



The WVU Stewardship Plan:

AN ALTERNATIVE TO THE TRANSFORMATION PLAN

Updated: Nov 10, 2023

EXECUTIVE SUMMARY

OBJECTIVE

We the undersigned stewards of West Virginia University, do hereby offer the following **Stewardship Plan** as an alternative to the *Transformation Plan* offered by President Gee, Maryanne Reed and Rob Alsop, in the hope of pursuing “West Virginia University’s commitment to becoming a stronger, better university”. (1)

GOALS

- Ensure that West Virginia Remain a financially solvent public institution in the eyes of the state, nation, and alumni.
- Change the negative tide of national and state-wide public opinion being waged in the media in regards to recent announcements about West Virginia University.
- Help ensure a university that continues to meet the needs of our students, our campus and our communities now and in the future.

SOLUTION

The Stewardship Proposal

The Stewardship Plan leaves intact West Virginia University while meeting the \$45 million expense reduction target established by the University. Any and all of the perceived benefits of the *Transformation Plan* can still be accomplished under the **Stewardship Plan** on a reasonable time-table established by a new senior administration team through a combination of the following actions:

Specific Results of the Proposal

- Immediate halt to the Transformation Plan initiatives relating to program discontinuations, faculty line reductions and non-renewal of contracts.
- The rescission of all reduction In force notices and notices of non-renewal previously issued by the University to be effective in May 2024.
- No involuntary faculty line reductions
- No non-renewal of contracts
- No disruption in the service to students or employees of West Virginia University.

Specific Actions of the Stewardship Plan – Revised 11/8/23

Amount of Savings	Action	Notes
\$0.7 million	Immediate removal of three General Institutional Support (GIS) employees (\$1.9m savings) (2)	Replacement cost is estimated at \$1.2 million (3)
\$21.0 million	15% reduction for the remainder of GIS operating expenses	Targeting exemption of GIS employees making less than \$75,000.
\$15.1 million	Estimated voluntary work-force reductions using 74 retirees provided by WVU on 11/1/23	
\$8.2 million	1.5% across the board salary reduction for all other WVU employees excluding: <ul style="list-style-type: none"> - All Athletic employees earning more than \$300,000 and - All WVU employees earning less than \$75,000(4). 	See below
\$45.0 million	Total operating expense reduction	

Additional Financial Considerations – Revised 11/08/23

- **The Stewardship Plan** nullifies all 32 of the program cuts and the resulting reductions in force 69. Additionally, **The Stewardship Plan** nullifies all 138 of the contract non-renewals scheduled to become effective in May 2024.
- **The Stewardship Plan will save 207 jobs based on information provided by the University on 11/1/23.**
- Accordingly, **The Stewardship Plan** further saves the University \$5.0 million in avoided severance costs under the BOG Rule 4.7 and the assumption that all non-renewed employees receive comparable severance.
- **Stewards of West Virginia University** is asking all West Virginia University employees who earn more than \$300,000 per year to take an additional permanent voluntary 5% reduction in their annual salaries. This voluntary salary reduction could be used by the University to reduce the 1.5% across the board salary reduction. This provision is truly voluntary and truly a sign of solidarity.
- The total impact to the cash flow of the University as a result of implementation of the **Stewardship Plan as adjusted through 11/8/23** is estimated to be \$50.0 million or more, \$45.0 million of which is permanent savings..

BACKGROUND OF GENERAL INSTITUTIONAL SUPPORT

- For the fiscal year ended 6/30/2013 (fiscal 2013), expenses for the functional classification *General Institutional Support (GIS)* totaled \$91.9 million including Salaries and Wages of \$50.3 million, and Benefits of \$12.7 million. These amounts made up 10.5% of the University's total Salaries, Wages and Benefits and 9.7% of the University's total operating expenses in fiscal 2013
- For the fiscal year ended 6/30/2022 (fiscal 2022), expenses for the GIS totaled \$140.1 million including Salaries and Wages of \$74.2 million, and Benefits of \$10.1 million. These amounts made up 12.5% of the University's total Salaries, Wages and Benefits and 12.0% of the University's total operating expenses in fiscal 2022.
- Salaries, wages and benefits of GIS increased by 33.8% from fiscal 2013 to fiscal 2022 and total expenses increased by 52.5% during the same time period. Salaries, wages and benefits for the University as a whole increased by 12.1% from 2013 to 2022 and total expenses increased by 23.9% during the same time period.
- In fiscal 2021 GIS absorbed benefits at a rate of 16.5% of salaries and wages. The University as a whole absorbed benefits at a rate of 21.9% of salaries and wages. Had GIS absorbed benefits at the same rate as the University as a whole, an additional \$3.9 million would have been added to the GIS total spending.
- In fiscal 2022 GIS absorbed benefits at a rate of 13.6% of salaries and wages. The University as a whole absorbed benefits at a rate of 19.0% of salaries and wages. Had GIS absorbed benefits at the same rate as the University as a whole, an additional \$4.0 million would have been added to the GIS total spending.
- The Stewardship Plan assumes that the GIS functional classification includes the Leadership Team of the University (17 individuals as of 6/30/22) and 18 Deans. Although we have asked on several occasions, the University has not confirmed or denied that the Deans are included in GIS. Total Salaries, Wages and Benefits of the Leadership Team for fiscal 2022 amounted to \$6.0 million including benefits applied at a rate of 20%. Total Salaries, Wages and Benefits of the Deans for fiscal 2022 amounted to \$7.7 million including benefits applied at a rate of 20%.

Accordingly, salaries, wages and benefits of the staff supporting the Leadership Team and the Deans amounted to \$70.6 million in fiscal 2022. The Stewards have asked repeatedly for a headcount by functional classification. The University is certainly aware of the headcounts and has chosen not to provide them.

- The Stewardship Plan calls for \$1.9 million in salary, wage and benefit reductions (before replacement costs of \$1.2 million), and other spending reductions of \$21.0 million most of which are expected to be reductions in workforce, salary adjustments or any combination of the two. These reductions represent only 15.9% of total GIS spending in 2022. The adjusted GIS spending (\$118.4 million) represents a 28.8% increase in spending from fiscal 2013 to fiscal 2022 well above the 20.8% increase recognized by the rest of the University during the same time period. Additional cost savings could very likely be found in the GIS functional classification
- On 11/6/23, Mr. Gee announced that several months ago he asked all of his Leadership Team to take a voluntary 10% salary rate adjustment and that all of his team had agreed to it. Ms. Reed also commented that all of the Leadership team was on board and that she too had agreed to take a 10% cut. Although this action was initiated several months ago, Ms. Reed would not disclose the extent of the savings generated by this action citing that since this is an individual decision and we have decided not to publicize the results, it is a personal matter. If as Mr. Gee says most all of the Leadership Team is on board this action will result in roughly \$4.0 million of savings excluding the Deans and another \$7.7 million if the Deans are included. Until the University provides additional information on the results of this action, we are not prepared to adjust the Stewardship Plan estimates.

QUESTIONS POSED TO SR ADMINISTRATION THAT HAVE NOT BEEN ANSWERED AS OF 10/28/23

- 1) 10/12/23 Why did General Institutional Support (GIS) payroll and related expenses increase by 34% from \$63.0 million in 2013 to \$84.3 million in 2022?
- 2) 10/23/23 What is the status of voluntary work force reduction plan – **On 11/1/23 WVU provided faculty counts, but no dollar amounts.**
- 3) 10/24/23 Where did the \$45 million target come from. According to the University's budget, the estimated operating deficit for 2023 is \$59.6 million and the budgeted deficit for 2024 is \$16.8 million.
- 4) 10/24/23 The operating cash flow budget reports an estimated actual deficit of \$29.3 million in 2023 and a deficit of \$3.0 million in 2024 before capital expenditures. CAPEX for the last two years (fiscal 2022 and fiscal 2021) totaled \$215.8 million. Are we about to fall off a cliff?
- 5) 10/27/23 Are the Deans salaries, wages and benefits included in GIS?
- 6) 10/27/23 Please explain the disproportionate allocation of benefits compared to salaries and wages for a) the auxiliary functional classification and b) GIS for fiscal 2022.
- 7) 10/28/23 Please provide headcounts for each of the functional classifications identified in footnote 26 to the University's financial statements for every year from 2013 thru 2023.
- 8) Please provide the number of employees and corresponding budget reduction for each of the following:
 - a. 169 changed to 69 on 11/1 Reduction in Workforce \$ _____
 - b. 138 provided 11/1 Contract non-renewals \$ _____
 - c. 74 provided 11/1 voluntary work-force reductions \$ _____These three should add up to \$45.0 million.

Additional questions as a result of the announcement of the voluntary 10% salary rate adjustment on 11/6/23:

- 9) Were the Deans included in the ask?
- 10) To date what is the total savings from the 10% voluntary salary reduction including benefits? There is no need to provide the number of participants.
- 11) Given the newfound money from the 10% voluntary salary reduction, how many faculty positions from the 207 involuntary workforce reductions will be spared.

- 12) When do you expect to release the financial statements for the year ended 6/30/23.

- 13) Based on the numbers provided on 11/1/23, please comment on how the University plans to address the 912 course offerings affected by work-force reductions under the Transformation Plan? Specifically, will these course reductions affect revenues in Fall 2024, Spring 2025 and Fall 2026?

The lack of transparency on the part of senior administration has caused the Stewards of West Virginia University to use educated estimates in preparing the Plan although the administration has or should have all of this data at its disposal.

NOTES AND REFERENCES

- (1) <https://transformation.wvu.edu/> (viewed 10/22/23)
- (2) Savings are based on salaries, wages and benefits for the year ended 6/30/22. Actual savings will likely increase based on 2023 data.
- (3) Estimate provides \$750,000 for the replacement of the President of the University and salary increases for internal successors of the other three individuals.
- (4) Estimated savings resulting from 169 faculty line reductions = 169 x \$100,000 est. salaries X 1.19 for benefits times 2/12 for severance.
- (5) Individual Salaries and Wages were obtained from the State's report for 2022 and includes salaries and wages for Huggins, Brown and Lyons. Huggins and Lyons have since left the University. The difference between their 2022 actual salaries compared to the future salaries for their replacement will likely provide additional savings for the University.
- (6) West Virginia University Financial Statements – Note 26
- (7) Leadership team was retrieved on 9/28/23 from <https://www.wvu.edu/about-wvu/university-leaders>.