

To: Dr. Susan Edwards, President
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Date: February 8, 2021
Re: The Report of the Wright State University Joint Committee on Retrenchment.

REPORT OF THE WSU JOINT COMMITTEE ON RETRENCHMENT

The President invoked Retrenchment on the grounds of CBA Article 17.1 (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.” The Committee was charged with fulfilling the CBA’s specified brief, outlined in Articles T17 and N17. The language in both versions of Article 17 is the same regarding the Committee’s charge:

Within sixty (60) calendar days after receipt of the data and information in Section N17.3 a joint Committee on Retrenchment, with three members appointed by the University and three members appointed by the AAUP-WSU, shall submit its advisory recommendations to the University President. Such recommendations may include ways to relieve the exigency by raising additional funds, by reallocating funds, or by cutting or eliminating specified activities.

17.4.1 In making its recommendations, the Committee on Retrenchment shall give consideration to long-term enrollment projections, the mission of the University as a whole, the continued accreditation of academic units, the effect on joint programs with other institutions, and the impact on the students registered in the programs.

17.4.2 In the case of an anticipated reduction in size or discontinuation of a College, Department, or Program, the Committee on Retrenchment’s recommendations shall include consideration of–

- its historical role and contributions in the University’s educational, scholarly and service mission, and those long-range circumstances which may have changed to alter that role and those contributions;*
- the dependence of other programs in the University on the College, Department, or Program;*
- duplication elsewhere in the University of courses, research or services offered through the Department, College or Program, and possible organizational arrangements which might serve as alternatives to discontinuation;*
- arrangements which can be made to allow students enrolled to satisfy degree or certificate requirements;*
- stature of its faculty and alumni, and the possible consequences to the academic stature of the University through discontinuation;*
- the periods of service and tenure status of its Bargaining Unit Faculty Members and an estimate of their possible usefulness elsewhere within the University; and*
- possible arrangements for planned phasing out of the College, Department, or Program as an alternative to abrupt discontinuation.*

The President charged the Committee to consider the Bargaining Unit colleges on the Dayton campus (i.e., excluding the Boonshoft School of Medicine, School of Professional Psychology, and Lake campus). Although it is difficult if not impossible for any six people to evaluate the accreditation requirements, graduation arrangements for students in every program in six colleges, etc. in only sixty days, all who served on the Committee promised to do their best to examine enrollment and BUFM attrition data, the potential impact of retrenchment on the institution, and the University's educational, scholarly and service mission in order to issue a set of recommendations aimed at reducing the number of retrenched faculty to zero.

I. Contexts and Considerations

The committee considered and discussed the following concepts and contexts in order to frame the recommendations that follow.

- A. Although the administration invoked retrenchment based on declined enrollment, a reduction in workforce cannot be fully decoupled from the financial and academic sustainability of the university.
- B. It is an educationally sound practice to maintain lower student-to-faculty ratios. To argue that a low ratio is good means the current ratio may not be a surplus, but rather unaffordable.
- C. Newly established and robust investments in marketing are expected to impact enrollment positively.
- D. Negative changes in enrollment due to the Coronavirus are expected to stabilize when lockdown ceases.
- E. Successful short-term and longer-term mitigation strategies can remove the need for any retrenchment.
- F. BUFM faculty attrition, achieved by retirements and other forms of departure, could perhaps reach the administration's perceived workforce balance.
- G. Across campus, teaching responsibilities of bargaining unit faculty vary widely as class sizes, number of courses, and credit hours all vary. There are differences due to faculty rank, teaching graduate vs. undergraduate students, teaching in applied disciplines vs. CORE, etc.
- H. Retrenchment of tenured faculty is extremely rare within the American University system.
- I. Laying off full-time faculty without cause may have a chilling effect on faculty's morale as well as their willingness to speak freely and participate fully in shared governance.

II. Analyses

We undertook several types of analyses: the patterns of enrollment and attrition; longer-term trends in enrollment as compared to unemployment, and the impact of mass layoffs and downsizing on institutions. Even though we were able to establish some consistency in the student-to-faculty ratios between the years 2014-2017, as seen below in the analysis, this committee did not have time to assess the appropriateness of past college-specific student-to-

faculty ratios, or equity across the colleges. To understand the magnitude of the enrollment decline, as compared to the decline in BUFM numbers, the retrenchment committee performed a set of analyses on relevant student and faculty data from FY14 (starting July 1, 2013) through FY20 (ending June 30, 2020) as provided to the committee and as described below. These specific analyses excluded Lake campus, the Boonshoft School of Medicine, and the School of Professional Psychology, as these units will not be directly impacted by the retrenchment process.

- A. The first analysis sought to determine the percentage decline in BUFMs, student headcount (HC), and student credit (SCH) hours delivered at the university and college levels.
 1. Summary
 - a. Data show a consistent percentage decline among the three parameters at the university level and in most colleges from 2014-2016, and for many colleges through 2017. From 2017 to the present, the faculty attrition rate for most colleges did not keep up with the HC or SCH decline, with the two values beginning to diverge around 2017-2018 for most colleges.
 - b. The differences in percentage declines of parameter values among the various colleges indicate that no university-wide trend exists, thus necessitating analysis at the college level.

- B. The second analysis sought to determine the HC/BUFM and SCH/BUFM ratios by college.
 1. The committee strove to estimate historical and current student-to-faculty ratios by college. Given the data available (HC, SCH, and BUFM by college by year), the committee determined the following ratios by college and by year (see tables in the Appendix):
 1. HC/BUFM – Table 1
 2. SCH/BUFM – Table 2
 3. FSCH/BUFM – Table 3, where FSCH = student credit hours delivered only by full-time faculty as part of their regular teaching load (i.e., not including adjunct hours, overload hours, or hours taught under summer contract).
 2. Summary
 - a. All three ratios remained nearly constant for all colleges from 2014-2017, but began to decline in 2018, a trend that continued. Because of this pattern, the committee suggests as a consistent historical benchmark the average student/BUFM ratios in each college from Fiscal Year 2014 to Fall 2017 (see final column in Table 1 in the Appendix)
 - b. Compared to SCH/BUFM ratios, FSCH/BUFM ratios also remained nearly constant for colleges from 2014-2017, and, to a lesser extent, also began to decline in 2018, a trend that continued through 2020. There are several possible explanations for this lesser decline in FSCH/BUFM, including:

- i. Most colleges reduced the SCH delivered by adjuncts starting in 2018, though the extent to which each college reduced adjunct SCH delivery varied significantly.
- ii. Because of the larger decline in entering class size (compared to total enrollment) that began around 2018 and continues, there is a natural lag in the decline of FSCH/BUFM of ~3 years. This lag is somewhat reduced in time in CoLA and to a lesser degree CoSM because these colleges deliver the majority of the CORE.
- iii. The committee concludes that each ratio (i.e., HC/BUFM and FSCH/BUFM) is relevant in determining whether the workforce level is consistent within a college across years.

C. The committee also analyzed the retirement eligibility of the Bargaining Unit as well as historical normal and incentivized attrition rates.

D. The committee also investigated the impact of unemployment and the related trends with respect to university enrollment in Ohio. Figure 1 in the Appendix demonstrates that enrollment at university main campuses in Ohio¹ typically increases when U.S. unemployment levels are above 4.6%.² Figure 2 shows enrollment at Wright State's Dayton campus also typically increases when unemployment exceeds 4.6%. There are two significant implications of these observations.

- 1. First, the forecasting models summarized in the President's letter invoking retrenchment rely solely on prior enrollment to estimate future enrollment, and exclude valuable predictive variables. Unemployment is one example.
- 2. Second, there are valid reasons to expect Wright State to be able to achieve enrollment increases in the coming years. Appendix, Figure 3 shows how low unemployment in recent years coincides with enrollment declines. On February 1, 2021, the Congressional Budget Office released a forecast stating U.S. unemployment will exceed 4.6% until the fourth quarter of 2023. The CBO forecast is the best unemployment forecast we have found. However, CBO noted the forecast is based on tax laws and federal spending through January 12 and does not account for subsequent additional emergency spending or aid.³

E. The committee also investigated the merits of a turnaround plan and the potential negative effects of retrenchment. After considering all of the information provided to the committee, as well as reviewing empirical research on effective organizational management relevant to retrenchment, one might conclude that following through with the retrenchment process would likely harm the university more than it would help. If

¹ <https://www.ohiohighered.org/data-reports/enrollment>

² <https://data.bls.gov/timeseries/LNS14000000>

³ <https://www.cbo.gov/system/files/2021-02/56965-Economic-Outlook.pdf>

implemented, retrenchment would be an ineffective response to the enrollment decline of recent years and would likely exacerbate the problem.

A coherent, credible turnaround strategy would likely be a more useful response to the university's current situation than faculty retrenchment. The literature on university turnarounds identifies the following as best practices for turnaround efforts:

- Evaluate all the causes of declining enrollment. Some key examples include the reputation of the university, labor market factors, and demographics. Identify large market segments with unique demand patterns (as indicated by application and enrollment patterns).
- Benchmark against rival universities that have performed better.
- Hold a revenue summit to glean ideas from all stakeholders.
- Define core and noncore activities in the university budget. Reduce, postpone, or discontinue noncore activities in order to preserve the activities directly involved in carrying out the university's mission.
- Develop, approve, and communicate a strategic plan for the university.
- Share the written enrollment management plan with the university community (e.g., faculty and staff).
- Develop an enrollment forecast that reflects the strategic plan and written enrollment management plan.
- Develop a plan for staffing faculty positions based on that enrollment forecast.

Turnaround: Leading Stressed Colleges and Universities to Excellence,⁴ for instance, recommends practices such as those described above. The book mentions retrenchment in passing but does not feature it, and by no means does it present retrenchment as a standalone turnaround strategy. In fact, there is no example in the book of a public university that retrenched tenured faculty.

Retrenchment of full-time faculty of U.S. public universities is so rare that no one on the committee was able to find large-sample, controlled studies of the effects of retrenchment at such institutions. However, we can infer, from rigorous, large-sample research in other contexts, what would be the consequences of retrenchment at WSU. For instance, we know that in settings where job security is a historical norm, layoffs have been viewed as illegitimate and met with disapproval.⁵ Even in settings where layoffs are relatively prevalent, research has demonstrated that layoffs negatively affect surviving employees'

⁴ Martin, J., & Samels, J. E. (2009). *Turnaround: Leading stressed colleges and universities to excellence*. JHU Press.

⁵ Alakent, E., & Lee, S.-H. (2010). Do institutionalized traditions matter during crisis? Employee downsizing in Korean manufacturing organizations. *Journal of Management Studies*, 47(3), 509–532. Jung, J., & Mun, E. (2017). Does Diffusion Make an Institutionally Contested Practice Legitimate? Shareholder Responses to Downsizing in Japan, 1973–2005. *Organization Studies*, 38(10), 1347–1372.

work quality, creativity, and productivity.⁶ They also diminish the organizations' reputation.⁷ Marketing research reveals that layoff announcements damage confidence in that organization.⁸ An announcement of large-scale faculty terminations would thus likely undermine prospective students' confidence in Wright State. Finally, research has shown that layoffs increase an organization's risk of bankruptcy.⁹ For elaboration on this point, please see the Appendix, Figure 4 regarding downsizing and the bankruptcy risk that follows.

III. Recommendations

Recommendations for mitigating any current and future workforce imbalances are listed below. Should mitigation strategies likely result in achieving the desired rate of BUFM attrition in a timely manner, the committee recommends that the retrenchment process be delayed indefinitely.

- A. The committee strongly recommends that the WSU administration do everything conceivable to optimally and maximally reduce retrenchment with the goal of removing any need for retrenchment.
- B. Reduce the number of faculty to be retrenched in a college through all possible means.
- C. Incentivize BUFM attrition to mitigate if not eliminate the need for retrenchment.
 1. Offer the following options to faculty members who are considering other career options:
 - a. Self-retrench, but continue normal faculty responsibilities and thereby collect service time, salary, and benefits for the equivalent notice period specified in T17.6.10 and N17.6.9 (up to 18 months). Such an option might be particularly appealing to those planning to retire by the end of the notice period.
 - b. Self-retrench, stop working at WSU, and accept a severance payment equivalent to that which is specified in T17.6.10 and N17.6.9 (up to 18 months).
 2. Creatively and flexibly offer voluntary retirement incentives, including negotiating as soon as possible with AAUP-WSU to add further retirement incentives beyond those currently included in Appendix J of the CBA.
 3. Develop a robust voluntary separation MOU covering BUFMs who are not yet eligible to retire.
 4. Accept long-term notices of intent to retire or resign and allow each of such separations to cancel the retrenchment of at least one faculty member.

⁶ Datta, D. K., Guthrie, J. P., Basuil, D., & Pandey, A. (2010). Causes and effects of employee downsizing: A review and synthesis. *Journal of Management*, 36(1), 281-348.

⁷ Love, E. G., & Kraatz, M. (2009). Character, conformity, or the bottom line? How and why downsizing affected corporate reputation. *Academy of Management Journal*, 52(2), 314-335.

⁸ Homburg, C., Klarmann, M., & Staritz, S. (2012). Customer uncertainty following downsizing: The effects of extent of downsizing and open communication. *Journal of Marketing*, 76(3), 112-129.

⁹ Zorn, M. L., Norman, P. M., Butler, F. C., & Bhussar, M. S. (2017). Cure or curse: Does downsizing increase the likelihood of bankruptcy? *Journal of Business Research*, 76, 24-33.

5. Reduction by attrition should result in a decreased number of retrenched faculty. Each voluntary separation should result in at least one less faculty member being retrenched. Further, financial savings realized by such separations should be considered when determining the number of retrenchments (greater than one) to be rescinded.
- D. Immediately and aggressively increase and diversify recruitment efforts to increase the numbers of freshman, transfer, and nontraditional students.
 - E. Immediately and aggressively increase and diversify retention efforts.
 - F. Modernize academic programs, through increased choices of modalities and class schedules, to increase access and enrollment.
 - G. Improve community public relations efforts by preventing negative headlines as well as increasing positive headlines.
 - H. Minimize the use of adjuncts wherever possible.
 - I. Given the differences in percentage declines in parameter values among the various colleges, use analyses conducted at the college level (i.e., vs. university-wide analysis).
 - J. Use optimistic estimates of projected declines in HC and SCH to estimate FY22 and FY23 ratios. Specifically, we recommend assuming that the entering class size (freshman plus transfers) for each of the next two years will not be smaller than the Fall 2020 entering class. Additional measures for mitigating retrenchment numbers, should there be an increase in HC for FY22 and FY23, are discussed below.
 - K. Use 2014-2017 averages of HC/BUFM, SCH/BUFM, and FSCH/BUFM ratios, by college (see tables 1-3 in the Appendix) only as a first estimate of minimum workforce needs by college, with the caveat that lower student/faculty ratios are generally better for learning outcomes. While the 2014-2017 ratios represent historical averages during a time of relative enrollment stability, these ratios do not, *a priori*, represent the optimal ratios. Thus, the committee also recommends using the lowest possible HC/BUFM and FSCH/BUFM ratios, by college, to estimate workforce needs: these ratios should not exceed the 2014-2017 average ratios as listed in the tables.
 - L. The committee suggests starting the analysis using a 50/50 weighting of optimized (i.e., minimized) college HC/BUFM and FSCH/BUFM ratios, only as a first estimate of a “prescribed” (maximum) number to be retrenched by college. This prescribed number reflects what should be the maximum number to be retrenched by college, assuming that there is zero mitigation over the next two years (e.g., no increased enrollment, no faculty attrition, etc.). While all means possible should be used to minimize this initial prescribed number, specifically recommended mechanisms to further reduce this initial prescribed number include:
 1. The 50/50 weighting of ratios is recommended only as a starting point and likely will not be appropriate or fair for every college. Thus, the committee recommends that the weighting ratio for each college be re-evaluated for the potential of utilizing a more appropriate and fair weighting of HC/BUFM to FSCH/BUFM ratios (see, as examples, a. and b. below). Again, the only acceptable outcome in this analysis would be a further reduction of the prescribed number for that college.

- a. CoSM is the only college that showed a slight increase in HC/BUFM ratio: thus, it may be more appropriate to weight in favor of HC over FSCH for CoSM only (perhaps $2/3$ HC + $1/3$ FSCH).
 - b. CoLA (and other colleges) had a much smaller relative decline in FSCH/BUFM than in HC/BUFM ratio, perhaps because the predominance of CORE is taught in CoLA. Thus, it may be more appropriate to weight in favor of FSCH over HC for CoLA (perhaps FSCH only, or at most, a $1/3$ HC + $2/3$ FSCH weighting).
2. The committee recommends that the process consider the impact of the minimized prescribed number (following completion of recommendations K-L.1. above) on the health and sustainability of the college, on the needs of CORE, as well as the workforce and other needs of the community, such as racial equity. The region's needs will be met by all colleges and should be determined by a broad demographic constituency. Again, such considerations can only result in reducing the prescribed number.
- M. Rescind retrenchment for at least one BUFM in a college if that college's HC increases by an amount equivalent to the optimized HC/BUFM ratio for that college, as described in L. above.
- N. We recommend that factors regarding community needs be considered in any retrenchment decisions include at least the following:
1. The ongoing need for broadly educated graduates with sophisticated critical thinking and communication skills, not just graduates with specifically targeted professional preparation
 2. Students' desire to pursue degree programs of their choice, many of which are not necessarily named in lists of the area's workforce needs as identified by the governor and state legislature
- O. We recommend considering application numbers when making projections for Fall 2021 and the six years beyond.
- P. We recommend that Enrollment Management at the University level systematically listen to and interact positively with the faculty. Turnover in that office over the past three years has created unnecessary barriers to fruitful cooperation in recruitment and retention. We also recommend the continuation and expansion of Faculty-Led Recruitment and Retention Program Grants.
- Q. Fill all open administrative positions for the next three years by internal hires whenever possible, and account for such changes in calculating staffing numbers.
- R. We recommend that leadership consider the impact on the University's ability to conduct research when making any decision regarding any retrenchment.
- S. CBA Article 17.4 allows this committee to recommend the reallocation of funds or the reduction or elimination of specified activities. Because finances and BUFM headcount cannot be decoupled, this committee recommends that the administration consider the value of strong stewardship of the university's financial resources as a whole, which could include reinvestment in the institution's academic mission. Maintaining a lower student-to-faculty ratio would be authentically promotable as adherence to sound educational pedagogy.

- T. Implement a turnaround plan that includes ideas supported by research.
- U. The committee formally requests a written justification of the President's retrenchment recommendations

These recommendations represent our sincere effort to address our charge to the best of our abilities in the time allotted. The recommendations aim to mitigate retrenchment to zero if possible, and to pursue the best possible practices for retrenchment if mitigation to zero is not possible. Given the gravity of the situation, we strongly feel it would be in the long-term interest of the University to pause the retrenchment process as currently proposed to allow the short-term mitigation strategies to come to fruition, especially to develop and negotiate an enhanced voluntary incentive retirement plan, perhaps including changes to Appendix J of the CBA, and to develop and negotiate a voluntary separation agreement.

Most importantly, a pause in the retrenchment process would create an otherwise lost opportunity for the University to develop a well-planned turnaround strategy, including effective management of instructional capacity to maximize growth and sustainability. Unprecedented declines in our market share of enrollment in recent years indicate that we are not currently meeting the region's needs as effectively as we have in the past, and would like to do again in the future. The planning process for such a turnaround strategy could use and supplement the Committee on Retrenchment's analyses and could operate without the specter of impending retrenchment, allowing time for more thorough analyses.

Appendix: Tables and Figures

Table 1 – HC/BUFM

- 1) HC = student headcount
- 2) BUFM = bargaining unit faculty member

HC/BUFM	2014	2015	2016	2017	2018	2019	2020	14-17 Ave
CECS	41.0	41.6	40.0	38.0	34.2	33.8	33.1	40.1
CEHS	40.5	40.3	41.6	41.7	39.2	36.0	35.3	41.0
CoLA	16.0	15.5	15.4	16.3	15.2	13.9	13.2	15.8
CONH	33.4	35.6	35.4	38.8	43.3	36.3	31.2	35.8
CoSM	15.8	16.4	15.4	16.5	15.9	15.3	16.4	16.0
RSCoB	43.4	40.1	41.1	41.7	40.6	37.5	35.9	41.6
Total	25.6	25.7	25.4	26.4	24.9	23.2	22.6	25.8

Table 2 – SCH/BUFM

- 1) SCH = student credit hours
- 2) BUFM = bargaining unit faculty member

SCH/BUFM	2014	2015	2016	2017	2018	2019	2020	14-17 ave
CECS	591.6	642.1	676.0	673.4	618.8	633.8	626.5	645.8
CEHS	737.2	710.9	756.8	793.4	783.9	741.2	712.3	749.6
CoLA	602.9	574.2	584.3	638.2	591.8	561.1	518.2	599.9
CONH	412.4	360.8	363.7	439.5	549.4	512.2	474.3	394.1
CoSM	721.4	712.4	701.3	755.7	728.9	691.8	678.9	722.7
RSCoB	844.9	761.3	817.2	853.6	879.9	871.7	832.5	819.3
total	653.7	634.6	650.9	696.5	677.9	653.4	623.5	658.9

Table 3 – FSCH/BUFM

- 1) FSCH = student credit hours delivered only by full-time faculty as part of their regular teaching loads (i.e., not including adjunct hours, overload hours, or hours taught under summer contract)
- 2) BUFM = bargaining unit faculty member

FSCH/BUFM	2014	2015	2016	2017	2018	2019	2020	14-17 Ave.
CECS	464.0	491.7	495.8	482.6	490.2	501.0	478.5	483.5
CEHS	355.6	350.9	345.7	336.4	345.1	330.8	381.2	347.2
CoLA	413.2	406.0	391.5	450.8	409.8	402.6	383.0	415.4
CONH	319.1	275.0	276.7	329.6	450.8	403.6	417.0	300.1
CoSM	551.3	550.3	522.9	563.0	513.6	496.2	504.4	546.9
RSCoB	556.0	509.4	557.5	604.2	628.2	608.4	622.2	556.8
total	455.4	449.0	443.7	480.2	468.0	455.3	453.6	457.1

Figure 1

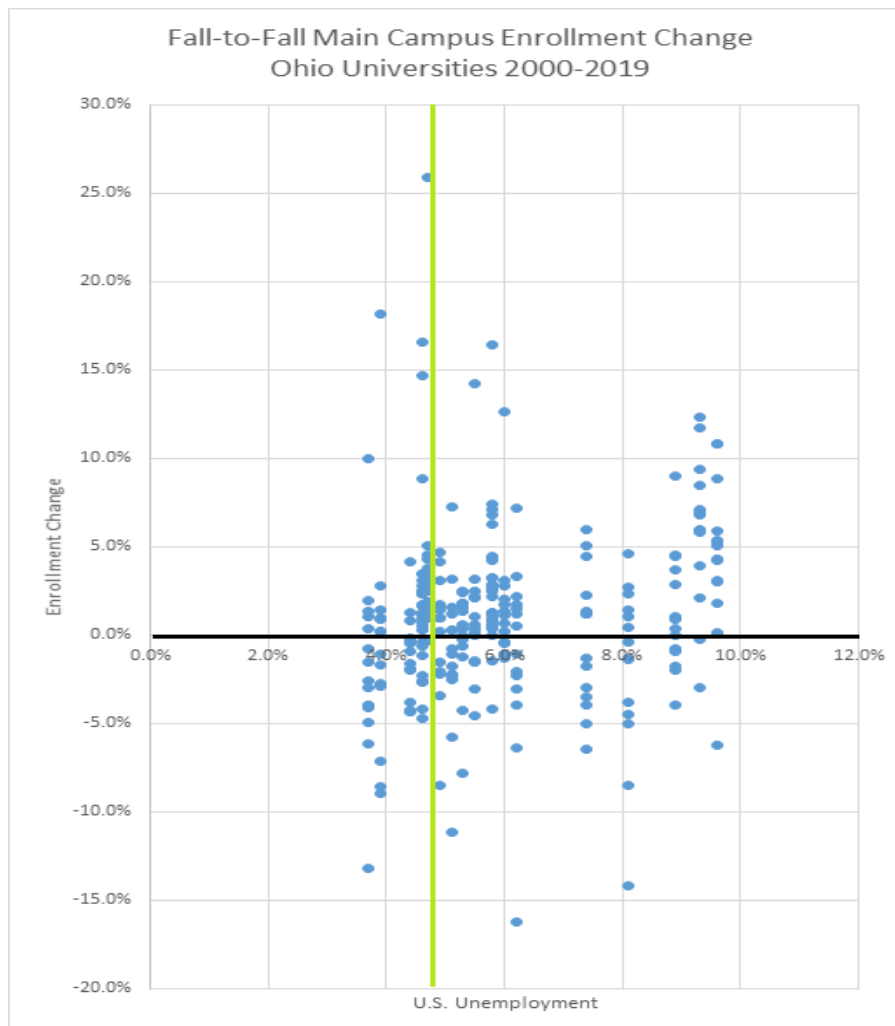


Figure 2

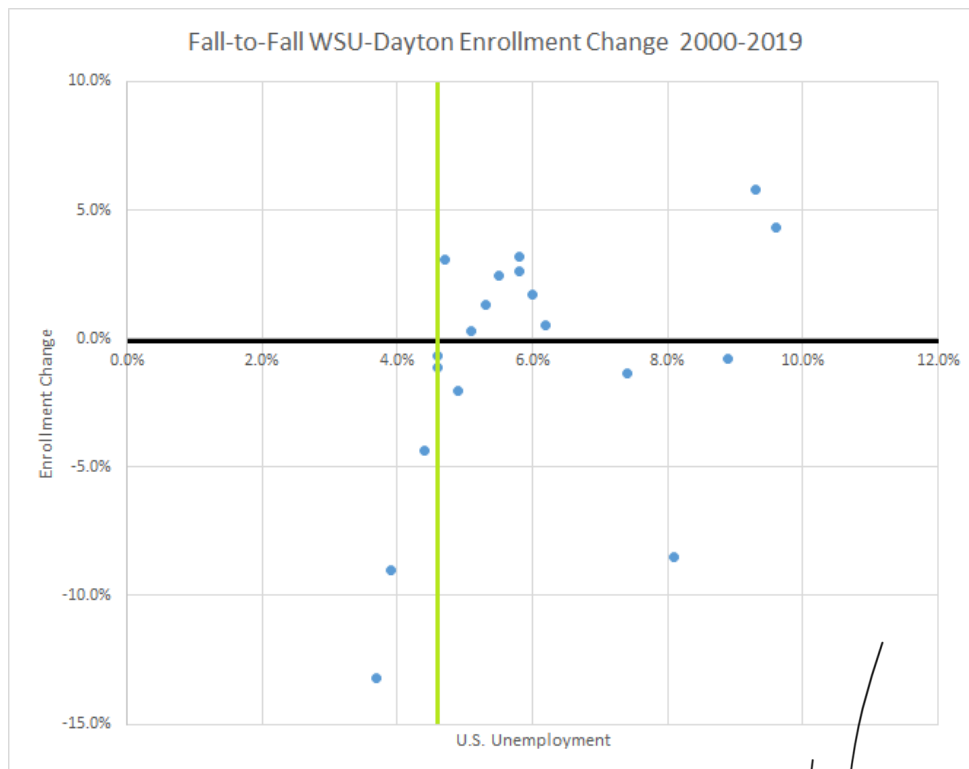


Figure 3

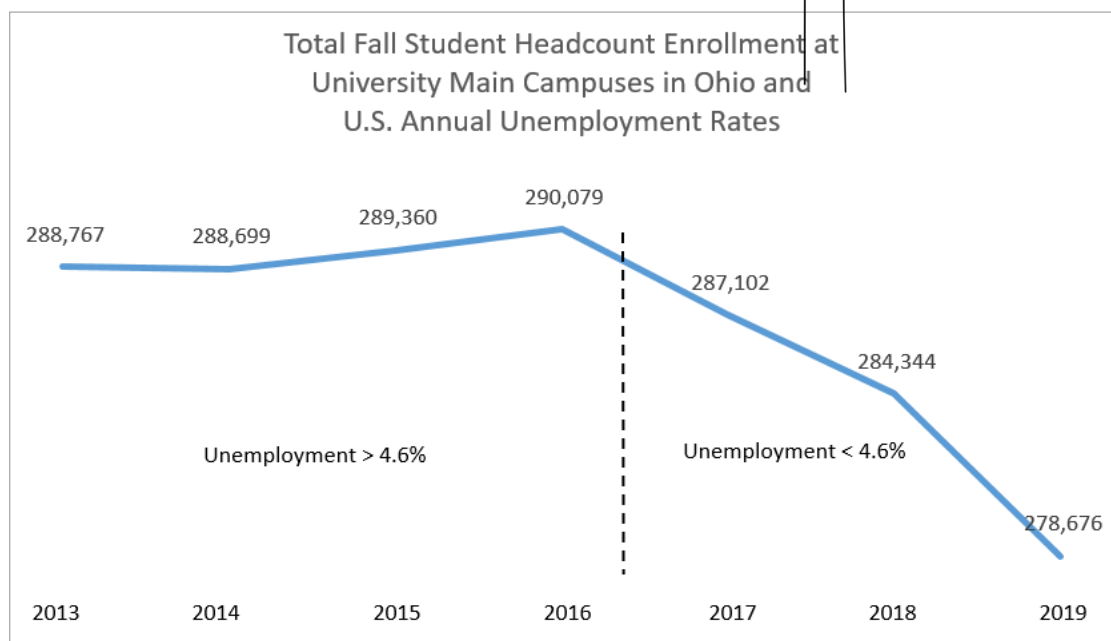


Figure 4

Choosing to Downsize Increases Bankruptcy Risk

For decades, research on organizational downsizing has found it routinely leads to disappointing results for employers. A recent highly controlled, large sample study revealed the decision to downsize leads to higher levels of bankruptcy risk.

The study included 4,710 employers from 83 different industries. Data was obtained from the Compustat database, the UCLA-LoPucki Bankruptcy Research Database, the Bloomberg Terminal, and the Bureau of Labor Statistics.

Control variables were used to address factors other than the effect of choosing to downsize on bankruptcy risk. The study controlled for prior year return on assets, prior year return on equity, working capital, equity to liabilities ratio, debt to equity ratio, cash to current liabilities ratio, capital expenditures, industry knowledge intensity, recent changes in market capitalization, human resources slack, the percentage of employees laid off, and the number of employees.

Even after controlling for all these factors, the decision to downsize remained a significant determinant of subsequent bankruptcy filings. The authors concluded, "From an organizational change perspective, downsizing, like other large-scale changes, introduces disruptions that increase the likelihood that firms will experience severe negative consequences."

Source: Zorn, M. L., Norman, P. M., Butler, F. C., & Bhussar, M. S. (2017). Cure or curse: Does downsizing increase the likelihood of bankruptcy? *Journal of Business Research*, 76, 24-33.