

AAUP

NEWS

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Independent financial analysis says College is in “poor financial condition”

According to an independent analysis of College finances commissioned by the AAUP chapter, Cincinnati State is in “poor financial condition” after “deteriorating rapidly” over the past three years.

The analysis of Cincinnati State finances was conducted by Dr. Rudy Fichtenbaum, Professor of Economics at Wright State University in Dayton.

During the past four years, Dr. Fichtenbaum has studied and reported on higher

education finances for nearly 20 colleges and universities throughout the U.S. His research and analysis builds on a lengthy history of independent financial analysis studies supported by the National AAUP.

The Financial Analysis report will be available this week from the chapter website, www.cinstataaap.org.

Dr. Fichtenbaum’s analysis of Cincinnati State finances uses information published in the

College’s audited financial reports for Fiscal Years 1999 through 2003. The reporting method also factors in the changes in accounting methods that were required for all higher education institutions starting in Fiscal Year 2002.

The 26-page report explains that Cincinnati State was in good financial health and was essentially debt-free from 1999 to 2001, but by 2003 the College’s financial situation had declined rapidly. According to

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Editorial: Faculty are ready to help make a new plan

--The Cincinnati State AAUP Executive Committee

An independent economist’s analysis of Cincinnati State’s financial status shows the College to be in poor financial condition.

The report raises a number of important questions, such as how tuition revenues can go *down* in a period of enrollment growth, and why the expenses for non-academic areas of the College have increased at significantly higher rates than have academic expenses over the past five years.

The independent financial analysis report does not show precisely why Cincinnati State is in this financial predicament, nor does it provide a blueprint for how to extricate ourselves from this crisis and keep Cincinnati State solvent in the future.

That’s a matter for careful analysis of how we got here, and careful planning for the future.

As the report points out, a college budget is a plan that expresses an institution’s priorities. But what process should be used to make such a

plan? How should future budget assumptions be developed and how should Cincinnati State establish its financial priorities?

The College is one month away from the close of fiscal year 2004—and one month away from getting a sense about whether we will be on “fiscal watch” under Ohio law.

We are also one month away from the start of the 2005 fiscal year and the opportunity to start implementing a new budget plan.

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the report, key contributing factors were the large amount of debt incurred to finance construction activities, and the fact that despite increasing enrollment at the College, the net income of the College has been declining.

Chapter President Pam Ecker said, "The financial analysis prepared by Dr. Fichtenbaum is a 'plain English' explanation of the financial mess this College is in. We hope all members of the College community will take time to read this important information."

"Now that the financial situation for Fiscal Year 2004 has declined so much that the President is asking employees to work for no pay, it's critically

important for all of us who care about the future of this College to understand how and why an institution that was in great financial condition for 30 years could fall so far, so fast," Pam added.

Pam said that the AAUP is sending copies of the financial analysis report to all members of the Cincinnati State Board of Trustees.

Pam said the AAUP has requested copies of the line-item budget documents for some of the years covered in the financial analysis report.

"The report prepared by Dr. Fichtenbaum is an overview of the College's financial status, not a line-by-line examination of every financial decision made

by the College administration and the Board of Trustees," Pam said.

"With this report as a guide, the AAUP Executive Committee and the Faculty Senate's Committee on Institutional Funding will now be able to examine some of the broad questions and concerns raised by Dr. Fichtenbaum's report," Pam said.

"We will try to find answers to why the College financial position became so seriously damaged, as well as looking at what steps we can take to get through the current crisis and get this College back on the road to financial health," Pam said.

A new plan/ continued from 1

There is little evidence available at this moment to give faculty confidence that next year's plan will be better than the current one.

So far in this year's budget-building process, the academic Deans and the other budget managers have each been handed a slice of the economic pie and told to make it fit their needs.

Faculty have seen no evidence of efforts to gather meaningful input from all stakeholders in order to establish budget priorities which are consistent with our institutional mission.

Recently, the College's Chief Information Officer issued a statement saying that his slice of the pie is not large enough to continue providing the kind of IT support that is needed, unless he lays off personnel.

Recently, the President issued a statement urging College employees to "give back some

days," (which means give back some money) to help solve the immediate financial crisis.

If such draconian means are necessary to keep the College running, which pieces of flesh and bone should be cut? How should those decisions be made?

The collective bargaining agreement with the faculty calls for the Faculty Senate to be participants in the budget-building process. The faculty have always believed that this provision calls for meaningful participation in the debate about financial priorities.

This administration has historically viewed the contract provision merely as an obligation to have several perfunctory meetings with the Senate to "brief" the faculty on the status of a budget plan that has already been created, with no significant debate about where priorities should be placed.

Clearly the old process has failed, inasmuch as the College is in serious financial distress. What is needed now is a different process.

The AAUP Executive Committee urges the Board of Trustees to immediately establish a process which affords all constituencies an opportunity to participate meaningfully in the establishment of the College's financial priorities.

In establishing those priorities, the key question for any budgetary line item should be how important it is to the support of our primary mission: teaching and learning. If cuts are to be made, they should be made in ways that do the least damage to the heart and soul of the College: the students.

One recommendation comes immediately to mind. For fiscal year 2005, and until the College

see *A new plan/ 6*

Letters



To the editor:

It seems to me that the situation at Cincinnati State is profoundly similar to the story told in a popular children's book by Jack Kent titled *There's No Such Thing as a Dragon*.

In the story, a little boy adopts a baby dragon. The dragon begins to grow, eating everything in sight. The boy's mother continually reminds herself that there is no such thing as a dragon—despite the evidence.

The dragon grows quickly to the size of the house, chases a bread truck, and forces the family to go after filling up the entire house. The mother, all the while, keeps denying the existence of the d-r-a-g-o-n.

It seems to me that problems and potential solutions at the College are plainly evident:

- The President announces in a public forum that we have no strategic plan, yet we continue to pay the strategic planner to NOT produce it.

- Communication is pathetic, yet we continue to pay the *Daily News* Editor to prepare a once-a-day e-mail list of selected college activities, cafeteria menus, and an occasional traffic report.

- We now face a budget crisis that requires careful monitoring of internal resources, but only a few can even recognize the administrator in charge of many of these resources—the Executive Vice President—despite her being at the College for nearly two years.

- We hire a Student Activities Director and give her no budget for developing College-wide

student activities, despite a \$1.00 activity fee charged to each of some 8,000 students each term. Simultaneously, we fund fewer than 100 athletes at a rate of over \$600,000 per year.

- Now, we are eliminating co-op jobs (despite being the Number 1 two-year school in the nation for co-op education), we are talking about laying off staff, and the President is asking everyone to take at least one unpaid day off to help the cause, while administrators gobble up dwindling resources.

- We are even making the Humanities and Sciences Division faculty buy their own markers and other “school supplies” because there is no money!

Cincinnati State administrators talk about Quality and AQIP and tell NCA that we are developing quality initiatives. I was a participant in the AQIP Strategy Forum two years ago, where we concluded that trust and resolve are the primary issues facing the College—yet nothing has been done to build better relationships.

The same AQIP Steering Committee recently heard the President talk about how he wanted to make budget-building a “vital few” project—yet only a few weeks later, the Faculty Senate again has been bypassed in the budget process, and a budget is being built without the personal decency or the contractual requirement of faculty stakeholder input.

The DRAGON is growing.

The problems and solutions of Cincinnati State are obvious if anyone with any authority is

honest. We spend all of our time and energy denying the dragon, fighting ourselves, and gossiping. Every day someone tells me another dragon story.

Meanwhile, Gateway College, Warren County Community College, and Sinclair College, in particular, are eating our proverbial lunch. The external market is competitive, yet we continue to deny the existence of the internal dragon we must fight daily.

There IS a DRAGON in the house!

Please—will someone admit the dragon exists?

I plan to be at Cincinnati State for the next twenty years. The hard solutions to these real problems are going to land on my back. I'm the one shoveling up the dragon droppings and smelling the stink.

I'm more than willing to follow—in fact, I want to—but I need leadership moving forward, not going over a cliff.

Please hurry. I'm losing confidence in the administration, fast.

By the way, in the book, once the adults begin to acknowledge that there really is a dragon, the dragon begins shrinking, until it is small and harmless.

The only thing needed to get rid of the dragon is honesty.

George Armstrong,
Engineering Technologies

When will the administration change its attitude about faculty?

--Marc Baskind, *Business Technologies*

[Note: The following message was sent to Doug Heeston, Vice President of Institutional Development, on May 7.]

Re: Payroll Deduction for the College Fund Campaign

I am writing to you today to direct you to reduce the amount of my payroll deduction for the College Fund Campaign by fifty percent, from \$10.00 a pay period to \$5.00 a pay period.

Those who know me will know this is a painful step for me to take. I have worked at the College for 28 years and care deeply about it and our students.

However, when I authorized you to withhold that money for the College Campaign I did so in good faith. I find now that the administration of the College has not reciprocated that good faith behavior.

When I made my good faith contribution, I did so while receiving "overload" pay during the term in which I accumulated the workload units.

I find now, four weeks into this term, that the money earned

will be paid at the end of the academic year. I recognize the administration of the College is within its rights to do so. However, it is bad faith to do so without appropriate notification.

Please understand this action is not about the money itself. What this is about is respect.

Clearly the College owes the money regardless of when it is paid. This action on the part of the administration is just another attempt to blame the faculty for the poor financial condition of the College, for which the administration is directly responsible by law and in fact.

Time and time again, we hear about how much money the faculty makes (excess earnings), or about how little the faculty works (give ten percent more), or similar words.

Frankly, I'm fed up with it. It simply is not true. It is a classic case of blaming others.

Perhaps the most blatant example of this I have seen was at a Board meeting when faculty were accused of not turning in

attendance records thus causing the financial aid mess. This accusation is, of course, blatantly false—and irrelevant on top of it—but is just one of many examples of playing the blame game.

In the business world there is a reason why the sales force makes significant income. They generate the revenue that pays the accountants, computer programmers and, yes, the president of the company.

In the College, it is the faculty that generates the revenue that pays everyone else. This is not to denigrate the contributions of others. We need the support of all. However, without the faculty there is no need for anyone's support.

I can tell you now how to save money. Don't offer any classes. Then we won't need any money for anything or anybody.

For these reasons, again, I am directing you to reduce my payroll deduction.

When the administration changes its attitude concerning faculty then my attitude will change as well.

Letters



To the Editor:

I would like to take this opportunity to thank AAUP Grievance Officer John Battistone for all of his hard work on behalf of faculty members whose contractual rights have been violated. When

administrators have "alternative readings" of contract provisions, our Grievance Officer is always on the job to ensure that things aren't just ignored until they become big problems.

Thanks, John, for all of your hard work. I hope that the day

will come when Cincinnati State faculty will no longer need continuous assistance from a "union goon," but right now, I am glad you are available.

Sandy Speller,
Health Technologies

AAUP Chapter Meeting



Tuesday, May 25



3:30 p.m. - Continental Room

Discussion of the
Financial Analysis Report
and other topics



Stay for the Pizza Party - 4:30 p.m.



Attend the BOT Meeting
5:30 p.m. - Conference Center

A new plan/ continued from 2

is back in demonstrably good financial health, the line item for Intercollegiate Athletics should be eliminated from the budget.

This year that line item had an allocated budget of \$587,593 and as of March was already overspent by \$27,888. This money goes to support fewer than 100 of the College's 8,000 students, and provides virtually no revenue to the College.

What other cuts should be made and which, if any, personnel should be laid off, is a matter for serious and sober consideration by the Board of Trustees and the President,

based on genuine input and conversation that includes the entire College community.

In an era when many view "company loyalty" as an outmoded concept, Cincinnati State employees are a unique exception.

Time after time, surveys and studies of our "internal stakeholder" community have affirmed that most of us will, without prompting, go the extra mile to ensure that our students receive the best that our institution can offer.

Similarly, trustees are appointed by the Governor to

lengthy terms in office because it's assumed that exercising appropriate fiduciary responsibility requires a long-term view, and is best carried out by those with a significant sense of "belonging" to an institution.

The faculty of Cincinnati State are ready to assist the Board in the difficult and important deliberations that must take place as our College sets its priorities for the years ahead.

Our collective best efforts can, we believe, bring this College back to a genuinely better condition.

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