

Wright State was warned a year ago that more cuts were needed

daytondailynews.com/news/wright-state-was-warned-that-more-cuts-were-needed-year-ago/TCB1O84BNo5IXG2anhOXRO

Max Filby Staff Writer 6:00 a.m. Sunday, April 15, 2018 News

News



Students on campus at Wright State University.

Wright State University's interim president saw the school's recently-announced \$10-million problem coming last June.

Last summer Curtis McCray, in the midst of serving a brief three-month stint as interim leader of the school, announced that Wright State's financial problems were "a little deeper" than the \$30.8 million trustees cut out of the school's 2017 budget. Instead, McCray recommended trustees slash \$40 million from Wright State's budget.

A year later, the current university administration has found that McCray's predictions have come true.

Wright State president Cheryl Schrader this week asked university departments to slash 66 percent of their remaining budgets for fiscal year 2018 - which ends June 30 - in a last-ditch effort to keep the school off of state fiscal watch. Around \$6 million of the \$10 million WSU is trying to cut within the next 11 weeks would be put in the college's reserve fund. But chief business officer Walt Branson said that at this point such efforts are unlikely to raise enough money for the school's reserves in time.

RELATED: Wright State apologizes after graduation ticket limit sparks online outrage

"I'm not surprised. It was a guess on my part but I was fairly positive," McCray said when contacted by phone Thursday. "(Wright State is) a good place and it ought to do better...I've never seen an institution go from a reserve of over \$100 million to nothing."

Wright State's depleted reserves are one of the main reasons the university could land on fiscal watch.



Download the Dayton Daily News app

Get the latest Dayton news you want, when you want, in this free app from the Dayton Daily News. Click a link below to get the app.

WSU's total reserves plummeted from \$162 million in 2012 to a projected \$31 million in 2017, which amounts to a \$131 million decline over five years, according to the school's budget.



The state measures every public college's fiscal health with something called a "Senate Bill 6 score," an annual rating of 0 to 5. Half the score is based on the school's reserve fund, essentially how much cash the school has in the bank. The other two factors include a viability score which calculates the university's ability to service its debts and an income ratio which measures the school's change in net assets, according to the FY 2018 WSU budget.



Any school that falls below a 1.75 two years in a row is put on notice. Wright State projected its score last year was a .8, meaning one more year below a 1.75 would put the school on fiscal watch. As recently as January, administrators were projecting a score of 2.2 for the current fiscal year.

Under fiscal watch status, WSU trustees and administration will have to adopt a financial recovery plan with an eye toward ending the status of fiscal watch within three years, according to state law. They would be required to produce forecasts and plans for getting the school's finances back on

track, and if the administration did not do this the chancellor of the Ohio Department of Higher Education could appoint someone to make those decisions for the university.

By June 30, Wright State will have a projection of whether the school will enter fiscal watch. But, the state likely wouldn't decide whether to place the school under added scrutiny until the end of 2018, said David Cummins, finance director of the Ohio department of Higher Education.

"I think the next three months are going to be the tightest belt tightening," said Sean Fitzpatrick, chairman of the board's finance committee. "If we miss fiscal watch by one dollar then shame on us."

Enrollment and other issues

Wright State, said Cummins, is "right on the border" of entering fiscal watch. A big reason for that is the university's enrollment.

Wright State's enrollment this year was projected to hit its lowest point in a decade. Tuition is the school's biggest source of revenue so fewer students translates to less money.

A steep decline in international students over the last two years resulted in a decline of \$15 million in net tuition revenue, Wright State estimates.

RELATED: Wright State leader: 'We have got to cut it out if we want to save this university'

Enrollment issues also arose last fall when the mix of in-state versus out-of-state students did not come in as expected. The university had more in-state students enroll than expected and fewer out-of-state students, board chairman Doug Fecher said last fall.

Non-Ohio residents pay more for tuition so the issue resulted in tuition coming in \$4.7 million under projections. Ohio residents will pay \$10,814 and out-of-state student pay \$21,032, according to Wright State.

Unbudgeted scholarship and fellowship expenses cost the school around \$3.5 million last fall. More recently health insurance claims have been a strain on Wright State's budget.

Around \$6 million in unexpected health care costs occurred this spring for employees or their families who are covered by the university's health care plan. Claims have increased or decreased by as much as \$500,000 in a single week, according to the university. Both Branson and Fitzpatrick have said the large claims may be from employees or their family members who had major medical problems this year or are about to retire or leave the university.

"The medical insurance was a big wild card that got thrown in," Branson said in February.

'Moving target'

The budget problems have forced trustees to look at operational details that boards of trustees typically leave to administrations to decide.

Trustees are regularly having discussions about everything from what jobs should be filled and to how high Wright State's catering budget should be.

"They're in an interesting situation...It's really forcing them to get to the level of detail to see where they're at," Cummins said. "This one's a little unique because they're shooting at a moving target. That's the challenge for them."

Along with Fecher and Fitzgerald, Wright State's trustees are Anuj Goyal, Grace Ramos, Michael Bridges, Bill Montgomery, Stephanie Green, C.D. Moore, Bruce Langos and two non-voting student members.

BIZ BEAT: Dream job alert: Ohio LEGOLAND looking to hire a 'master builder'

On Wednesday, trustees learned that some austerity measures McCray put in place — when he was there from March to June last year — were not kept in place after he left, including paid travel. After trustees complained on Wednesday, Schrader emailed the campus on Thursday to re-institute several austerity measures.

She again banned overnight travel unless it is paid for by a third party, prohibited catering again and lowered limits on purchasing cards for university employees to \$250 per purchase and \$500 per month.

"We understand that this requires great sacrifice and presents challenges for your daily work, but we must come together in the short term to preserve Wright State University's exceptional educational programs and community leadership for generations to come," Schrader said in the email.

'Some of them...are a joke'

At times the university has left positions vacant or used temporary hiring freezes to save money.

Over the last two years, Wright State administrators and trustees have said they would not fill positions unless they were critical to the school's operation and mission. They have also said that positions shouldn't be filled if they are not pertinent to the safety and well being of students.

During a board meeting this week, trustees questioned jobs currently posted on the university's website and trustee Bruce Langos said that "some of them, as you go down the list, are a joke."

PHOTOS: Check out this nearly \$1M Beavercreek home with outdoor pool

Listed on the school's website are research-related jobs and dozens of faculty positions including adjunct positions, assistant professors and instructor jobs. There is also a position for an events and social media coordinator for Wright State Research Institute, an assistant women's volleyball coach, an assistant general counsel job and a men's basketball administrative assistant, among others.

Wright State's hiring process follows a few different tracks, said spokesman Bob Mihalek.

Grant-funded positions are still being filled since compensation for those jobs does not come out of the school's budget. Approval to post university-funded jobs comes when a position meets the conditions for "emergency hiring" or "strategic hiring," which include security and compliance needs, Mihalek said.

The posting for an administrative assistant for basketball was approved to be posted last November, but "upon further review, athletics was asked to delay hiring and re-evaluate options," Mihalek said via email.

In Wednesday's meeting Schrader said that her administration is "focused on accountability" and on "doing everything we can to reduce any expenditures that are not critical."

The next budget

Wright State administrators have already started planning for next year.

This week they released details of an early fiscal year 2019 budget and the plan didn't bode well for the university.

Another enrollment decline could lead to around a \$12 million decline in tuition revenue, far more than the \$3.5 million administrators projected in January.

BIZ BEAT: 5 big changes coming to the Dayton Mall area: What's really going on?

With more enrollment misfortune on the horizon, Wright State will have to spend even less money next year.

Overall, the university is planning more than \$23 million in spending reductions during the next fiscal year, the preliminary budget shows. In June trustees will get more details on the school's next budget, something Schrader and her team are charged with planning.

McCray said he still does some consulting work for colleges but "nothing like what I did as interim president." He's not sure what Wright State's leaders will do to finish what he started but he's sure one thing is in the school's future.

"I think they'll probably do the only things there are to do: Cuts."

WSU total reserves

2012: \$162 million

2013: \$140 million

2014: \$135 million

2015: \$109 million

2016: \$64 million

2017: \$31 million*

*Projection from FY 2018 budget.

WSU budget crisis timeline

July 2016: WSU withdraws from presidential debate, citing mounting costs.

October 2016: WSU eliminates 23 positions.

March 2017: WSU president resigns, citing budget concerns.

March 2017: Interim WSU president says programs and sports teams could be cut.

June 2017: WSU trustees approve \$30.8 million in cuts, decides to keep swimming team for another year.

July: 2017: Cheryl Schrader takes over as president.

October 2017: WSU announces it will cut swimming and diving teams.

January 2018: WSU administrators say they may avoid state fiscal watch.

March 2018: WSU asks departments to slash remaining budgets by combined total of \$10 million.

April 2018: WSU trustee says school is "on a trajectory" toward fiscal watch.