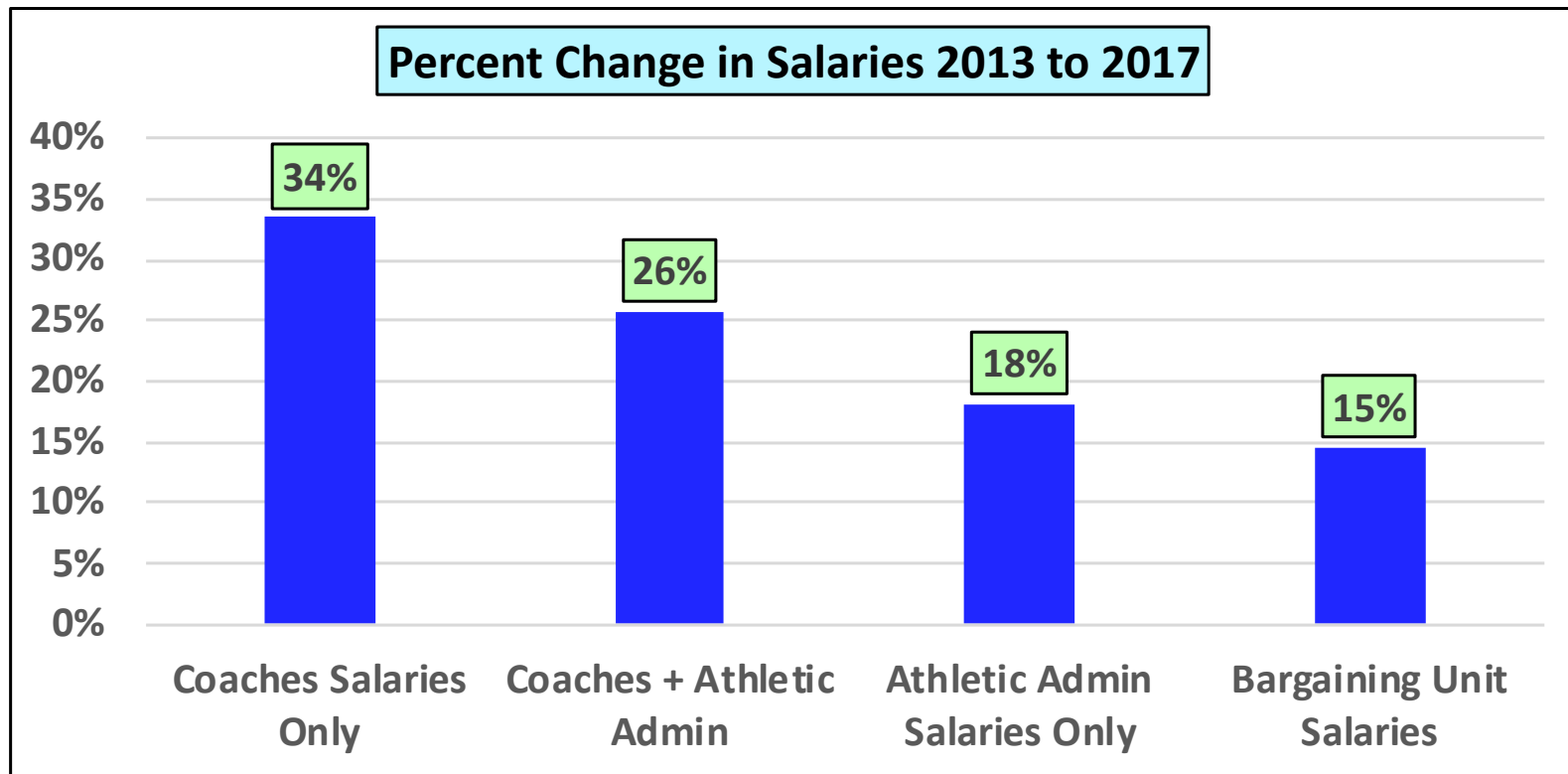
WSU Athletic Revenues and Athletic Subsidy



Individual Athletic Expenses

	Coaches Salaries	Administrative Salaries	Other Expenses	Athletic Student Aid	Total Expenses
2002	\$1,202,482	\$1,197,191	\$2,284,728	\$1,703,783	\$6,388,184
2003	\$1,287,275	\$1,238,696	\$2,267,849	\$1,829,859	\$6,623,679
2004	\$1,474,124	\$1,362,868	\$2,790,207	\$2,011,182	\$7,638,381
2005	\$1,388,350	\$1,469,124	\$2,864,182	\$2,168,036	\$7,889,692
2006	\$1,248,718	\$1,621,111	\$3,580,638	\$2,310,384	\$8,760,851
2007	\$1,623,687	\$1,804,584	\$3,426,017	\$2,548,554	\$9,402,842
2008	\$1,911,441	\$1,843,709	\$3,946,299	\$2,691,987	\$10,393,436
2009	\$1,910,381	\$1,944,440	\$3,742,633	\$2,682,432	\$10,279,886
2010	\$1,803,727	\$1,990,161	\$3,322,590	\$2,798,192	\$9,914,670
2011	\$1,863,477	\$1,798,238	\$3,636,247	\$2,616,708	\$9,914,670
2012	\$1,940,660	\$1,921,791	\$3,722,231	\$2,642,034	\$10,226,716
2013	\$1,959,127	\$2,026,466	\$4,248,985	\$2,617,499	\$10,852,077
2014	\$2,044,520	\$2,195,016	\$4,298,618	\$2,698,358	\$11,236,512
2015	\$2,065,369	\$2,275,340	\$4,446,128	\$2,876,518	\$11,663,355
2016	\$2,320,509	\$2,429,471	\$4,446,128	\$2,898,665	\$12,279,662
2017	\$2,616,344	\$2,395,105	\$4,792,445	\$2,952,780	\$12,756,674

Academics vs. Athletics: Change in Coaches Salaries vs. Academic Salaries



Other Athletic Issues

Source: Wright State Current Funds Budget, Fiscal Year 2018

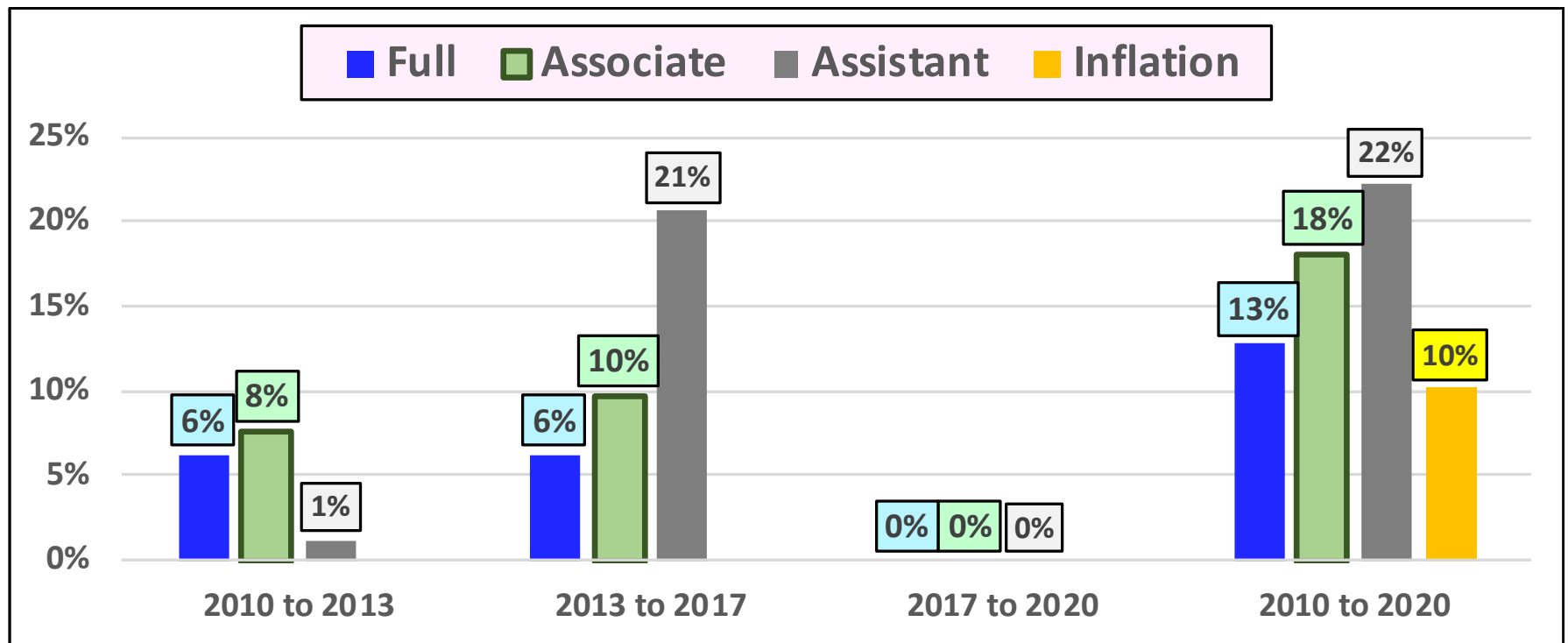
- **The athletic department spends over its budget in recent years, which is in addition to the subsidy**
- **For 2018, athletics is budgeted to have a subsidy from E&G of \$10.2 million**
- **The Nutter Center is budgeted to have a subsidy of \$875,55. This is an additional subsidy from academics to athletics**
- **In total auxiliaries need \$13.8 million of support from academics. Auxiliaries are designed to be self-supporting, but they are not. This is mostly due to the fact that athletics generates very little revenue**

5.
**Faculty Salaries Under
the Administration
Proposal**

WSU Faculty Salaries and Annual Percentage Changes

	Full	Associate	Assistant		Full	Associate	Assistant
2010	\$103,681	\$75,229	\$63,790		Annual % Changes		
2011	\$109,247	\$77,740	\$67,917		5.4%	3.3%	6.5%
2012	\$108,757	\$78,870	\$66,578		-0.4%	1.5%	-2.0%
2013	\$110,126	\$80,990	\$64,577		1.3%	2.7%	-3.0%
2014	\$108,986	\$81,990	\$66,882		-1.0%	1.2%	3.6%
2015	\$110,686	\$84,192	\$72,085		1.6%	2.7%	7.8%
2016	\$113,978	\$92,596	\$75,821		3.0%	10.0%	5.2%
2017	\$116,980	\$88,859	\$77,920		2.6%	-4.0%	2.8%
2018	\$116,980	\$88,859	\$77,920		0.0%	0.0%	0.0%
2019	\$116,980	\$88,859	\$77,920		0.0%	0.0%	0.0%
2020	\$116,980	\$88,859	\$77,920		0.0%	0.0%	0.0%

Long-Term Percentage Changes in Faculty Salaries



Average Salary Increases for Ohio Institutions, 2018 to 2020

Source: Collective Bargaining Agreements (in color)

	2018	2019	2020
Bowling Green	3.00%	3.00%	2.50%
Cleveland State	1.00%	2.00%	2.50%
Kent State	2.00%	2.00%	2.50%
Miami	2.50%	2.50%	2.50%
Ohio State	2.50%	2.50%	2.50%
Ohio U	2.50%	2.50%	2.50%
Akron	2.00%	3.00%	4.00%
U-Cincinnati	2.50%	3.00%	2.50%
Toledo	2.00%	2.50%	2.50%
Youngstown	2.00%	2.50%	2.50%
Wright State	0.00%	0.00%	0.00%
Ohio Average	2.20%	2.55%	2.65%

Wright State vs. Peers Over Time, Full Professors

Year	WSU	Ohio Average	WSU vs Ohio Average	WSU Rank (out of 11)
2010	103,681	101,868	1,813	3
2011	109,247	101,642	7,605	2
2012	108,757	103,946	4,811	2
2013	110,126	106,956	3,170	3
2014	108,986	106,724	2,262	5
2015	110,686	110,686	0	6
2016	113,978	112,808	1,170	5
2017	116,980	116,980	0	6
2018	116,980	117,096	(115)	7
2019	116,980	120,608	(3,628)	8
2020	116,980	124,772	(7,791)	10

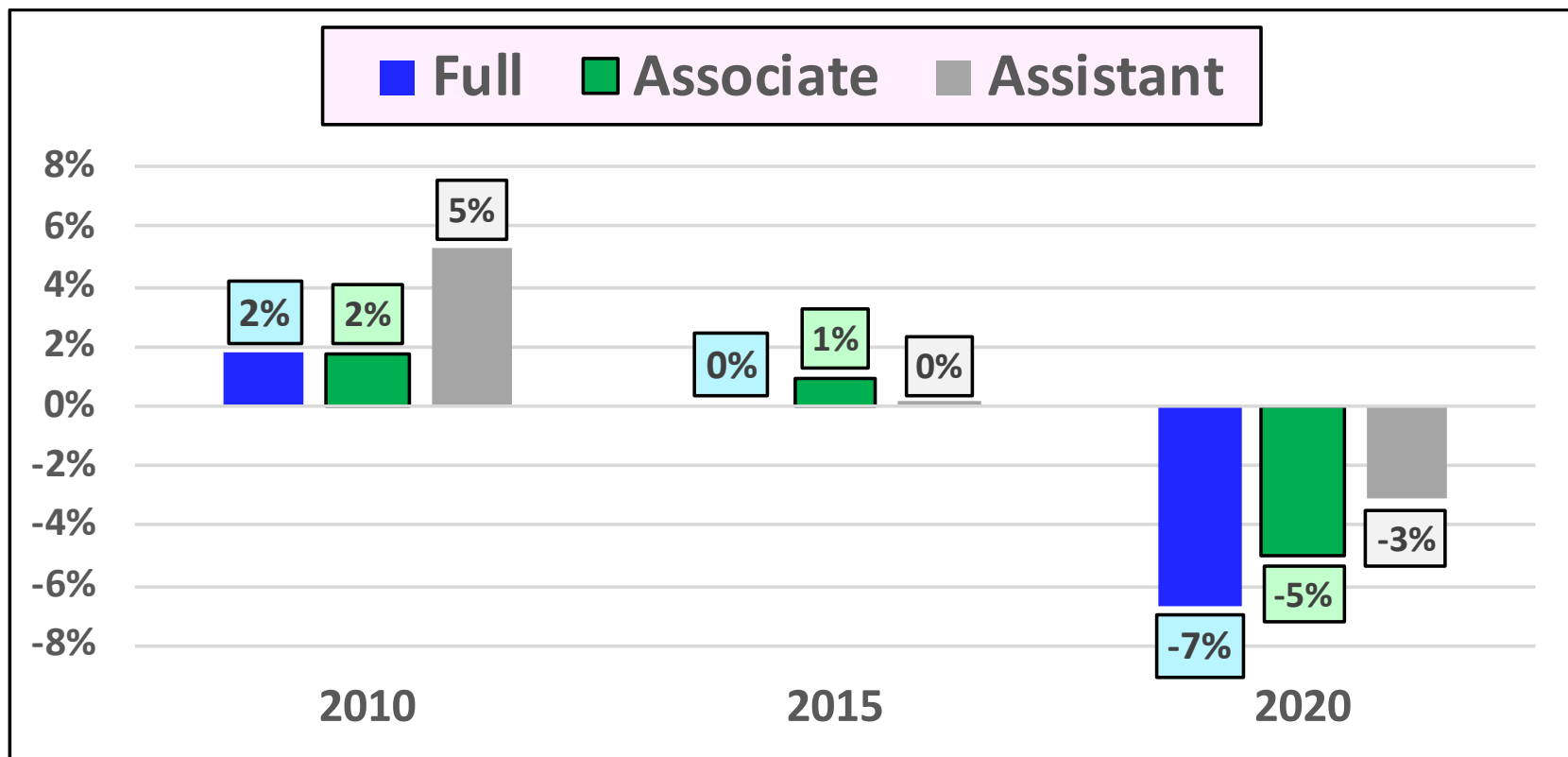
Wright State vs. Ohio Peers Over Time, Associate Professors

Year	WSU	Ohio Average	WSU vs Ohio Average	WSU Rank (out of 11)
2010	\$75,229	\$73,902	\$1,327	3
2011	\$77,740	\$74,594	\$3,146	3
2012	\$78,870	\$76,039	\$2,831	3
2013	\$80,990	\$80,132	\$858	4
2014	\$81,990	\$82,001	(\$11)	6
2015	\$84,192	\$83,381	\$811	4
2016	\$92,596	\$84,211	\$8,385	2
2017	\$88,859	\$87,021	\$1,838	4
2018	\$88,859	\$88,859	\$0	6
2019	\$88,859	\$89,715	(\$856)	8
2020	\$88,859	\$93,304	(\$4,445)	9

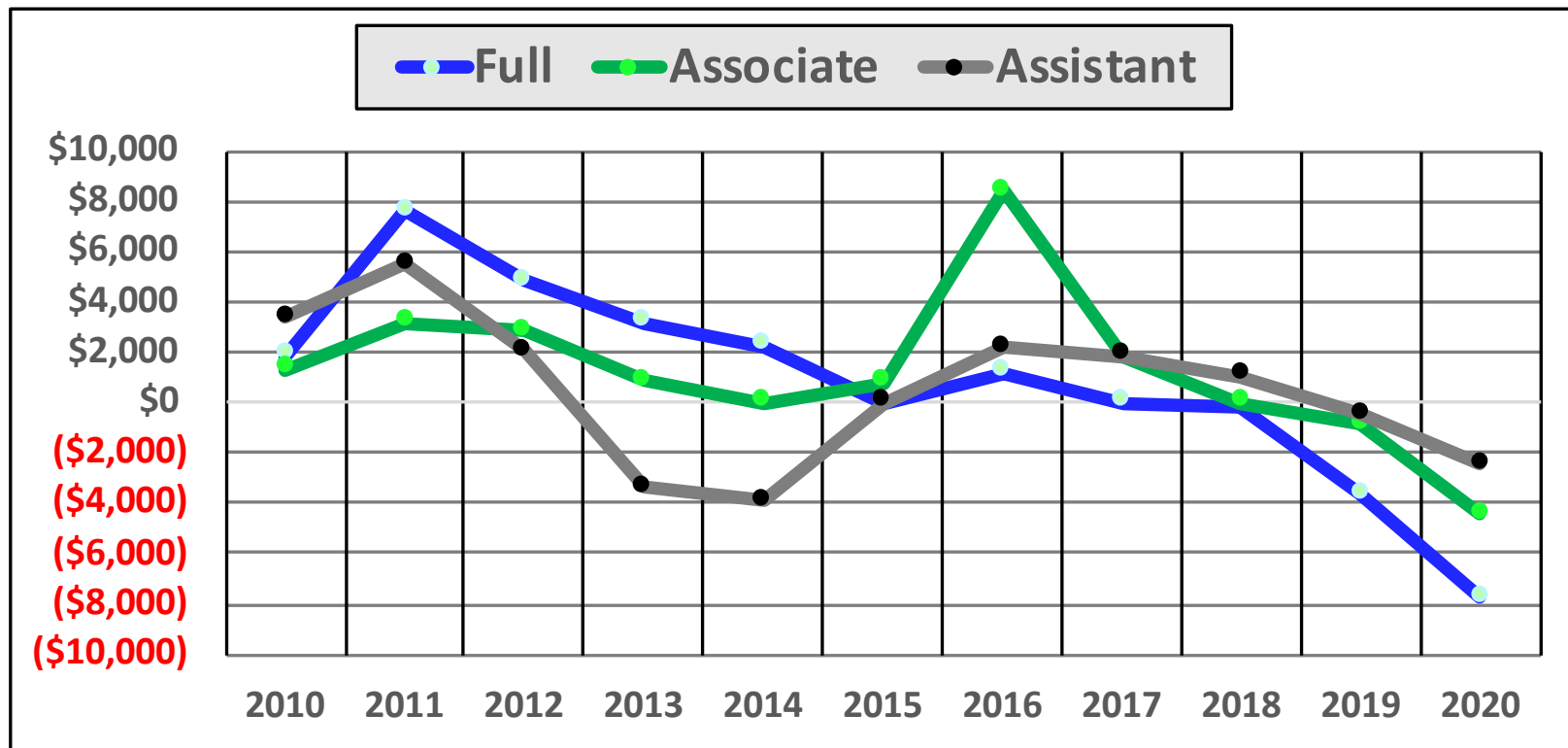
Wright State vs. Peers Over Time, Assistant Professors

Year	WSU	Ohio Average	WSU vs Ohio Average	WSU Rank (out of 11)
2010	\$63,790	\$60,438	\$3,352	4
2011	\$67,917	\$62,429	\$5,488	2
2012	\$66,578	\$64,520	\$2,058	5
2013	\$64,577	\$67,986	(\$3,409)	8
2014	\$66,882	\$70,815	(\$3,933)	8
2015	\$72,085	\$72,070	\$15	5
2016	\$75,821	\$73,647	\$2,174	4
2017	\$77,920	\$76,093	\$1,827	5
2018	\$77,920	\$76,854	\$1,066	5
2019	\$77,920	\$78,391	(\$471)	7
2020	\$77,920	\$80,350	(\$2,431)	9

WSU vs. Ohio Peers: Percentage Differences Over Time



WSU vs. Ohio Peers in Dollars Over Time



Cost of a 1% Raise

Base Salaries	\$ 50,054,883.09	
Pension or Retirement Contribution	\$ 7,007,683.63	14.00%
Medicare	\$ 725,795.80	1.45%
Total	\$ 57,788,362.53	
Cost of a 1% Raise for BUF	\$ 577,883.63	

Calculated using current base salaries for BUF

Cut in Administrative Salaries to Give BUF a 1% Raise

- **Using base salaries for unclassified employees obtained from the administration, we have calculated that a 4.05% cut in administrative salaries would be equal to a 1% raise for all BUF.**
- **This is important, because in the new premium structure for medical insurance the administration is trying to impose on BUF, they eliminated the \$100,000 plus category. That put all of those administrators into the same premium bracket as employees earning \$75,000.**
- **Employees who were previously in the the \$75,000-\$99,999 bracket for employee-only had a premium increase in the 80/20 PPO of 59%, compared to 31% for administrators making \$100,000 or more.**
- **Employees who were previously in the the \$75,000-\$99,999 bracket for family had a premium increase in the 80/20 PPO of 50%, compared to 24% for administrators making \$100,000 or more.**

What is Double Bowler Properties Inc.?

- **From the Dayton Business Journal, May 28, 2015:** *“Wright State University has been using a new business organization to buy real estate near its campus and in the Dayton region as part of an overall growth plan . . . Those buildings are being used to house non-academic units for the school.”*
- **Mission of Double Bowler per the IRS 990:** *“To expand the educational opportunities available to the students, faculty and staff of Wright State University by developing, operating, and maintaining facilities for the benefit of the University.”*
- Greg Sample, president, CEO and sole employee of the company, stated that *“We’re being mindful of limited resources, and state resources are limited, you can’t raise student tuition, so you come up with innovative ways to get the job done.”*
- **Note that Greg Sample is now an employee of Wright State University, and is the 10th highest paid employee at WSU at a base salary of \$249,075**

Cost of a 1% Raise in Context of Administration Actions: Double Bowler Properties

Data Source: IRS 990 of Double Bowler Properties

- **Double Bowler total revenues** = \$2.0 million. Where did this come from?
 - \$1.3 million is money coming from Wright State to Double Bowler to pay for leases
 - \$300,000 from Wright State for a contribution to Double Bowler
 - \$400,000 raised on their own
- **Double Bowler total expenses** = \$1.8 million
- The profit of \$200,000 is not real – the revenues came mostly from payments from Wright State to Double Bowler to cover expenses that Double Bowler cannot cover itself
- The above expenses do not include the 2016 principle payments on mortgages of Double Bowler of \$632,000; Double Bowler cannot afford to pay off the mortgages they owe on their own, so Wright State covers both the operational loss of Double Bowler but also the debt service payments.
- **This is an example of the financial mismanagement of the current administration**

Board of Trustees Action, February 16, 2018

- **2016 Board policy on the guiding principles for affiliated entities at Wright State University:**
- ***“5. While Affiliated Entities may be heavily dependent upon the University at their inception, their business strategy should include a plan for achieving self-sufficiency within a reasonable period of time.”***
- **At the February 16, 2018 Board meeting, the Board voted to: *“Request for Exception to the Affiliated Entity Policy: Double Bowler Properties’ Corp.”***
- ***“BE IT RESOLVED, the Wright State University Board of Trustees hereby approves and grants Double Bowler Properties Corp. an exemption from the University’s Affiliated Entities Policy requirement of being financially independent from the University and of establishing a plan to become financially independent from the University.”***
- **This demonstrates that under the current administration, there will continue to be a subsidy from Wright State to Double Bowler**

6.

**Health Care Analysis:
Faculty out of pocket
costs**

Medical Plan Coverage for All Employees, 2017

	Coverage	AAUP	Staff	Total	% of Total
HDHP	Emp	32	153	185	
	Emp + 1	36	117	153	
	Emp + 2	94	229	323	
HDHP	TOTAL	162	499	661	28%
PPO 80/20	Emp	40	199	239	
	Emp + 1	36	152	188	
	Emp + 2	92	189	281	
PPO 80/20	TOTAL	168	540	708	30%
PPO 90/10	Emp	56	166	222	
	Emp + 1	77	153	230	
	Emp + 2	105	213	318	
PPO 90/10	TOTAL	238	532	770	33%
Waived		25	189	214	9%
Total		593	1,760	2,353	100%
% of Total		25%	75%		

Medical Plan Coverage for AAUP by Salary Tiers, 2017

		Salary Tier						
	Coverage	30k - 49k	50k - 74k	75k - 99k	> 100k	Waived	Total	% of Total
	Emp	5	10	11	6		32	
	Emp + 1	2	17	4	13		36	
	Emp + 2	11	20	30	33		94	
HDHP	TOTAL	18	47	45	52		162	27%
	Emp	13	13	9	5		40	
	Emp + 1	1	15	7	13		36	
	Emp + 2	12	30	29	21		92	
PPO 80/20	TOTAL	26	58	45	39		168	28%
	Emp	5	28	15	8		56	
	Emp + 1	3	27	33	14		77	
	Emp + 2	5	32	44	24		105	
PPO 90/10	TOTAL	13	87	92	46		238	40%
Waived	Waived					25	25	4%
	Total	57	192	182	137	25	593	100%
	Percent of Total	10%	32%	31%	23%	4%	100%	

Current Medical Premiums Paid by AAUP Members

		Current Monthly Premiums				
		30k - 49k	50k - 74k	75k - 99k	> 100k	Total Dollars
HDHP	Coverage					
	Emp	\$42	\$54	\$67	\$78	
	Emp + 1	\$88	\$114	\$145	\$165	
	Emp + 2	\$130	\$168	\$205	\$244	\$309,432
PPO 80/20						
	Emp	\$62	\$79	\$97	\$116	
	Emp + 1	\$128	\$168	\$218	\$247	
	Emp + 2	\$192	\$250	\$307	\$366	\$444,768
PPO 90/10						
	Emp	\$105	\$123	\$142	\$160	
	Emp + 1	\$199	\$239	\$278	\$318	
	Emp + 2	\$284	\$342	\$400	\$458	\$828,132
					Total Premiums Currently Spent by AAUP	\$1,582,332

Proposed Total Premiums by WSU Administration

HDHP	Coverage					Total New Dollars
	Emp	\$ 73.90	\$ 105.90	\$ 137.90	\$ 137.90	
	Emp + 1	\$ 161.38	\$ 233.38	\$ 303.38	\$ 303.38	
	Emp + 2	\$ 221.70	\$ 317.70	\$ 413.70	\$ 413.70	\$576,915
PPO 80/20						
	Emp	\$ 83.90	\$ 121.90	\$ 159.90	\$ 159.90	
	Emp + 1	\$ 183.38	\$ 267.38	\$ 351.38	\$ 351.38	
	Emp + 2	\$ 251.70	\$ 365.70	\$ 479.70	\$ 479.70	\$649,345
PPO 80/20						
	Emp	\$ 83.90	\$ 121.90	\$ 159.90	\$ 159.90	
	Emp + 1	\$ 183.38	\$ 267.38	\$ 351.38	\$ 351.38	
	Emp + 2	\$ 251.70	\$ 365.70	\$ 479.70	\$ 479.70	\$928,502
					Total Premiums Proposed to be spent by AAUP	\$2,154,762
					Additional \$\$	\$572,430
					Average per Member	\$1,008
					Percent of Salary	1.1%

Annual Premiums for PPO 80/20 Plan, Salary 50k to 74k

	Existing	Proposed by Admin
Medical	\$2,016	\$3,000
Dental	\$0	\$174
Vision	\$0	\$34
Total	\$2,016	\$3,209
Change		\$1,193
Assumed Salary		\$60,000
Increase as % of Salary		2.0%

Proposed Administration Changes in Other Aspects of the Health Plans

Source: <http://www.wright.edu/sites/www.wright.edu/files/page/attachments/2018staffNBUFplancomparison1.pdf>

For the PPO 20 Plan	Existing	Proposed
Deductible (Single/Family)	\$250/\$500	\$800/\$1,600
Out of pocket max	\$1,750/\$3,500	\$4,000/\$8,000
Co-pay specialist	\$30	\$35
Primary care	\$20	\$20
Prescription Drugs:		
Generic	\$8	\$10
Brand formulary	\$25	20% of cost up to \$50
Non brand formulary	\$40	40% of cost up to \$80
New tier 4	no such tier	25% of cost up to \$200

Also note that the PPO 90/10 will no longer exist; only an 80-20 plan will be offered, which will lead to higher out of pocket costs in the form of co-insurance

What Could These Changes Mean for the Bargaining Unit?

Increase in Premiums Proposed for Bargaining Unit	\$572,430
Increases in deductibles, co-insurance, drug co-pays, specialist co=pays	\$1,527,570
Total Estimated Savings to the University and increase in out-of-pocket costs for Bargaining Unit	\$2,100,000
Total Bargaining Unit Salaries, 2018	\$50,797,096
Increase as a Percent of Salary	4.1%

Source for the \$2.1 Million change: Reported by the WSU VP for Business and Operations ad VP Business and Finance at negotiations, December 12, 2017

Proposed WSU Annual Premiums vs. Ohio Peer Institutions

Sources: HR Websites of peer institutions; For WSU, amounts are for faculty > \$75,000

	PPO Plans, Average		HDHP	
	Single	Family	Single	Family
Wright State	\$1,824	\$5,472	\$1,560	\$4,680
Miami	\$1,788	\$5,718	\$1,188	\$3,798
Kent	\$1,620	\$4,284	\$1,164	\$3,084
Toledo	\$1,376	\$4,264	\$987	\$2,979
BGSU	\$1,363	\$4,732	\$665	\$2,293
UC	\$1,788	\$3,000	\$648	\$1,944
Akron	\$1,188	\$3,450		
OSU	\$840	\$3,648		
CSU	\$1,309	\$3,437		
OU	\$1,307	\$5,226		
Peer Average	\$1,398	\$4,195	\$930	\$2,820
WSU vs. Average	\$426	\$1,277	\$630	\$1,860
WSU Rank	1 of 10	2 of 10	1 of 6	1 of 6

Proposed WSU Deductibles Compared to Other Ohio Institutions:
 (Sources: HR websites of peer institutions)

	PPO Plans, Average		HDHP	
	Single	Family	Single	Family
WSU	\$800	\$1,600	\$2,000	\$4,000
OSU	\$700	\$1,400		
OU	\$500	\$1,000		
Akron	\$500	\$1,000		
CSU	\$500	\$1,000		
Miami	\$350	\$700	\$2,000	\$4,000
Kent	\$275	\$600	\$3,100	\$6,200
BGSU	\$200	\$600	\$1,500	\$3,000
UC	\$100	\$200	\$1,500	\$3,000
Toledo	\$100	\$267	\$1,350	\$2,700
Peer Average	\$358	\$752	\$1,890	\$3,780
WSU vs. Average	\$442	\$848	\$110	\$220
WSU Rank	1 of 10	1 of 10	2 of 6	2 of 6

Out of Pocket Maximums, WSU vs. Ohio Peer Institutions

	PPO Plans, Average		HDHP	
	Single	Family	Single	Family
Akron Blue PPO	\$4,500	\$9,000		
Wright State	\$4,000	\$8,000	\$3,000	\$6,000
OSU Choice	\$3,750	\$7,500		
OSU Advantage	\$2,600	\$5,200		
Akron Gold PPO	\$2,500	\$5,000		
Miami	\$2,100	\$4,200	\$3,000	\$6,000
Toledo Silver	\$2,000	\$4,000	\$2,200	\$4,400
OU	\$2,000	\$4,000		
CSU Value	\$1,750	\$6,000		
Kent 80/20	\$1,250	\$2,500	\$6,650	\$13,300
Toledo Gold	\$1,100	\$3,300		
UC	\$1,000	\$2,000	\$3,000	\$6,000
CSU Traditional	\$1,000	\$3,000		
BGSU	\$1,000	\$3,000	\$3,750	\$7,500
Peer Average	\$2,042	\$4,515	\$3,720	\$7,440
WSU vs. Average	\$1,958	\$3,485	(\$720)	(\$1,440)
WSU Rank	2 of 14	2 of 14	3 of 6	3 of 6

Conclusion of WSU Administration Salary and Health Care Proposals

With the salary and health care changes proposed, the WSU Administration is offering significant pay cuts for the WSU faculty

The WSU Administration is proposing salary changes that will leave WSU faculty either last or next-to-last versus Ohio peer institutions

The WSU Administration is proposing health care changes that will likely lead WSU faculty to have the most onerous health care costs of any Ohio peer institution