President’s Message

When I agreed to run for AAUP president I knew that the chapter and WSU faced challenges ahead, as do most colleges and universities in times of financial crisis. The country’s economy is in what most agree is the most serious crisis since the Great Depression and Ohio is among the states facing a sharpest declines in revenues. We still don't know the real impact of the recent Ohio Supreme Court decision which effectively stopped the installation of slot machines at race tracks around the state. We do know that the lack of that new revenue source will require additional adjustments in a state budget that has already been reduced by drops in income and sales taxes. Fortunately thus far WSU has not faced some of the choices that other state schools have used to reduce budgets. Having a collective bargaining agreement has reduced the uncertainty that members would have faced about income and insurance costs, at least until 2011. Unfortunately the state financial problems are far from over and your chapter Executive Committee will continue to work to protect your interests.

Beside the financial challenges facing all state universities, we face the additional challenge of converting to a semester system. Beside the curricular changes needed, there are also many issues which need to be addressed to ensure that the switch does not violate the agreed upon goals of being revenue and workload neutral and does not increase the time that students need to complete their degrees. The chapter Negotiating Team and the administration have been meeting to work on the workload details. Once initial issues are defined, the team will be holding open meetings to receive additional faculty input.

Some faculty may not realize how important having a collective bargaining agreement is in dealing with the financial issues and the switch to semesters. Most Ohio universities so far have not faced furloughs and deep cuts in salary being instituted in other states. If tougher choices are to be made in the future, there is some solace in knowing that our collective bargaining status gives us input into how decisions are made. The same applies to the semester switch. In some schools, faculty members have little or no input into the workload changes needed to implement semesters. Our collective bargaining rights ensure that any proposed changes will be negotiated with us and that faculty input will not be dismissed or avoided.

Henry Ruminski
We are nearly halfway through our current Collective Bargaining Agreement (CBA). The raises that our CBA has provided for us -- the Bargaining Unit Faculty -- are of course welcome to us as individuals. More importantly, those raises position Wright State to attract and retain high caliber faculty. That is of course exactly what must happen for our University to improve, in particular to improve the educational experience we provide for our students.

Preparations for negotiations for a successor CBA will start barely six months from now, and negotiations themselves will begin early in 2011. What can we expect? Early signs point to a very hard-line stance on our compensation (salaries and benefits) by the administration. It might raise issues like the following three in support of such a stance.

**The State of Ohio's Budget Woes**

We read regularly about the sad state of Ohio's economy and its impact on the state's budget. The administration may cite the state's budget when we begin negotiating in 2011. Indeed, it is probably true that Wright State and our sister public universities receive less subsidy than we otherwise might have. But, Wright State's budget for the current fiscal year (July 2009 - June 2010) actually projects increased state funding for WSU. Further, state funding provides less than 30% of WSU's revenue, so state funding cuts hurt us far less (and increases help us far less) than was the case not long ago.

No one is pleased with the news that some Ohio citizens are receiving no raises, or being furloughed, or even losing their jobs. The administration may cite such news in taking a hard line stance on our compensation. But it remains a fact that what institutions of higher education offer is in great demand. Indeed, almost nobody believes that the manufacturing economy that once made Ohio a wealthy state will be resurrected; oppositely, state officials from the governor down preach the mantra of a "knowledge economy" and regard our universities as essential for Ohio's future. This mantra is regularly repeated by top WSU officials. So, our universities are indispensable, and ability of our university to serve the citizens of Ohio depends first and foremost on the quality of the professorial faculty it can attract and retain.

**Wright State's Budget**

Most of us are aware that top administration officials have cited the need for budget cuts at Wright State, and that the administration has offered incentives to reduce the number of its employees. We are likely to hear about this again when it takes a hard line on our compensation in early 2011.

Let's look at the facts.

First, the WSU budget approved by the Board of Trustees for the current fiscal year is balanced. That budget of course incorporates our raises specified in our CBA, and presumably the modest mid-year raises planned for most other WSU employees. Second, the budget assumes "flat enrollments" whereas fall 2009 enrollments were actually up by 6.4%; further, each 1% increase in enrollment brings about $1 million in extra revenue to the university. Thus, the administration may well have a budget surplus of $5 or $6 million, perhaps more. Further, in recent years, the balanced budgets adopted at the start of a fiscal year often turned into multi-million-dollar surpluses by the end of the fiscal year; so one may reasonably expect that the $5 - $6 million surplus may in fact be larger. Fourth, the approved WSU budget, cuts and all, in fact calls for overall
spending about 4% more — about $15 million more -- than last year’s! Higher salaries going to Bargaining Unit Faculty will account for about $2 million of this $15 million spending increase. Indeed, compensation for Bargaining Unit Faculty amounts only to about one-tenth of the WSU budget -- that alone speaks volumes about institutional priorities.

In summary, then, the administration plans to spend more money in the current fiscal year than it did in the past; our raises only account for a tiny share of the budgeted spending increases; and record enrollments will likely provide millions of additional dollars.

**Raises for other WSU Employees and for Faculty Elsewhere**

When negotiations begin in early 2011, we can expect to hear that other WSU employees have received smaller raises than we have.

Let’s look at the facts.

For the current year, the administration has stated that it plans to give 2% raises on the first $50,000 of salary for most non-Bargaining-Unit employees, effective January 1, 2010. The necessary funding is presumably in the balanced budget described above.

The central reason that we are receiving good raises but other employees are not is that we have a union that has strong backing from our members. Recalling what happened in WSU’s pre-union era, one realizes that when budgets were tight, the administration of that day treated employees and their salaries as the “residual claimants” on the university budget. That is, we got the leftovers, which in one year was zero and nearly zero in others.

We have already noted that one can expect several millions in surplus funds for the current fiscal year — more than enough to provide the other employees with reasonable raises well beyond those already planned. Indeed, one wonders if any employees would have gotten any raises had it not been for our contractually guaranteed raises. The last thing the administration wants, we believe, is for other employee groups to unionize. So, other employees groups often receive improved benefits and other favorable conditions of employment (vision coverage in the health care plan, 100% coverage of preventive dental care, paid parental leave, free access to the fitness center, etc.), negotiated by our union for Bargaining Unit Faculty. So, it is hardly wild speculation to wonder if other employees would have gotten any raise had it not been for AAUP-WSU.

What about raises at other Ohio public universities where faculty are covered by collective bargaining? We can look to a current (October 11, 2009) article from *The Chronicle of Higher Education* for an answer. A front-page headline reads, “Kent State U. Says It Will Pay Bonuses to About 800 Professors”. This article reports, “about 820 of [Kent State’s] full-time tenured and tenure-track faculty members will receive an extra $2,500 to $2,800 in their paychecks on December 1” and “The program is included in the contracts of only tenure-track faculty members.” The article also reports Kent State’s president Lester A. Lefton saying that he is happy to share Kent’s windfall. What the article does not say is that these bonuses are in addition to a 3% across-the-board raise specified in their CBA — with 3% across-the-board plus 1.5% merit specified next year.

So, the Bargaining Unit Faculty at Wright State are by no means unique. Our contract is not the only one providing good raises, and not the only one guaranteeing compensation increases provided to tenure-eligible faculty only.
What about raises at other Ohio public universities where faculty are not covered by collective bargaining? At Bowling Green State University, faculty salaries are frozen; and likewise at Ohio University faculty will get zero. Things are not too bright for our colleagues who have not organized.

A Question

Where will the Wright State administration spend the anticipated millions of dollars in unbudgeted revenue?

Looking at the budget will not answer this question, nor even tell us where the budgeted revenues will be expended. After all, a budget is only a plan; and the best laid plans... We’ll have to wait until February, 2010 (approximately) to see audited financial statements showing how the administration actually spent money during the fiscal year that ended in summer, 2009; and it will be a year after that to see how the current fiscal year actually turns out.

Further subsidizing Intercollegiate Athletics?

This is a prime example of the difference between budgets and actual spending. Over the past several years, Intercollegiate Athletics at WSU has over-spent its budget to the tune of nearly half a million dollars per year; the deficit for the last reported year (the fiscal year 2007-2008) was over $1.1 million. Importantly, these deficits are above and beyond the multi-million dollar subsidy budgeted for Intercollegiate Athletics.

Restoring tenure-eligible faculty positions vacated by participants in the Separation Incentive Plan?

The administration reports that twenty-four Bargaining Unit Faculty are participating in the Plan; that their annual salaries total more than $2.1 million; and that the total incentive going to them will be less than $1.6 million.

If all these positions are left vacant, then...

- The raises recently paid to continuing Bargaining Unit Faculty will have been more than paid for by the twenty-four departures.
- Our students, among us in record numbers, will have significantly diminished access to professorial faculty.
- The remaining Bargaining Unit Faculty will be even more stretched – will have even less time for their students and their scholarship – as we undertake the significant curricular and other tasks associated to the semester conversion.
- Increases in the number of WSU Bargaining Unit Faculty over the past four years will have been cut in half. Let us add that these increases still left WSU below the state average in student-faculty ratios (FTE students per professorial rank faculty member).

Providing more reasonable pay increases for other employees?

We noted above that such increases should be well within reach.

Restoring funds to “Strategic Initiatives”?

Where will the money go? Time will tell. The answer will provide insight into the priorities and the values held by the WSU administration.

A Lesson

We have done well vis-à-vis salaries in the current CBA. Indeed, our salaries have come a long way in the decade of faculty unionization at WSU. Despite the budget woes of Ohio and the budget challenges at Wright State, we are not getting the leftovers! We used to engage in collective begging; now, it’s collective bargaining instead.
The strength we have due to collective bargaining has of course resulted in improved salary and benefits for Bargaining Unit Faculty. But we also have considerably more transparent processes for promotion and tenure, including an appeal process; annual evaluation is likewise more transparent, and merit raises depend directly upon annual evaluations; criteria for both P&T and annual evaluation are specified in the bylaws, changes to which must be approved by faculty; we have guaranteed dollar support for professional development; we have rights of meaningful participation in searches for faculty and administrators; and we have the access to a formal grievance procedure should the administration violate any CBA provision, which can extend to binding external arbitration. And oh, yes – we are now bargaining over workload. Imagine how our workload might have turned out under semesters if we did not have a union!

All this has made Wright State a better university for our students and for the society we serve.

How did we achieve these gains? How can we maintain what we have gained or even do better? These two questions have the same answer. It’s not clever arguments or eloquent speeches delivered during contract negotiations. It’s not “our” people being smarter than “their” people. Oppositely, our success in negotiations comes from political power. This power comes from our numbers – over 80% of all Bargaining Unit Faculty have joined AAUP-WSU. But membership alone is not enough; we have to be willing to speak up and, if need be, to act. The negotiations in early 2008 that led to our current CBA provide an excellent illustration. At that time, the administration was taking a very hard line on salary and benefits; their proposals would have entailed a real pay cut including large increases in what we would pay for health care. Our negotiating team asked for messages from our members, messages stating that they would vote against any contract containing provisions like those the administration wanted. We got the better part of two hundred replies in less than a week and told the administration all about it. That’s power, and it came from our standing together and taking action. To quote the April, 2004 issue of our Right Flier newsletter, “Faculty have the ultimate power in an academic institution simply because if we refuse to offer our services, the main work of the institution grinds to a halt.” Nobody wants to strike. But the administration knows well that voting to reject a contract – the action our members threatened back in 2008 – is a major step in that direction.

We expect that the negotiations that will begin early in 2011 will bring greater challenges than those we faced in 2008. Our membership and our bank account have both grown considerably since then. But our resolve to get a fair contract must grow, too. That’s where our power comes from. That’s the means necessary for us to continue making strides for faculty, because that’s what makes Wright State a better educator of our students and a better servant of Ohio’s citizens.

This does not mean that the faculty want to exercise that power, but negotiating from a position of strength often ensures our goal of obtaining the best possible CBA.”

Rudy Fichtenbaum and Jim Vance

NOTE: Negotiations are continuing on workload and we will have a full report on these negotiations in the winter once we receive proposals for teaching loads by colleges.

For up-to-date reports on these negotiations, go to:

www.wright.edu/admin/aaup/workload.html
Doris Johnson participated in sessions on Government Relations Update: From Capitol Hill to Campus and Contract Negotiations.

The Government Relations session explored governmental policy issues in higher education of particular concern to faculty and explored how the AAUP engages in policy discussions and lobbying at the state and national levels. Participants learned how to receive advance warning on trends that trickle down to the state level and learned how to network and work effectively with colleagues in their state to shape the lawmaking process.

The Contract Negotiations series provided training in the complexities of the bargaining process. The series began with a presentation in which the participants learned how to select a negotiating team and a chief negotiator; learned about the relationship between the negotiating team and the chapter; table techniques; how to build support throughout the process; political considerations; alternative bargaining styles; nuts-and-bolts issues of contract language, and proposal language. The participants honed their skills the succeeding sessions by engaging in simulated negotiation sessions. Participants were divided into corresponding teams of faculty negotiators and university administrator negotiators who were given sets of institutional and faculty data and charged with negotiating a contract proposal that would satisfy both sides.

The most interesting aspects were the group dynamics and interactions. In working through the negotiation process, it was discovered that the participants’ approach to contract negotiations depended primarily on their experience of how the process worked at their own institutions. These faculty members, whether representing an administrative or faculty perspective, manifested the behavior exhibited on their university campuses. Those faculty members and administrators who viewed their counterpart negatively on their university campuses held the same view during the contract negotiation simulation. Those faculty members who had positive relationships with administrations on their university campuses demonstrated positive interactions during the contract negotiations simulation.

Lawrence Prochaska

I focused my participation in the meeting on the contract negotiations sessions which were four-three hour sessions on two consecutive days. Session 1 gave the participants an overview of the negotiation process and approaches to productive collective bargaining. We then broke into pairs of teams, AAUP faculty and administration contract negotiation teams. We carried out negotiations in the subsequent three sessions. I jumped ship from the faculty team and joined the administration team. We were given facts about our university during the time of the current contract and instructions from the board of trustees on what needed to be gained from the faculty. Our chief negotiator was outstanding and as a team we considered the lack of faculty membership (55%) in the union a strong bargaining chip for us to play. Our team was excellent at number crunching. One of the faculty’s strong bargaining stances was fair share and we decided to give them fair share if their membership increased to 80% from their current 55%. They gave up equity increases in base salary for faculty at the branch campuses. We also had faculty increase their insurance costs from 15 to 18% and guaranteed them that rate only if the faculty enrolled in wellness programs. We agree to a 3%, 3%, 2.5% raise over 3 years and resolved the workload issue by agreeing to replace departed faculty with
new faculty lines. I learned a couple major things from this session; 1) the better we were prepared in the bargaining process, the more issues went our way; 2) the administration controls and has the dominant hand in this process. Our strength at WSU is our membership, now approximately 81% of the BUFM. We speak in one voice and believe me during the “model” negotiation process at the meeting, we repeatedly told union representatives that their membership numbers showed weak support for the union. This is not the case at WSU! Join AAUP!!!

STRS Changes

Here are the changes that STRS will propose to the state legislature. If you have any concerns about these proposed changes please contact your state senator or state representative.

The STRS Ohio Plan to Strengthen the Financial Condition of the Retirement System
--Taken from the STRS website--
http://www.strsoh.org/

The Issue

Before the market downturn, STRS Ohio had a funding period for its pension fund of 41.2 years, exceeding state statute’s 30-year maximum funding period. Economic and demographic factors, such as members living longer, were causing a reduction in available funds to pay off accrued liabilities over time. The unprecedented decline in the global markets and the accompanying recession, along with the projected gradual economic recovery, significantly accelerated the need for STRS Ohio to make changes. In just one year, from July 2008 to July 2009, STRS Ohio's unfunded liability has nearly doubled to $38.3 billion and the funding period is at infinity.

STRS Ohio has the cash flow needed to pay current pension benefits when they are due. In fact, the value of preserving the security of the Defined Benefit Plan to our members has never been more apparent. However, looking long term, there is a shortfall in the funding of STRS Ohio benefits. If no changes are made, STRS Ohio will eventually be unable to pay future benefits.

The Planning Process

In March 2009, the State Teachers Retirement Board took the prudent and proactive step to begin a long-term contingency planning process to address the funding challenge. Its objective was to:

- Preserve the Defined Benefit Plan, and
- Ensure the continuation of the STRS Ohio Health Care Program.

The board pledged that the process would be detailed, thorough and deliberative. It further noted that no actions would be taken lightly as all actions impact STRS Ohio members and employers. The board received input from individual members, employers and constituency groups as it went through its many months of discussion.

The Plan

The current expected long-term actuarial rate of return of 8% for STRS Ohio’s investment assets cannot be raised; STRS Ohio cannot count on higher investment returns as a solution. In addition, while it is absolutely imperative that STRS Ohio watches every dollar that it spends, reducing operating expenditures cannot solve the long-term issue of funding pensions for future generations of teachers and a viable health care program. As a result, the board unanimously approved a multifaceted plan on Sept. 1, 2009, to strengthen the financial condition of the
retirement system that includes these components:

**Increase in Contributions**
- Increase member contributions by 0.5% per year beginning July 1, 2011, to a total of 2.5% on July 1, 2015.
- Increase employer contributions by 0.5% per year beginning July 1, 2016, to a total of 2.5% on July 1, 2020.

Currently, STRS Ohio members pay 10% of their salary to STRS Ohio and employers pay 14% of total teacher payroll in lieu of paying into Social Security. This plan component increases member and employer contributions by a total of 5% by July 1, 2020. The member increase would be phased in at 0.5% per year, beginning July 1, 2011, until 2.5% is reached on July 1, 2015. The employer increase would be delayed for five years, when it would be phased in at 0.5% per year, beginning July 1, 2016, until 2.5% is reached on July 1, 2020. Ultimately, STRS Ohio members would contribute 12.5% and employers would contribute 16.5%. This phased approach allows time for the economy to improve and also helps employers with budgeting.

**Increase in Final Average Salary (FAS) Years**
- FAS calculation to be based on five highest years of earnings beginning Aug. 1, 2015.

Pension benefits are determined by a member’s age, years of service and FAS. With this change, the FAS would be based on the five highest years of earnings versus the current three years, beginning Aug. 1, 2015.

**Change in Eligibility for Retirement**
- Increase years of service required for retirement, beginning Aug. 1, 2015.

This change increases the number of years required to be eligible for retirement. Beginning Aug. 1, 2015, members can retire at any age with 35 years of service; at age 60 with 30 years of service; or at age 65 with five years of service. (Members may retire earlier with an actuarially reduced benefit at age 55 with 30 years or at age 60 with five years.) Members who meet age and service eligibility for service retirement as of July 1, 2015, under the existing rule retain their eligibility.

**Change in Benefit Formula**
- New formula would be 2.2% per year for the first 30 years of service; 2.5% per year thereafter, beginning Aug. 1, 2015.

The 35-year enhanced benefit is no longer needed to encourage teachers to work longer and is eliminated. Those who have 30 years of service; who are age 55 with 25 years of service; or who are age 60 with five years of service as of July 1, 2015, receive the greater of:
  (a) The benefit as of July 1, 2015, under the current formula; or
  (b) The benefit upon retirement under the new formula.

In short, members who are eligible for service retirement will receive no less of a base pension benefit than they could have received on July 1, 2015. Under the new formula, at the end of a 35-year career, teachers would receive 78.5% of their final average salary; teachers who retire at age 60 with 38 years would receive 86% of final average salary.

**Reduction in Cost-of-Living Adjustment (COLA)**
- Beginning July 1, 2011, current retirees would receive an annual 2% COLA; members retiring after July 1, 2011, would receive a 1.5% COLA each year. Currently, the COLA is 3%. Without a change in the COLA, a viable Defined Benefit Plan cannot be sustained.

STRS Ohio staff projects that these changes would reduce accrued pension liabilities by $8.99 billion and would bring the pension fund to a 33.4-year funding period from its current status of infinity. Further, the current 1% employer contribution to the health care fund continues.
Next Steps

In addition to STRS Ohio, low investment returns, demographic factors and the economic outlook have impacted the other four Ohio public pension plans. As a result, the Ohio Retirement Study Council (ORSC), which is the legislative oversight body for the five systems, directed each system to present a board-approved plan at the ORSC’s Sept. 9, 2009, meeting for either maintaining or returning to a 30-year funding period.

There was wide divergence among the plans that were presented due to the variations in each system’s funding situation, demographics and plan design. In the coming weeks, ORSC staff will be working with the systems and discussions will continue at the monthly ORSC meetings. It is anticipated that eventually legislation will be drafted and introduced and then the normal legislative process will begin. All of the changes contained in STRS Ohio’s proposed plan require legislative action by the Ohio General Assembly and the governor, as all the plan components require changes in existing statute.

Looking to the Future

The Retirement Board will continue to annually review the actuarial valuations of the pension fund and the health care fund to monitor both funds progress over time. The board will also continue working with its many constituents - including the Healthcare and Pension Advocates (HCA) for STRS - as discussions continue with the other Ohio systems, the ORSC and other members of the Legislature.

The STRS Ohio plan:
• Preserves the Defined Benefit Plan for Ohio’s public educators. STRS Ohio members do not have to worry about outliving their benefits. These pension benefits can continue to support local economies (more than $3.6 billion in benefits are paid to Ohio residents alone); the taxes paid on these benefits can also continue to support local, state and federal governments. A viable Defined Benefit Plan also reduces the likelihood that STRS Ohio members will have to turn to public assistance, Medicaid or social services in retirement, thus relieving taxpayers of future obligations.
• Continues to offer a retirement plan that will help Ohio’s public schools, colleges and universities recruit and retain quality educators. • Allows for current and future active members, retirees and employers to collectively contribute to a solution.
• Provides a transition period for those teachers who are close to retirement, while recognizing that those further out from retirement have more time to plan for their future financial security.
• Allows members to continue to control their retirement decisions and not be ‘forced’ out. This mitigates a potential ‘stampede’ of members who want to retire before changes go into effect, thus preserving retirement patterns for STRS Ohio and protecting employers from veteran teachers leaving all at once.
• Preserves all past cost-of-living adjustments (COLAs) and ad hoc increases for current retirees.
• Allows retirees’ pensions to continue to grow in the future, but at a slower rate.

Most importantly, the Retirement Board and staff, as fiduciaries of the system, have developed a plan that helps ensure the long-term solvency of STRS Ohio for future generations of teachers.