

Report of the Faculty Senate Budget Priorities Committee

Feb 2017

In 2011, Wright State University's cash reserves exceeded \$110 million. Since that time, Wright State University's expenses have dramatically exceeded revenues. This difference has resulted in a dramatic reduction of the University's unrestricted reserves. The increases in the University's expenditures were not related to unanticipated emergencies, but rather to the implementation of a broad spectrum of large strategic investments. The University's diminished unrestricted reserves threatens key financial ratios that are monitored by the State and bond rating agencies and demands that the University prioritize and bring its expenditures in line with its revenues. All of the University's expenditures must be assessed to determine their relevance to the institution's core mission and their potential to generate immediate revenue.

The WSU Faculty must stress the importance of an institutional focus on our core mission: education. Until this looming crisis has passed, new strategic investments should be made only with clearly defined goals, a timeline for assessment, and a clear plan for how the investment impacts that core mission and/or brings an immediate financial return on investment.

The Faculty are confident in the quality of our academic programs and proud of the transformation of the lives of our students. We continue to seek new ways to better serve our students and the people of Ohio in the pursuit of knowledge and professional development. The Faculty as a whole are united in the key principles that drive the following recommendations on fiscal priorities.

The Faculty do not expect that all of the recommendations below could or should be implemented simultaneously. We present this list to the administration for selective inclusion in a comprehensive plan to address the current problem that is rooted in several years in which expenditures exceeded fiscally prudent levels.

Drastically and immediately reduce loss from affiliated entities. A number of affiliated entities have been created as strategic investment for long-term impact and may serve roles in the University's overall mission. However, the University cannot continue to divert significant resources from the core academic mission towards a wide-variety of long-term strategic initiatives. The real cost of each entity (including forgiven debt) incurred by the University over the past 3 years should be considered along with costs and returns expected over the next 3 years. Entities which are expected to draw significant resources from the university should be down-sized or moth-balled until such a time as the University's financial situations allows for long-term investment. Any potential long-term benefit of these entities may be overshadowed by the long-term harm done to the university should it enter financial exigency. The Faculty recommend that the administration immediately and critically review all affiliated entities for their real costs and impact to determine how many and which of these initiatives can be supported without harm to the core educational mission.

Align administrative salaries to institutional need. Administrative salaries, like faculty salaries, are a national market. Current administrative salaries appear to be significantly higher than similar positions at peer institutions. The university should set the total cost of administrative salaries at the same national quartile among like-sized institutions administrative salaries (nationally) as that of the university's faculty salaries (nationally).

Reform stipend policies and administration compensation policies. The university spent over \$2 million in stipends in 2016, in many cases without accountability and for individuals already receiving administrative salaries. University employees should not, as a matter of course, receive a stipend to

perform duties related to their employment. Stipends are an appropriate way to temporarily increase someone's salary for new job duties. For example, a stipend might appropriately be used to compensate an employee serving temporarily in an interim position. Stipends may also be an appropriate way to temporarily (rather than permanently) elevate the salary of a faculty member during the period of an administrative appointment. For example, an associate Provost or department Chair might receive a stipend appropriate to align their normal faculty salary to that appropriate for the administrative rank. Administrative salaries should not be permanently maintained for administrators who resign administrative duties and return to non-administrative faculty status. Bonuses should not be employed as backdoor stipends for upper level administrators. Individual merit among administrators must be measured and compensated via a clear and reasonable process similar to merit among faculty and staff. Finally, stipends might appropriately be used as a mechanism to recognize the accomplishments of someone who has won a competitive university honor or award according to a fixed period, as with, for example Distinguished Professor. The Faculty recommend that all stipends/allowances be subject to annual Board of Trustees review/approval.

Reduce reliance on external administrative services. Many essential university practices require evaluation and advice by experts external to the university; however most do not. External consultants retained by the university's central administration should be considered a luxury. The central administration should endeavor whenever possible to identify internal expertise (existing staff and faculty) to provide consultation. The Faculty recommend that in the event that suitable internal expertise cannot be identified, and the university can demonstrate that the expertise is not present that all contracts for external administrative support require Board of Trustee approval.

Examine the appropriate level of support for Intercollegiate athletics. The university community should be made aware, annually, of the total cost of intercollegiate athletics, including the impact of athletics scheduling practices on Nutter Center revenue. The total planned expenses for the program should be carefully managed to be consistent with a lean athletics program most appropriate to our university's size and mission. Reductions in academic program budgets should never exceed reductions to athletic budgets. Budgets for highly desirable, but fundamentally auxiliary operations, not core to the educational mission must be considered more expendable. The Faculty recommend that the administration decrease the budget of auxiliary units, such as athletics, by at least the same percentage expected by any academic unit/college. Furthermore, the Faculty recommend that such auxiliary units be held the highest standard in their obligation to not exceed their budget and it so doing reducing the resources available for the core academic mission.

Reform duplicative student services to increase efficiency and effectiveness. Perception of periodic poor performance in some centralized university units has led to a climate in which some academic units seek improved service through duplication of existing services under different new reporting chains. This duplication is unnecessarily inefficient and may, in some cases, allocate funds intended for primary instruction to student services. The central administration should employ a thoughtfully designed best-practice-informed model for these services, whether fully centralized, fully decentralized or centrally administered hub and The Faculty recommend that the administration identify duplicative student services, develop a plan to identify best practices and quantitative measures to assess impact, and implement those practices.

Undertake comprehensive strategic enrollment management and program development efforts. Currently enrollment management, marketing, international affairs, and the graduate school engage in largely uncoordinated activities to attract and recruit students. Coordinated efforts should include the identification of the needs of those we serve including identification of needs not currently served by

university offerings. Enrollment management should be a partner in the development of new programs. Efforts should also include the annual publication of projections/targets for expected enrollment in each program (or potential new program) and planned activities to fill those programs to the targeted or available capacity. The Faculty recommend that the university create a standing working group charged with the development, implementation, dissemination, and maintenance of a strategic and comprehensive plan for coordinated enrollment management.

Update the bulk (flat-rate) tuition model to the 12-credit hour model as soon as the State permits adjustments to tuition costs. WSU is the only public university or college that begins its flat rate tuition at 11 (rather than the standard 12) credit hours. This creates additional and unnecessary administrative expense in the increased costs required for Title IV compliance.

Complete and enable Banner and departmental prerequisite checking during registration this year. Each ineligible student who drops, who is administratively dropped from a course, or who fails, fills a seat that could be used by an eligible student. This unused capacity leads to unnecessarily inefficient use of instructional resources and is an opportunity for both increased revenue and increased service to our students. The Senate has recommended that prerequisites be identified as “Banner-enforced” and “unit-enforced” to allow maximum flexibility to units. Testing the system has commenced, but rollout should happen this calendar year.

Develop a policy that results in a regular assessment of all administrative and service units. Evaluative practice is vital to the delivery of high-quality, efficient, and effective services. It provides the opportunity to identify and leverage strengths, pinpoint areas for improvement, and develop data-driven strategies and benchmarks for future progress. The Faculty recommend that the University implement a cyclical review process such that administrative and service units engage in a comprehensive review in a rotational five-year cycle. This policy should also provide a means for Faculty and Staff to identify and participate in other continuous improvement strategies such as “Lean” for the purpose of making processes more efficient both within and separate from these periodic reviews, responsiveness and effectiveness..

Identify opportunities to consolidate/reorganize units strategically. Reduction in overall costs may require reorganization of administrative, service, and college-level administration. Reorganization should focus on improving the ability of the university to perform its mission. The Faculty recommend that the administration continue to identify and reorganize units to increase administrative efficiency.

Drastically reduce Technology Transfer efforts. Technology Transfer is a long-term strategic investment with unreliable short-term reward. The Faculty recommend that Technology Transfer efforts and costs be drastically reduced (or eliminated) until the University can better afford the investment.