



**Financial Analysis of Western Michigan University
and the Environment for Labor in the
Trump Administration**

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Chair, AAUP Collective Bargaining Congress
February 2017**

Roadmap

**State Appropriation and
the Financial Condition of
the State of Michigan**

**Priorities of the Administration:
Are They Being True to the Core
Academic Mission?**

**Financial Condition of WMU:
Ratio Analysis and Bond Ratings**

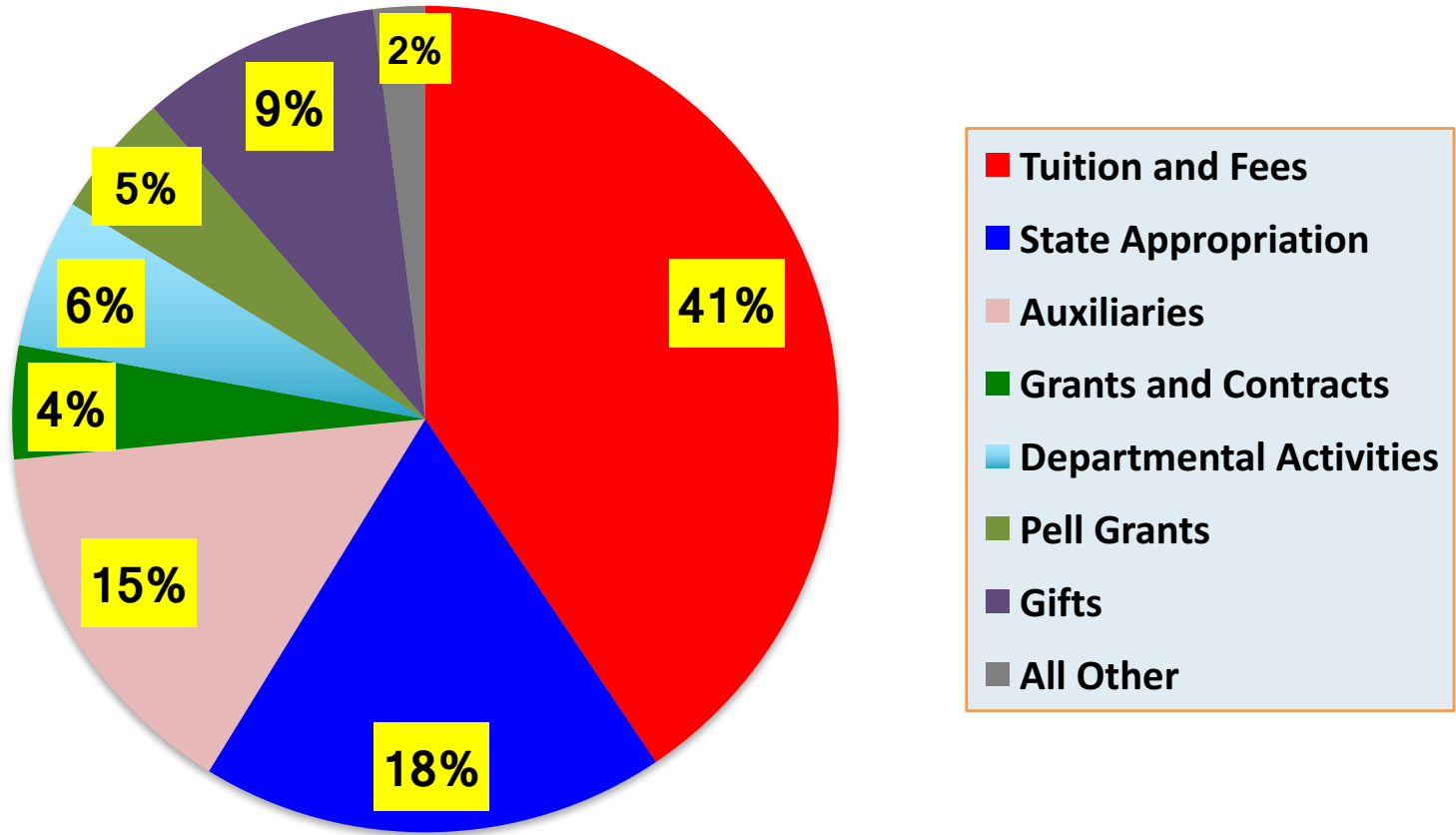
**The labor
environment in the
Trump administration**

**Revenue Analysis: Where
is the money coming from?**

2016 WMU Revenue Distribution

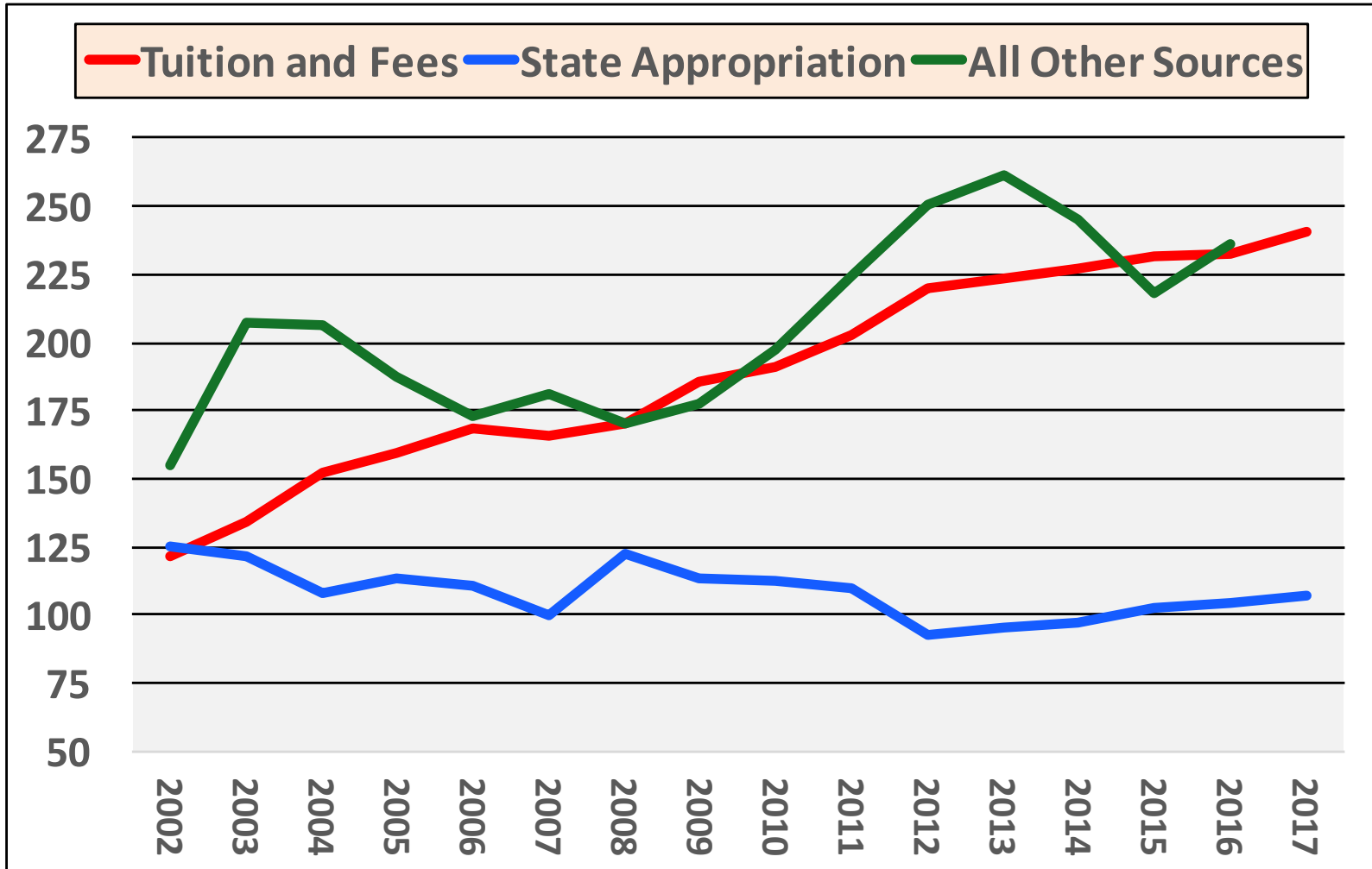
Source: Audited Financial Statements

Total 2016 Revenue = \$573 Million

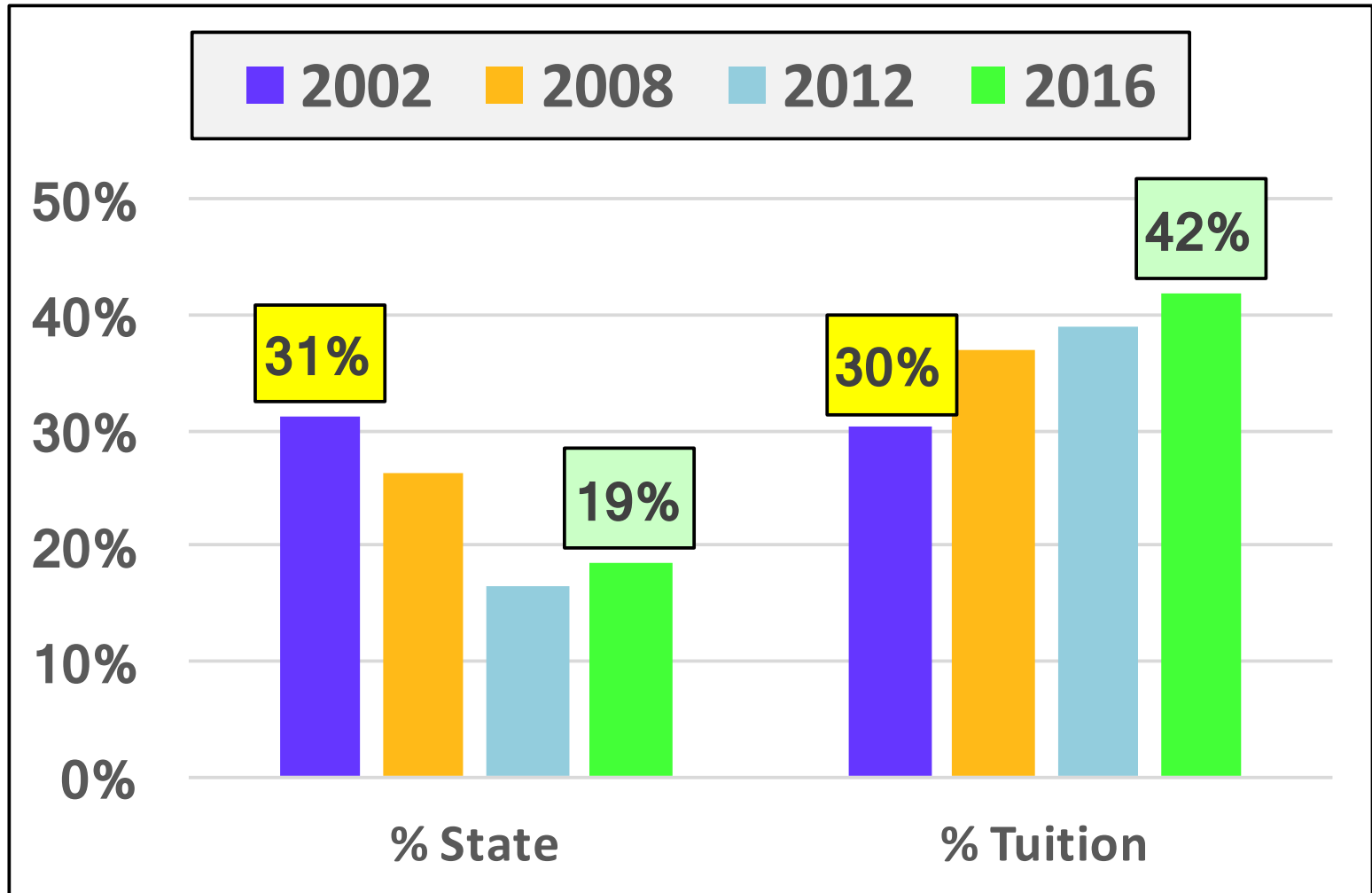


WMU Main Revenue Sources Over Time, in Millions

Source: Audited Financial Statements, IPEDS and WMU Board Budget for 2017 Tuition Revenue (Integrated Postsecondary Education Data System of the US Dept. of Education)



WMU Percent of Revenues from Tuition and the State Over Time



Current State S&P Bond Ratings, 2017

Source: <http://www.bondbuyer.com/news/regionalnews/ratings-for-us-states-1080045-1.html>

Aaa	Aa1	Aa2	Aa3	A2	Baa2
Delaware	Alabama	Alaska	California	New Jersey	Illinois
Georgia	Arkansas	Arizona	Connecticut		
Indiana	Colorado	Hawaii	Louisiana		
Iowa	D. C.	Kansas	Pennsylvania		
Maryland	Florida	Kentucky			
Missouri	Idaho	Maine			
Nebraska	Massachusetts	Mississippi			
New Mexico	Michigan	Nevada			
North Carolina	Minnesota	Oklahoma			
South Carolina	Montana	Rhode Island			
Tennessee	New Hampshire	Wisconsin			
Texas	New York				
Utah	North Dakota				
Vermont	Ohio				
Virginia	Oregon				
Wyoming	Washington				
South Dakota	West Virginia				

Midwest states (highlighted) per https://www2.census.gov/geo/pdfs/maps-data/maps/reference/us_regdiv.pdf

From Moody's Aa1 Rating

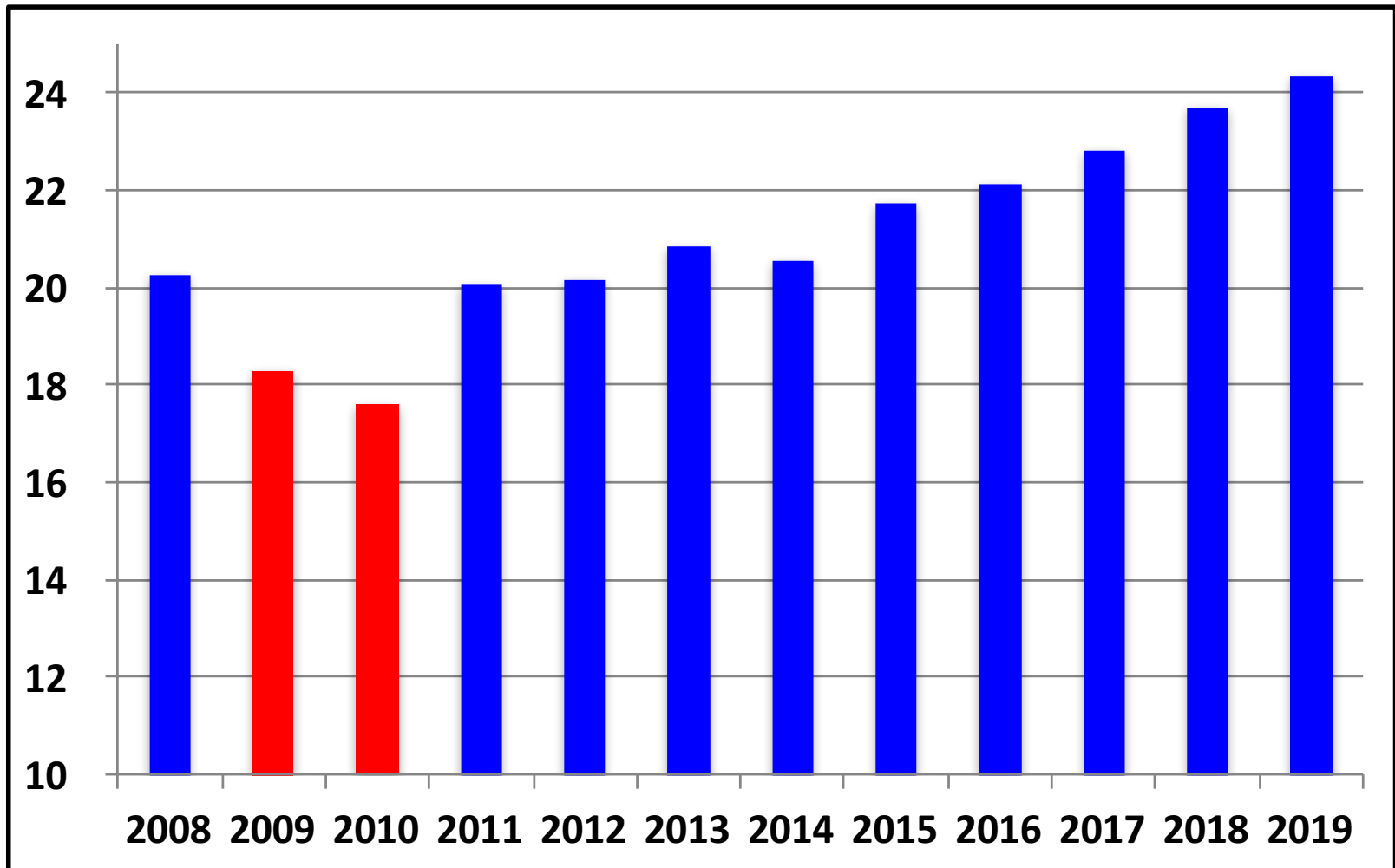
The Aa1 rating incorporates the state's solid financial position and liquidity, a strong tax revenue trend driven by robust economic growth, and moderate debt and pension burdens.

The rating also recognizes our expectation that the state will continue to oversee local government distress with manageable direct state financial exposure.

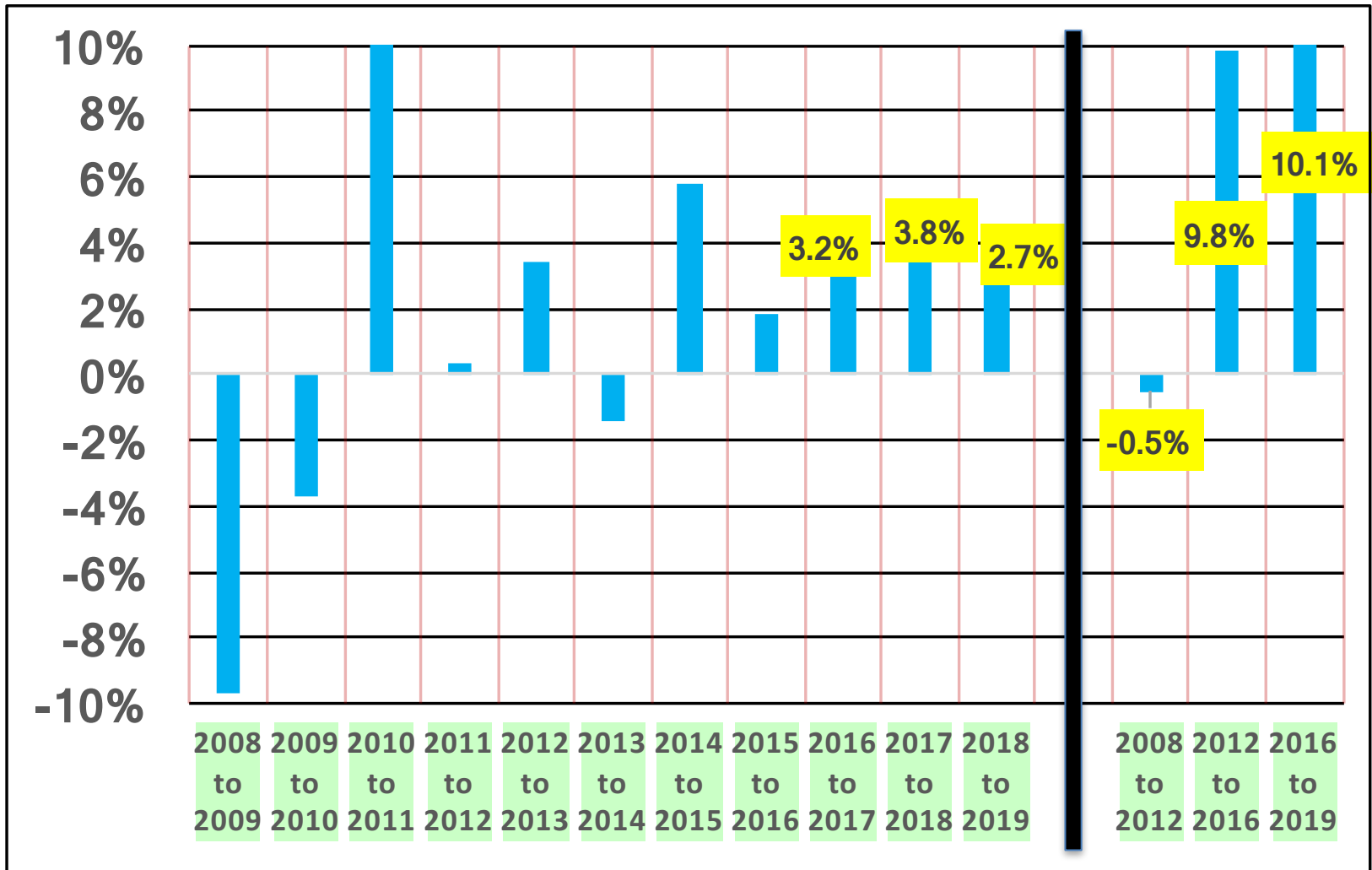
The stable outlook recognizes the state's healthy fund balance and liquidity position, as well as the stabilization and recent growth in the state's economy.

Total State of MI Revenues in Billions: General Purpose/General Fund and School Aid Fund

Source: Michigan House Fiscal Agency and Consensus Revenue Estimating Conference, January 2017

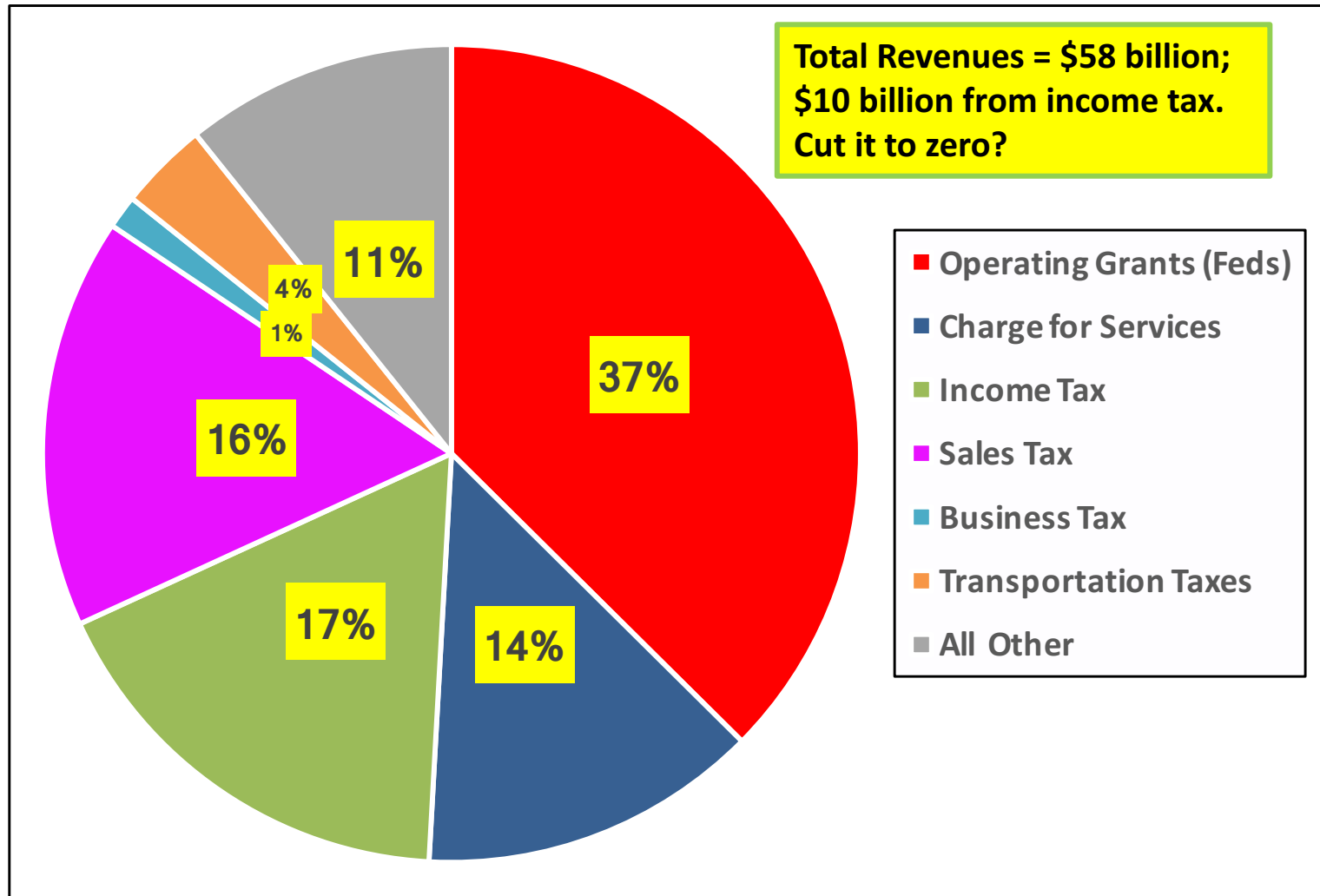


Percentage Changes in General Purpose/General Fund and School Aid Fund



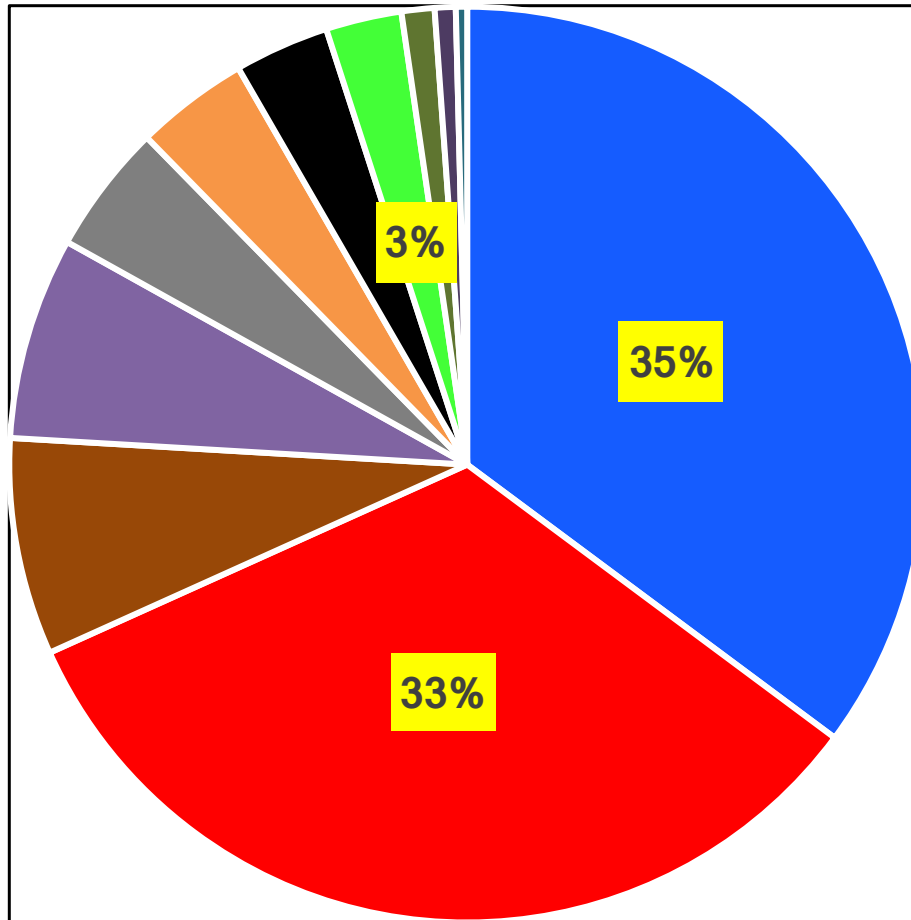
Total 2016 Michigan Actual Revenues

Source: State of Michigan 2016 CAFR



Breakdown of 2016 Michigan Tax Revenues

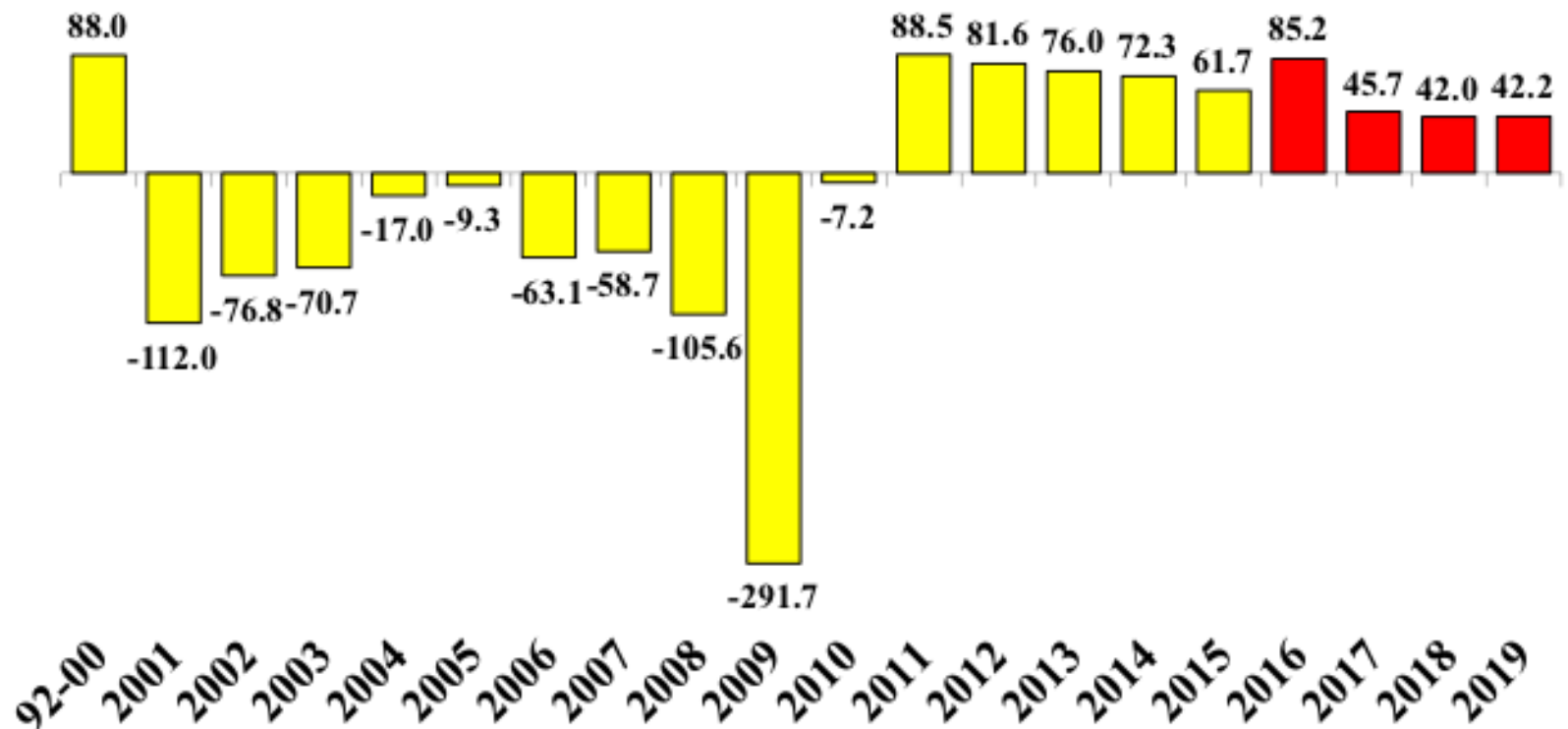
Source: 2016 State of Michigan CAFR; **Total Taxes = \$28 Billion**



- Income Tax
- Sales Tax
- Property, Real Estate
- Gas/Motor Vehicle Tax
- Other/Misc
- Tax on Medical Providers
- Tobacco
- Business Tax
- Insurance Company
- Beer, Wine, Liquor
- Casino, Wagering

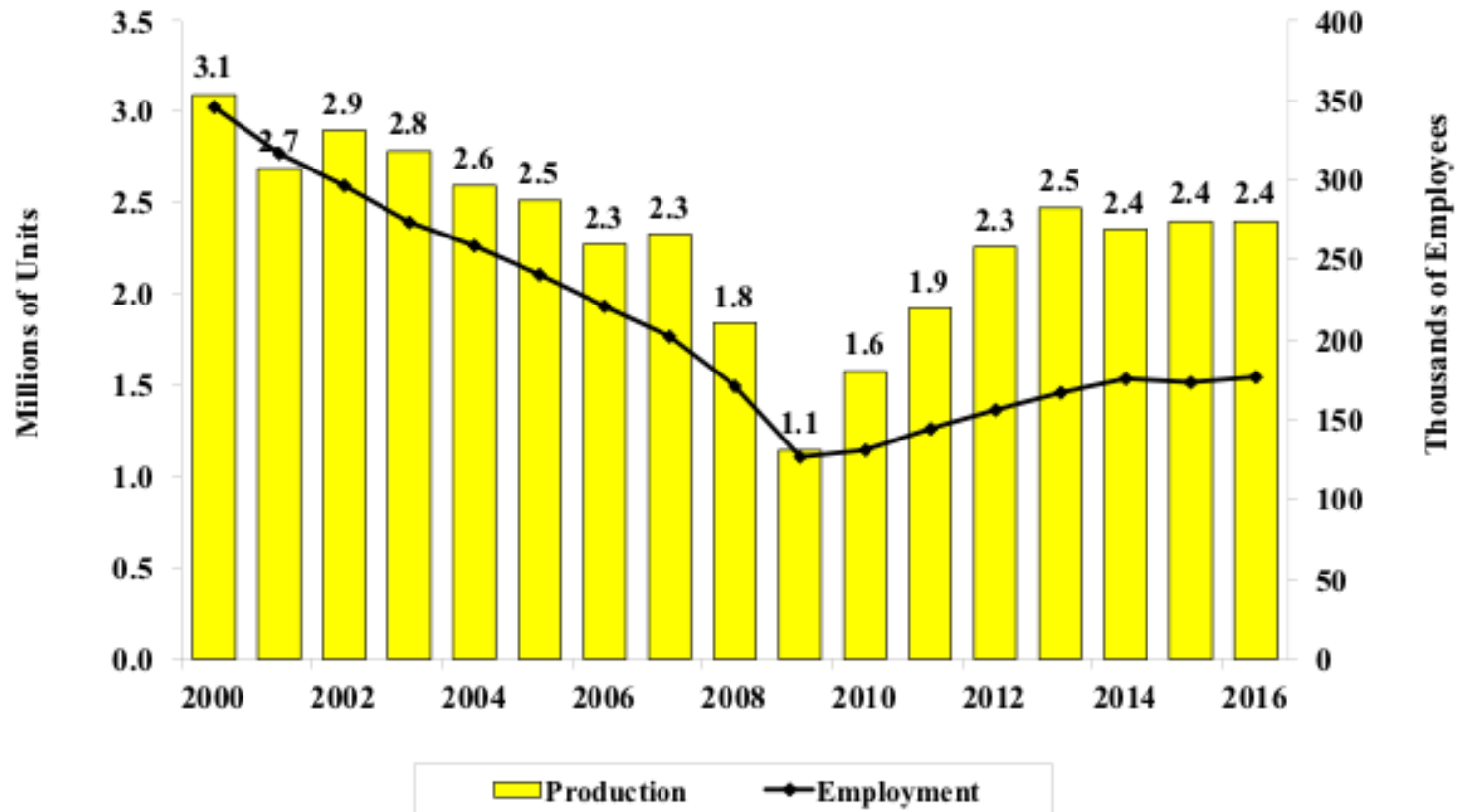
Michigan Job Gains Expected Through 2019

Change in Michigan Wage and Salary Employment Thousands



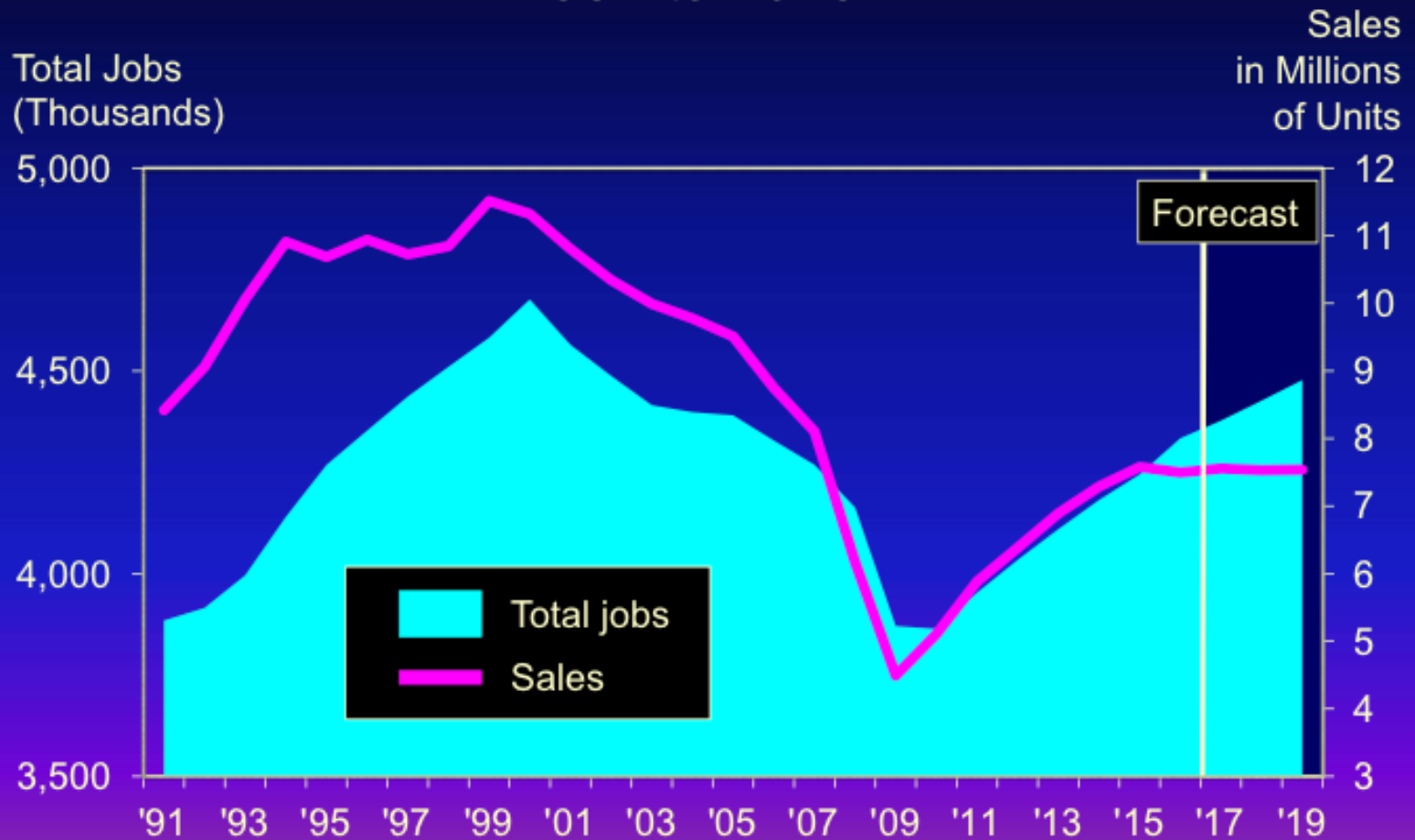
Average Agency Forecasts

MI Motor Vehicle Production & Employment



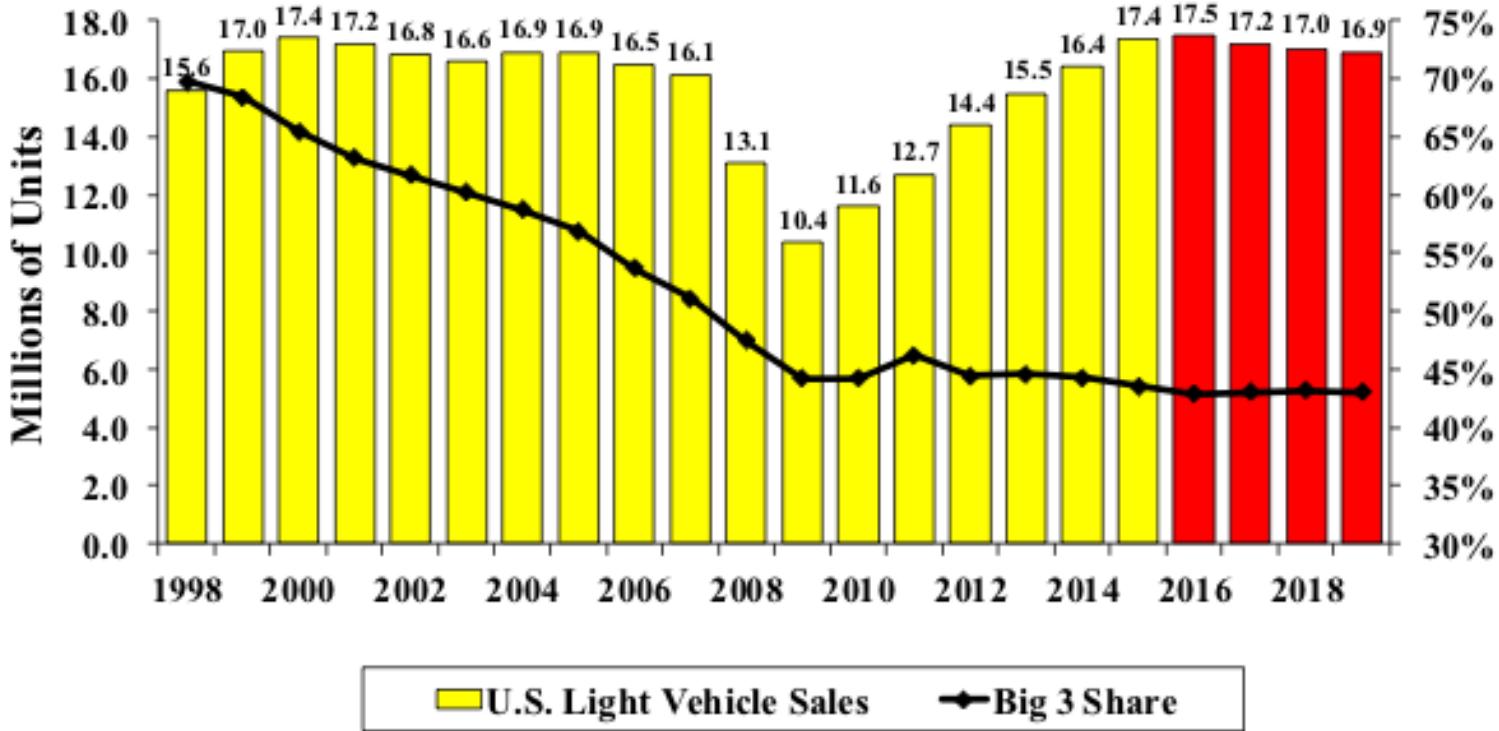
Source: Michigan Department of Treasury & U.S. Bureau of Labor Statistics.
January 2017 Consensus Conference

Michigan Total Jobs and Detroit Three Sales of Light Vehicles 1991 to 2019



RSQE: January 2017

Record Vehicle Sales

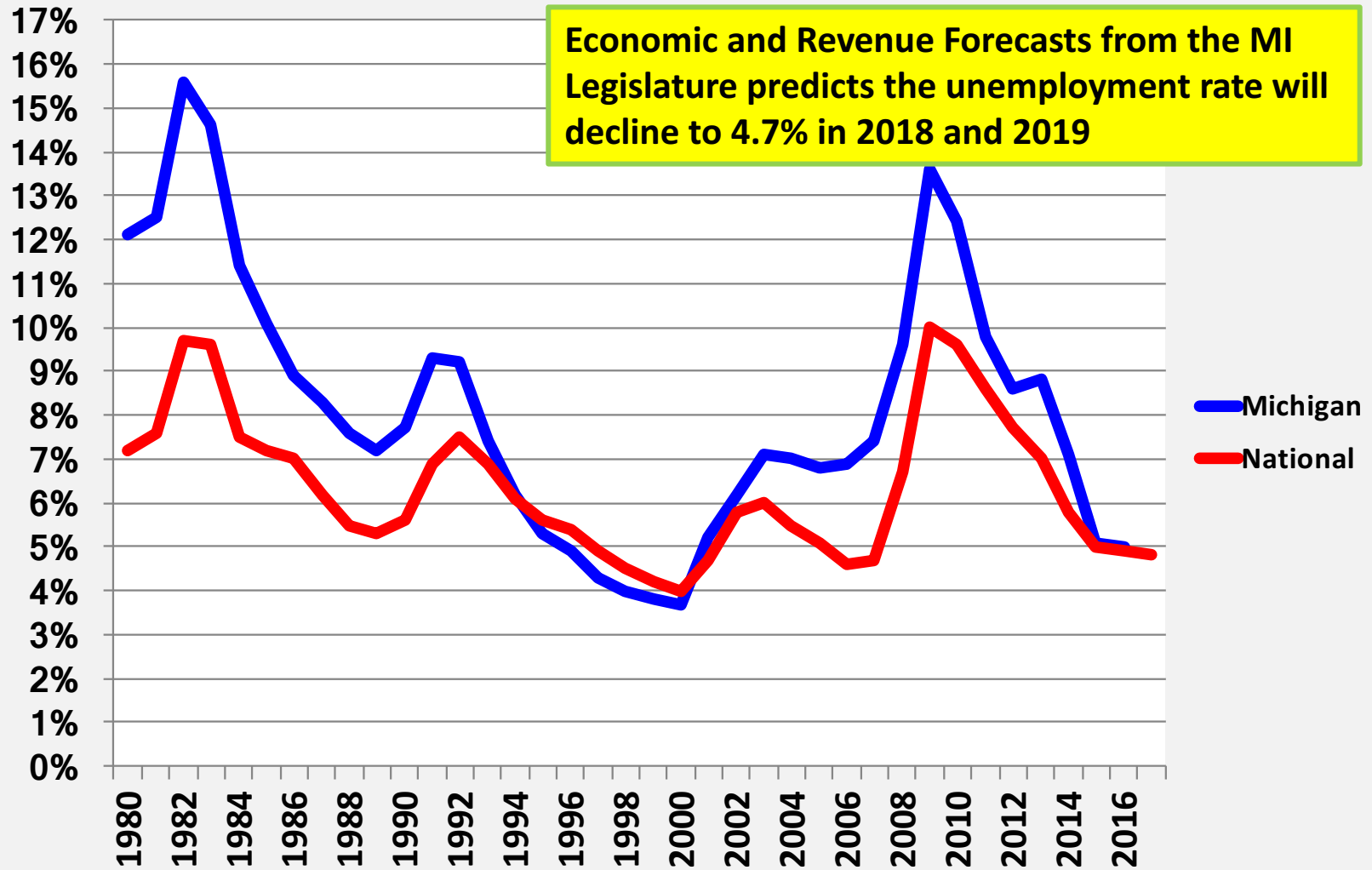


Source: Automotive News.

January 2017 Consensus Conference

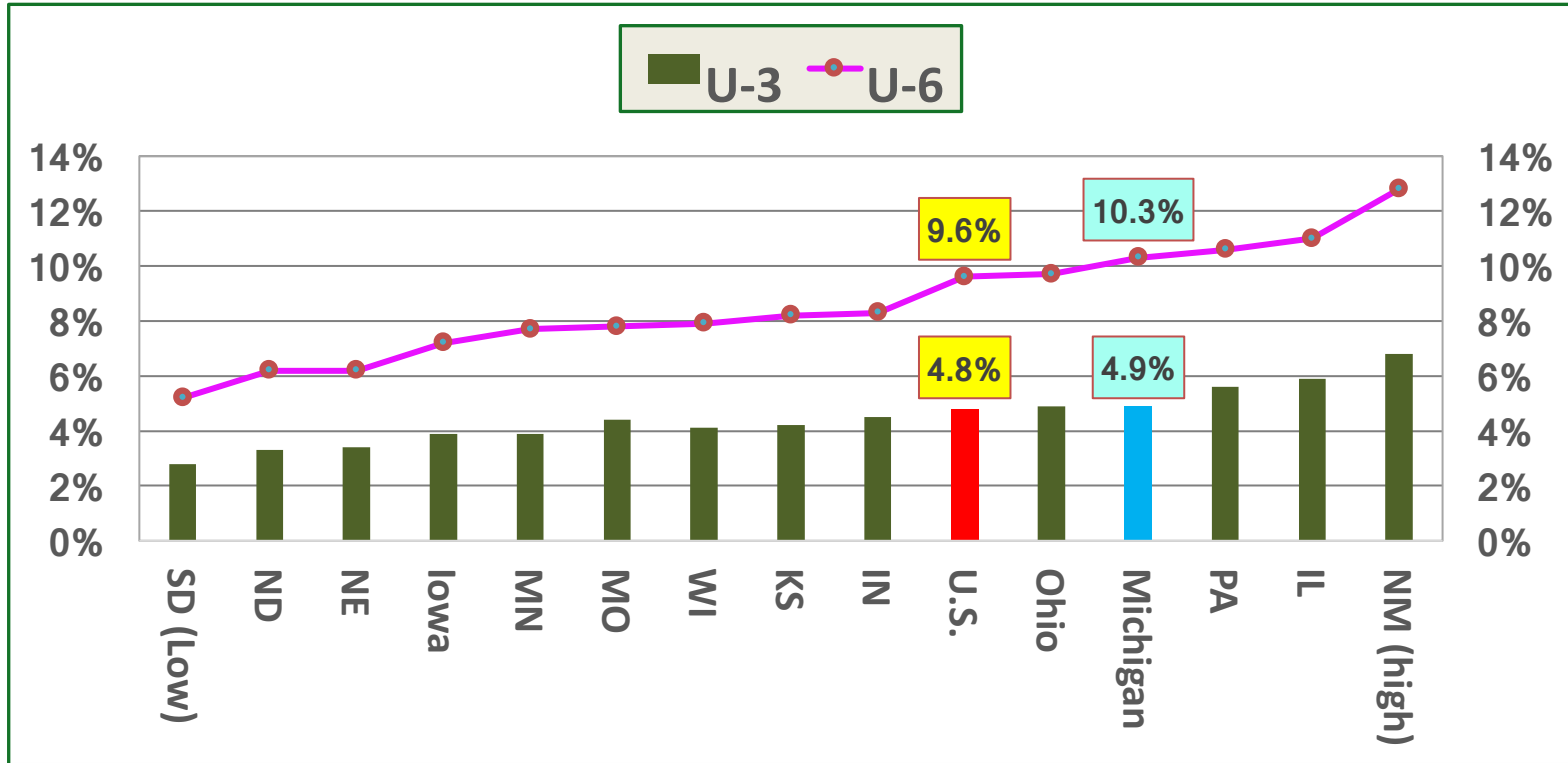
Average Agency Forecasts

Michigan and National Unemployment Rates per Bureau of Labor Statistics



U-3 and U-6 Unemployment Rates for Midwestern States per Bureau of Labor Statistics, January 2017

Average 2016 Rates for Midwestern States as defined by the U.S. Census Bureau



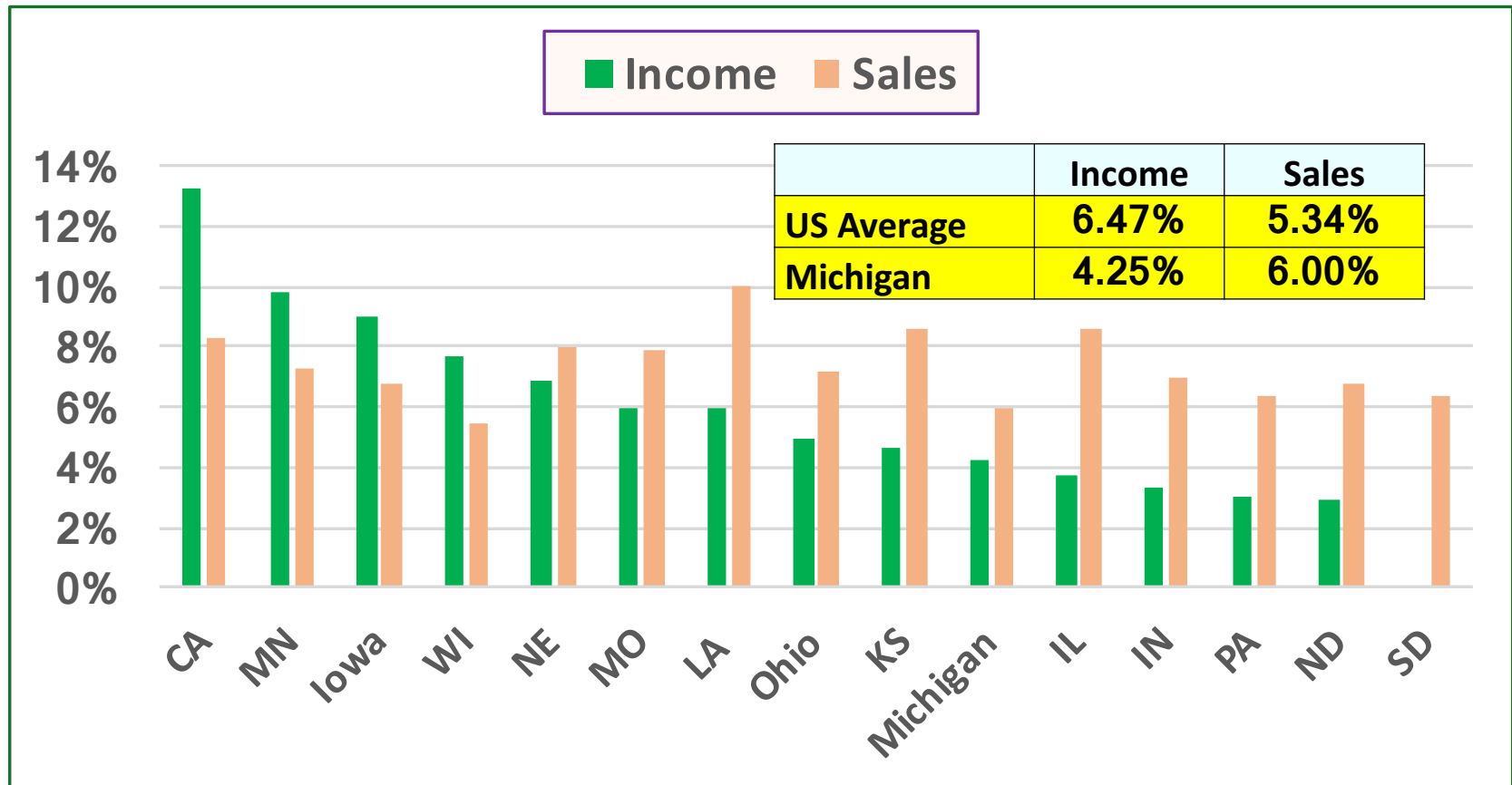
U-3: Standard unemployment Rate

U-6: Numerator = total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons

Denominator = civilian labor force plus all marginally attached workers.

Michigan Tax Rates vs. Other States

Income Tax Cut? MI is Below Average Already



- Income Tax is the highest marginal tax rate
- Sales Tax is the combined state and average local rate, 2017
- 9 states do not have an income tax on wages; 4 have no sales tax

Headlines from Detroit Free Press, 2/16/2017

House Panel Approves Gradual Elimination of Income tax

After less than 90 minutes of testimony, the house tax policy committee voted on a straight party-line 7-4 vote to cut the income tax from 4.25% to 3.9% on Jan. 1, 2018, and by 0.1% in every subsequent year until it's eliminated 39 years down the road.

Henderson: GOP insanity continues over income tax elimination

The idea that government here needs less money, not more, is patently asinine. And it's being used to front a dangerous move to destabilize revenues in a way that would make all of our worst problems more garish. Some of our problems would become more deadly.

2017 Makeup of State Legislatures and Governors

Source: National Conference of State Legislatures

State	Governor	Senate	House
Rhode Island (Bluest state)	Gina Raimondo	33-5	64-10
MN	Mark Dayton	34-33	76-57
PA	Tom Wolf	34-16	122-81
IL	Bruce Rauner	37-22	67-51
Iowa	Terry Branstad	29-19	59-41
Michigan	Rick Snyder	27-11	63-47
WI	Scott Walker	20-13	64-35
Ohio	John Kasich	24-9	66-33
KS	Sam Brownback	31-9	85-40
MO	Eric Greitens	25-9	117-46
IN	Eric Holcomb	41-9	70-30
ND	Doug Burgum	38-9	81-13
Wyoming (Reddest state)	Matt Mead	27-3	51-9
All States Governors	33-16-1		
States all red (Gov, House, Senate)	25		
States Split	20		
States all blue (CT, RI, CA, OR, HI)	5		

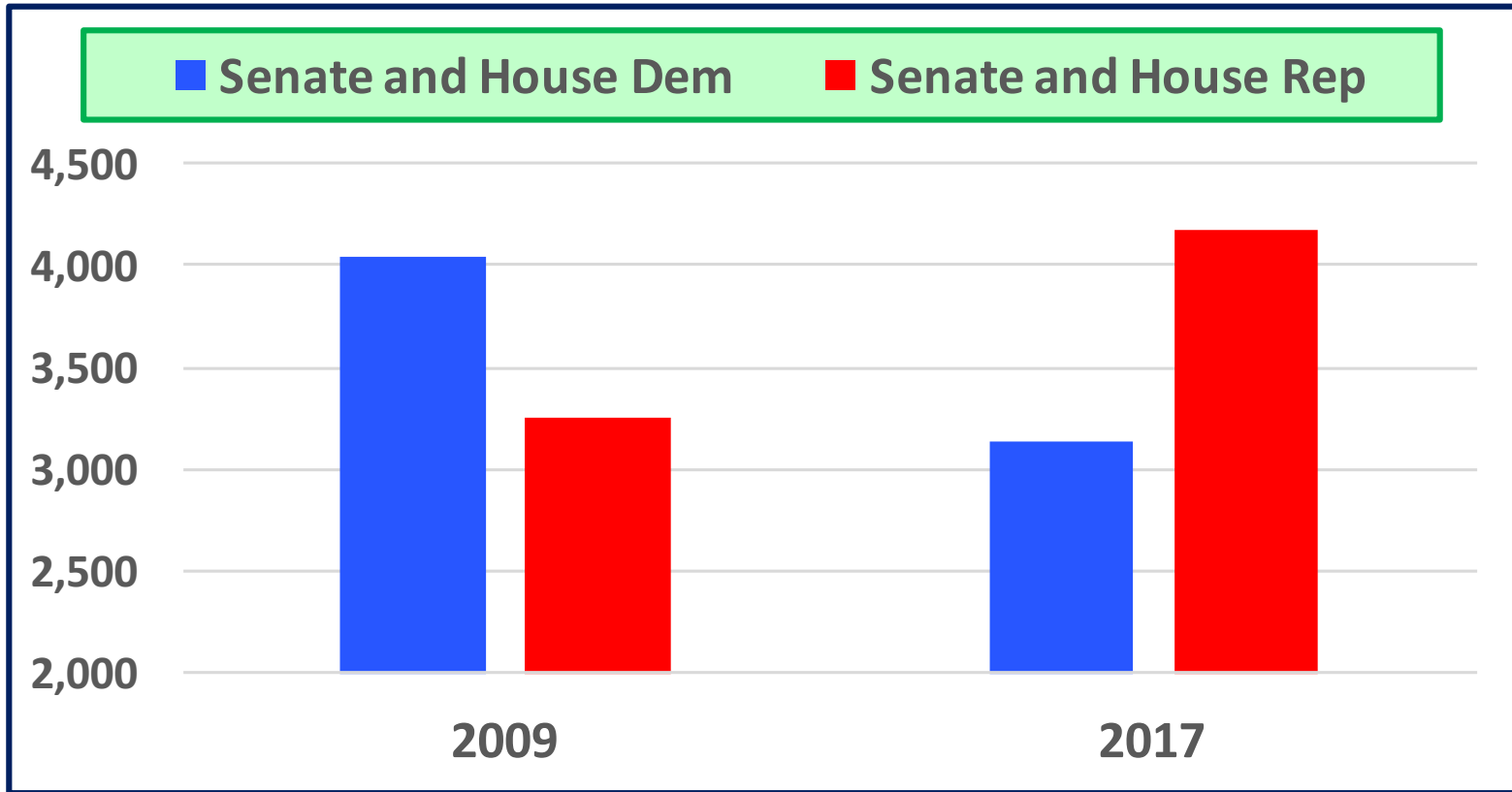
Makeup of Legislatures: Changes From 2009 vs. 2017

Source: National Conference of State Legislatures

11 Midwestern States	2009	2017	Change
Governors	7-4	10-1	+6
State Senates	7-4	10-1	+3
State Houses	7-4	10-1	+6
All U.S.:	2009	2017	Change
Governors	26-24	33-16-1	+9.5
State Senates	28-21-1	36-14	+14.5
State Houses	34-15-1	33-17	+17.5
All U.S.:	2009	2017	Change
States All Red	9	25	+16
States Split	25	20	-5
States All Blue	16	5	-11
Michigan	2009	2017	Change
Michigan Senate	21-17	27-11	+6
Michigan House	67-43	63-47	+20

Total Number of State Legislators, 2009 vs. 2017 (All U.S.)

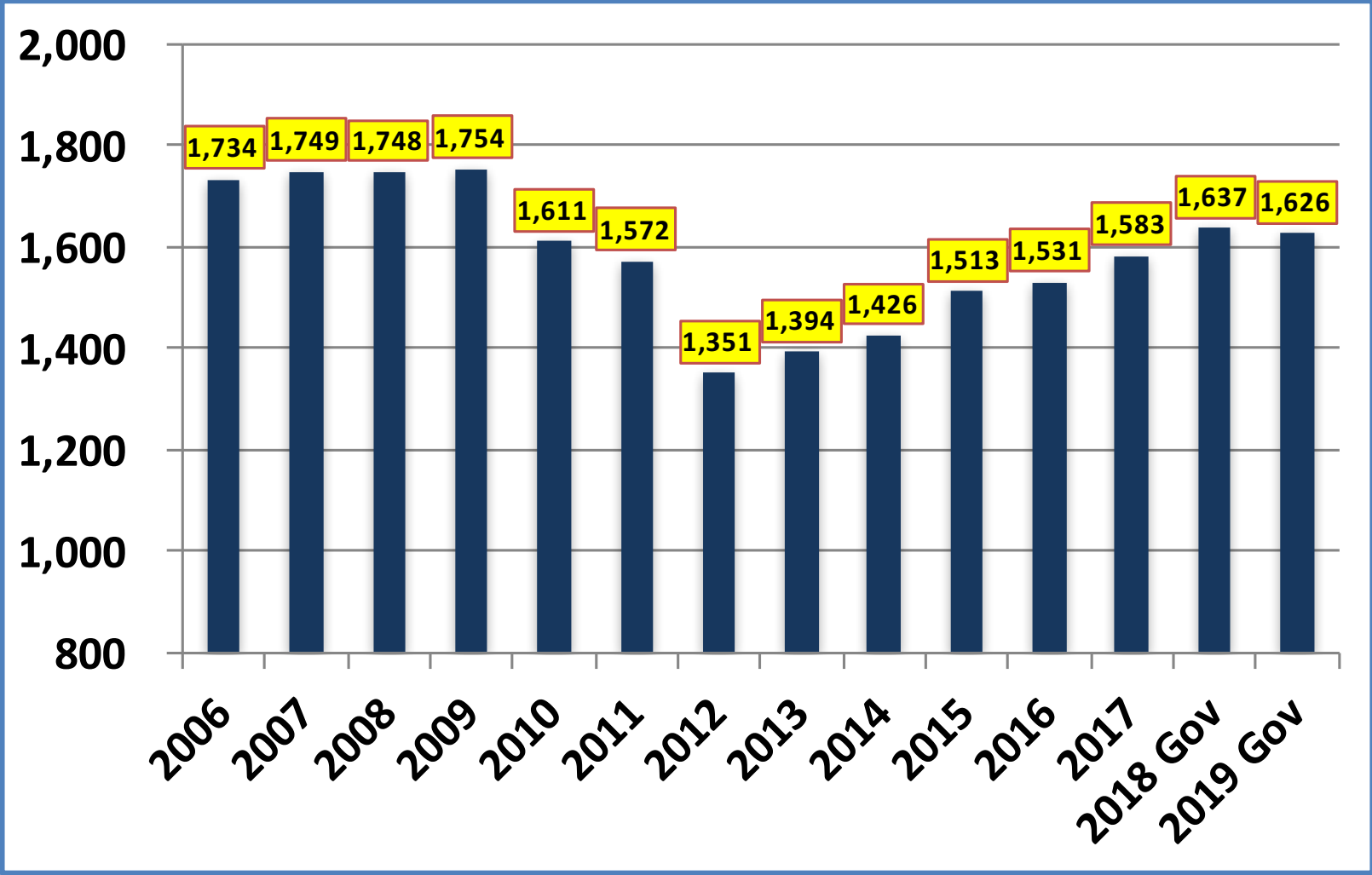
Source: National Conference of State Legislatures



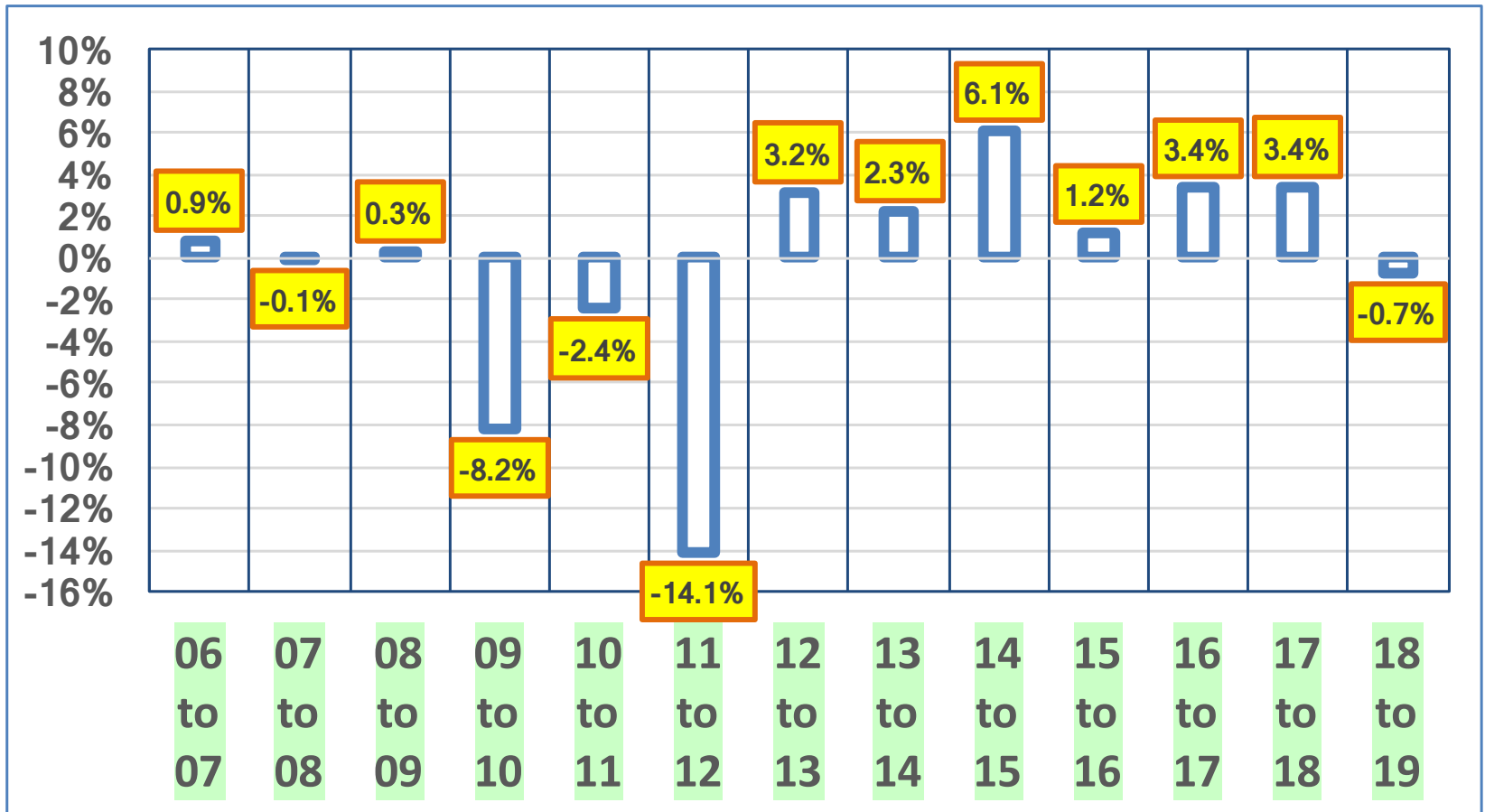
All U.S.	2009	2017	# Change	% Change
Senate and House Dem	4,047	3,135	(912)	-23%
Senate and House Rep	3,246	4,177	931	29%

State Appropriation for All 4-Year Publics

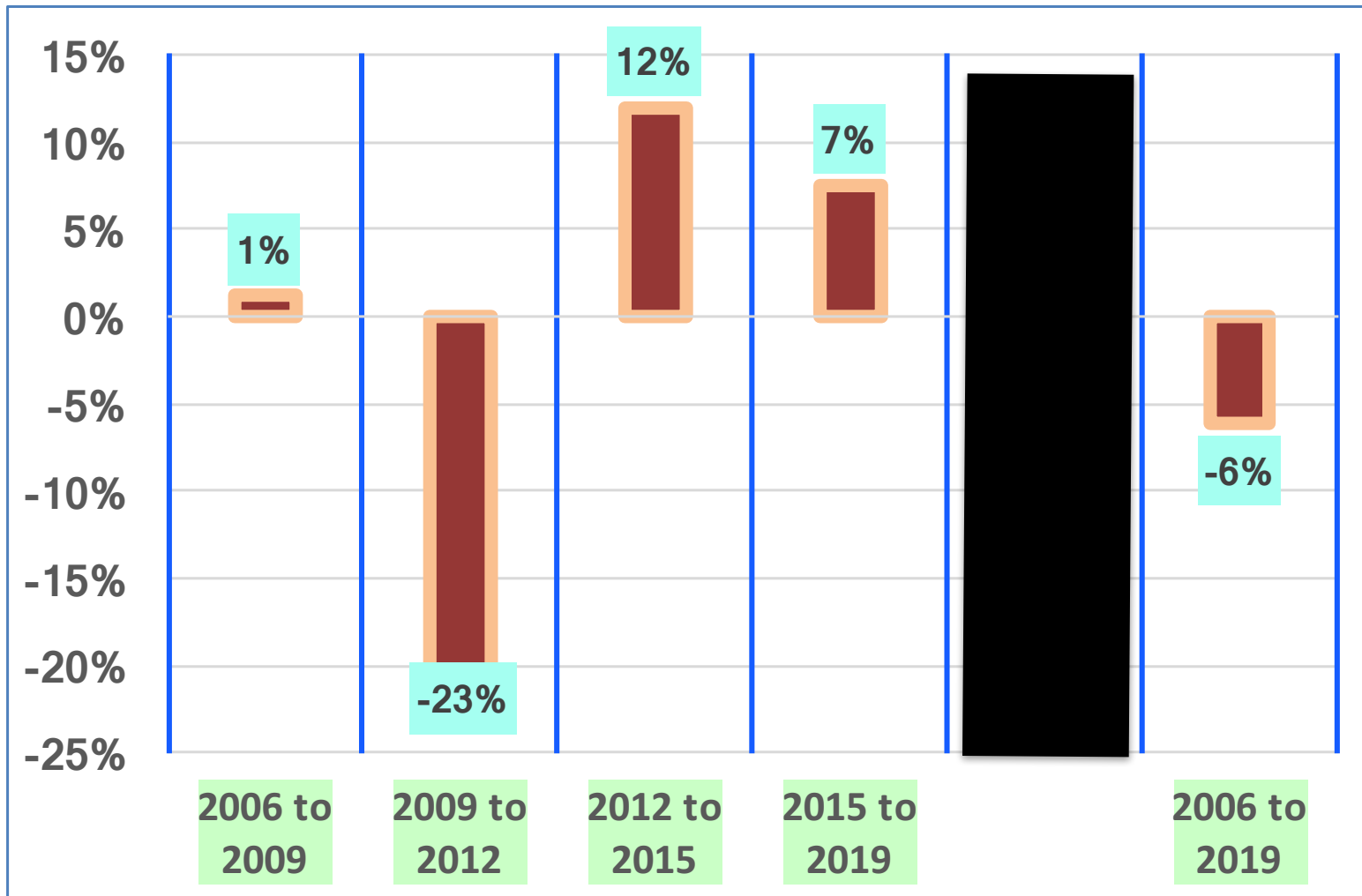
Source: Governor's 2018-19 Executive Budget



Annual Percentage Changes in Appropriation for All Michigan Publics

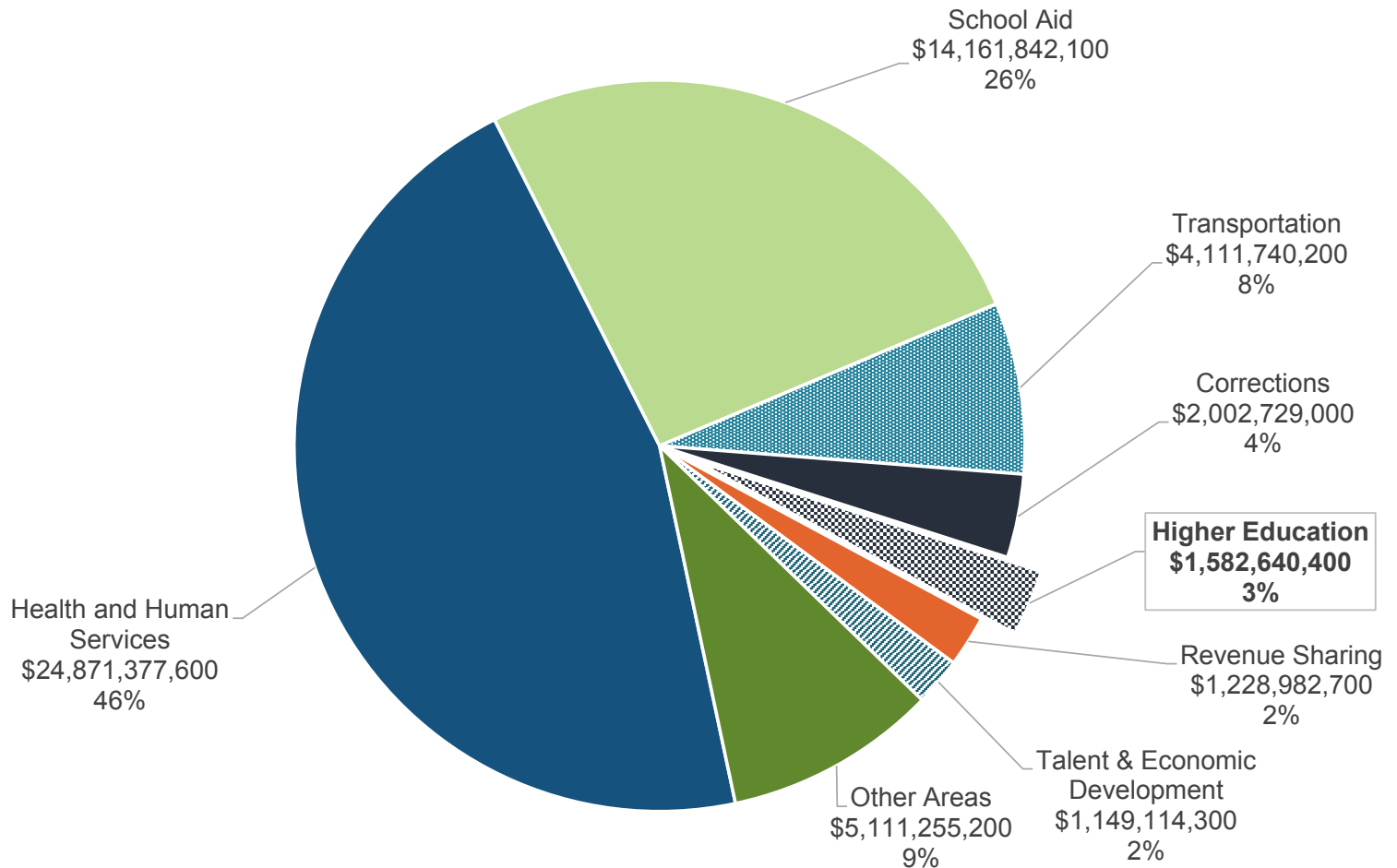


Long Term Percentage Changes in Total Higher Ed Appropriation for Michigan



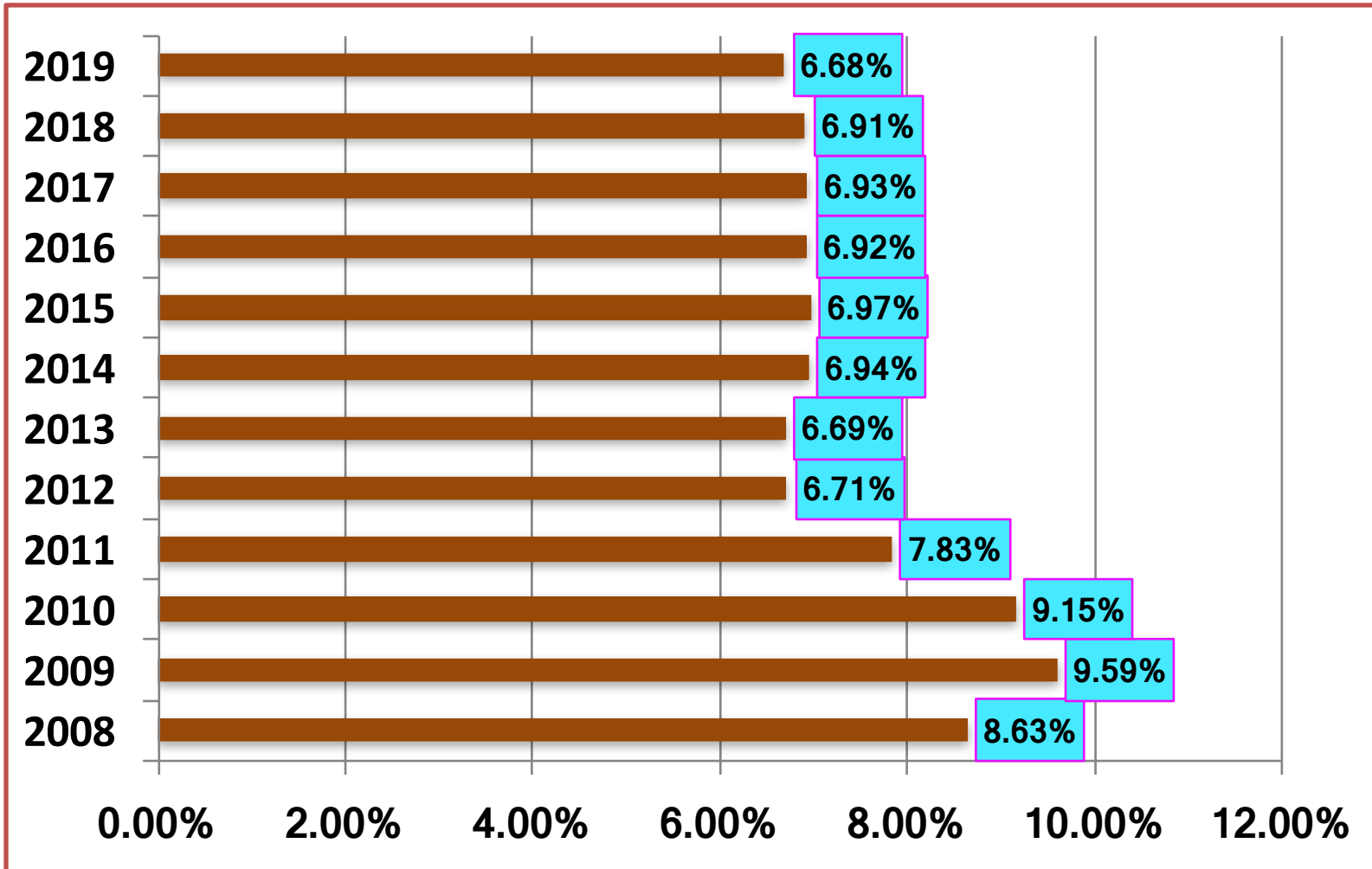
Michigan Higher Appropriation in Context: Appropriation as % of Total State Spending (\$54 Billion)

Source: House Fiscal Agency, January 2017



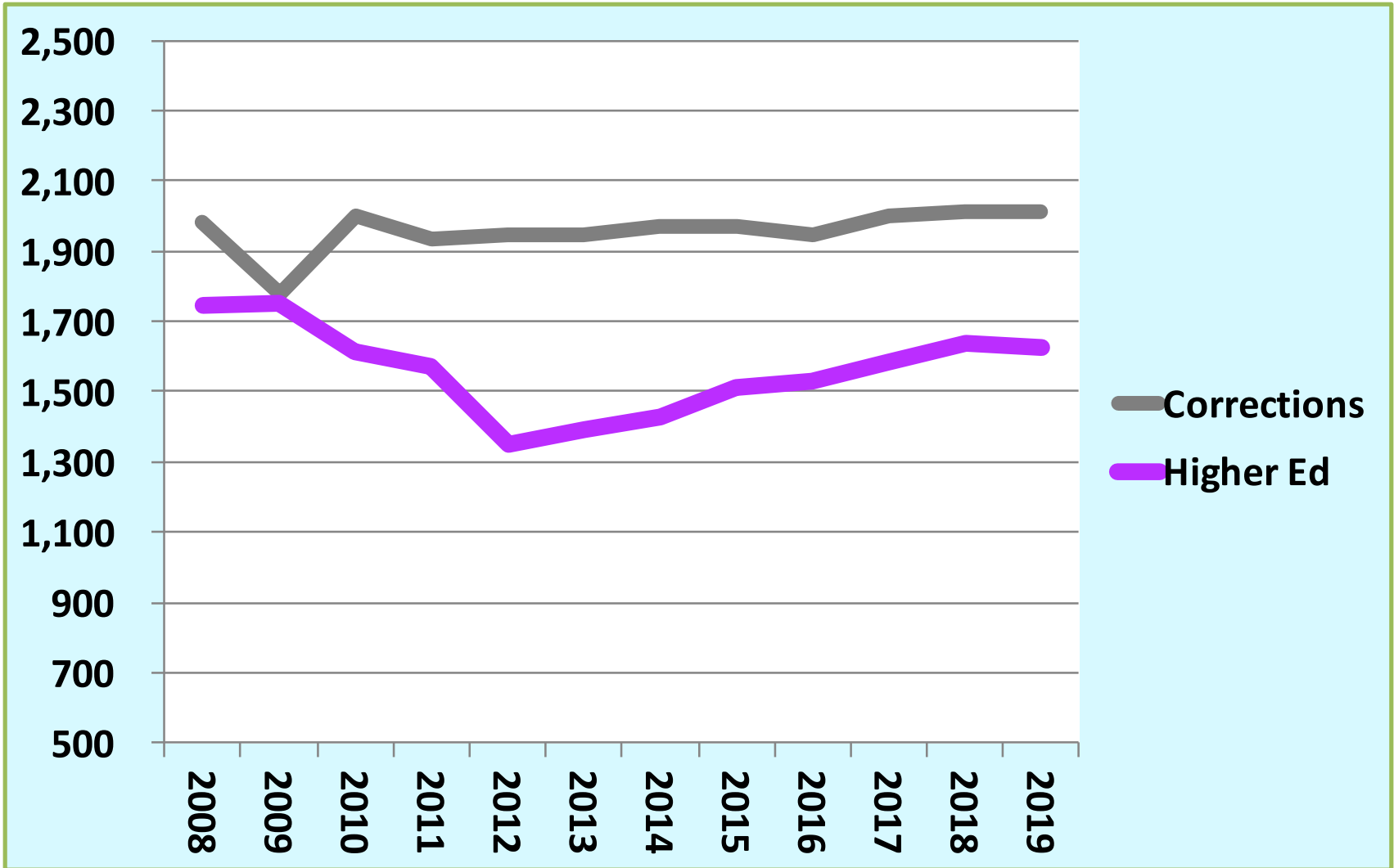
Michigan Higher Appropriation in Context: Appropriation as % of General Fund + School Aid Fund

Source: House Fiscal Agency, January 2017

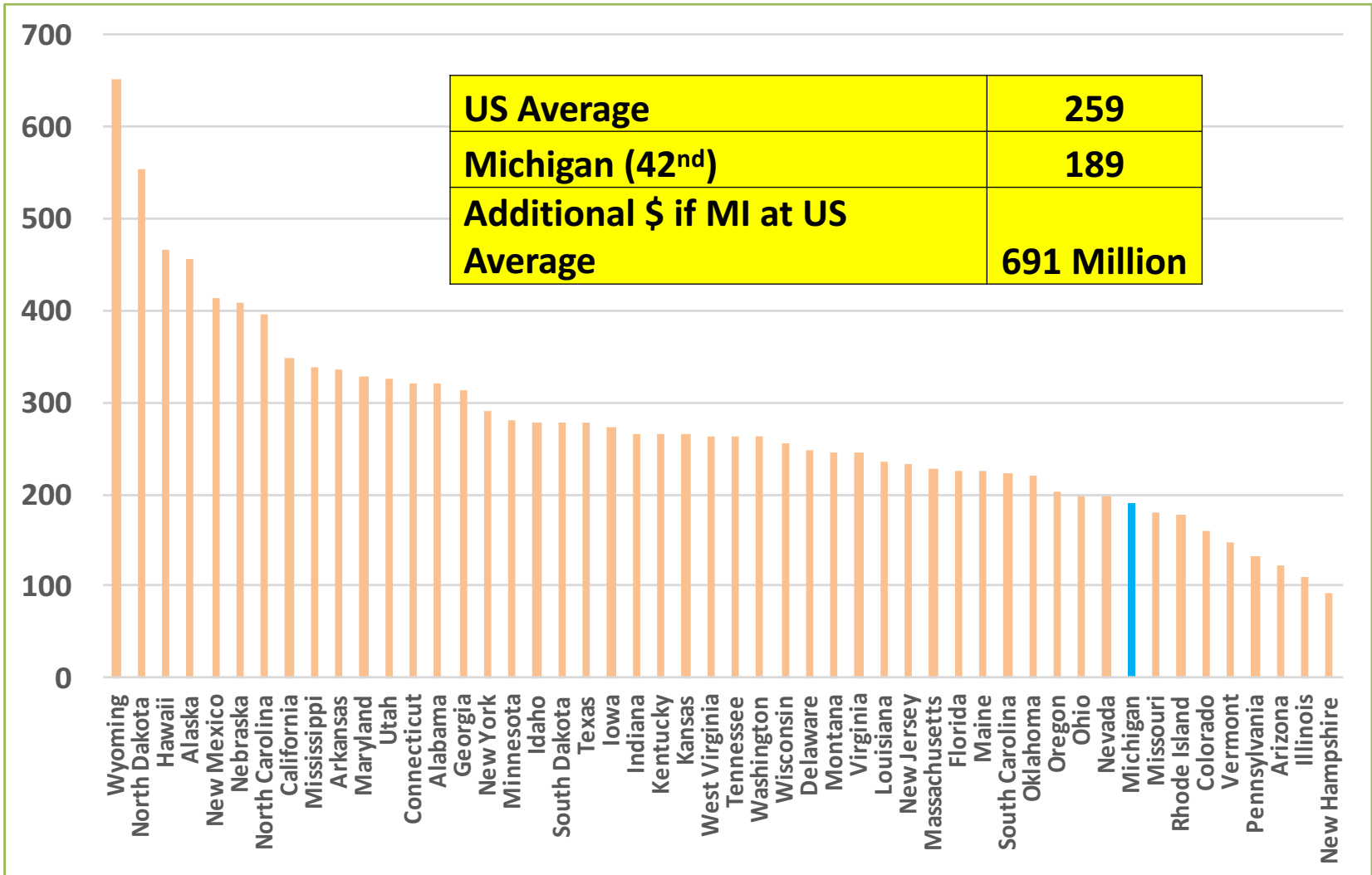


Michigan Higher Ed Spending vs. Prison Spending

Source: Governor's Executive Budgets

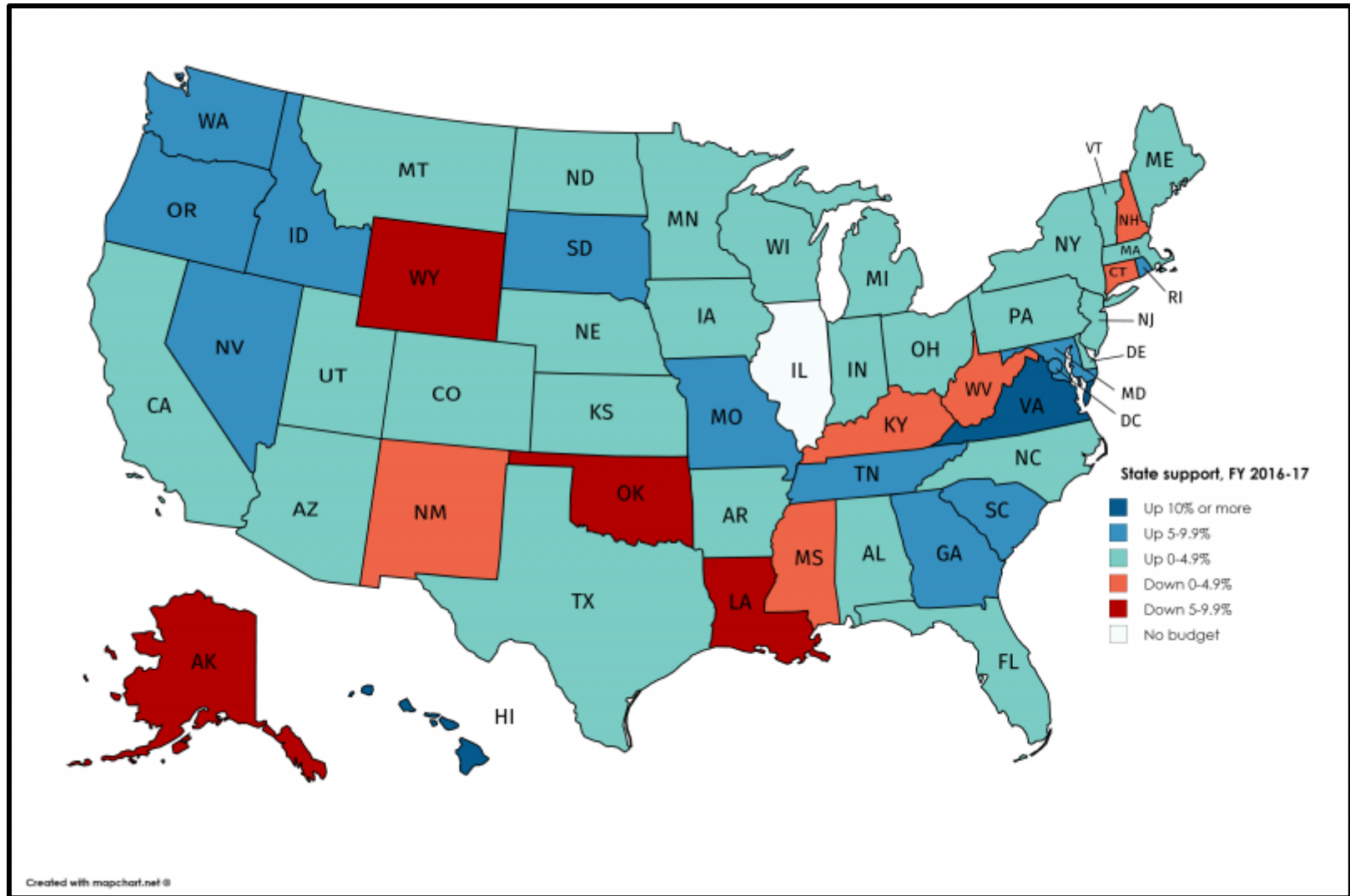


MI Higher Ed Appropriation Per Capita vs. Other States: Levels per Grapevine, February 2017

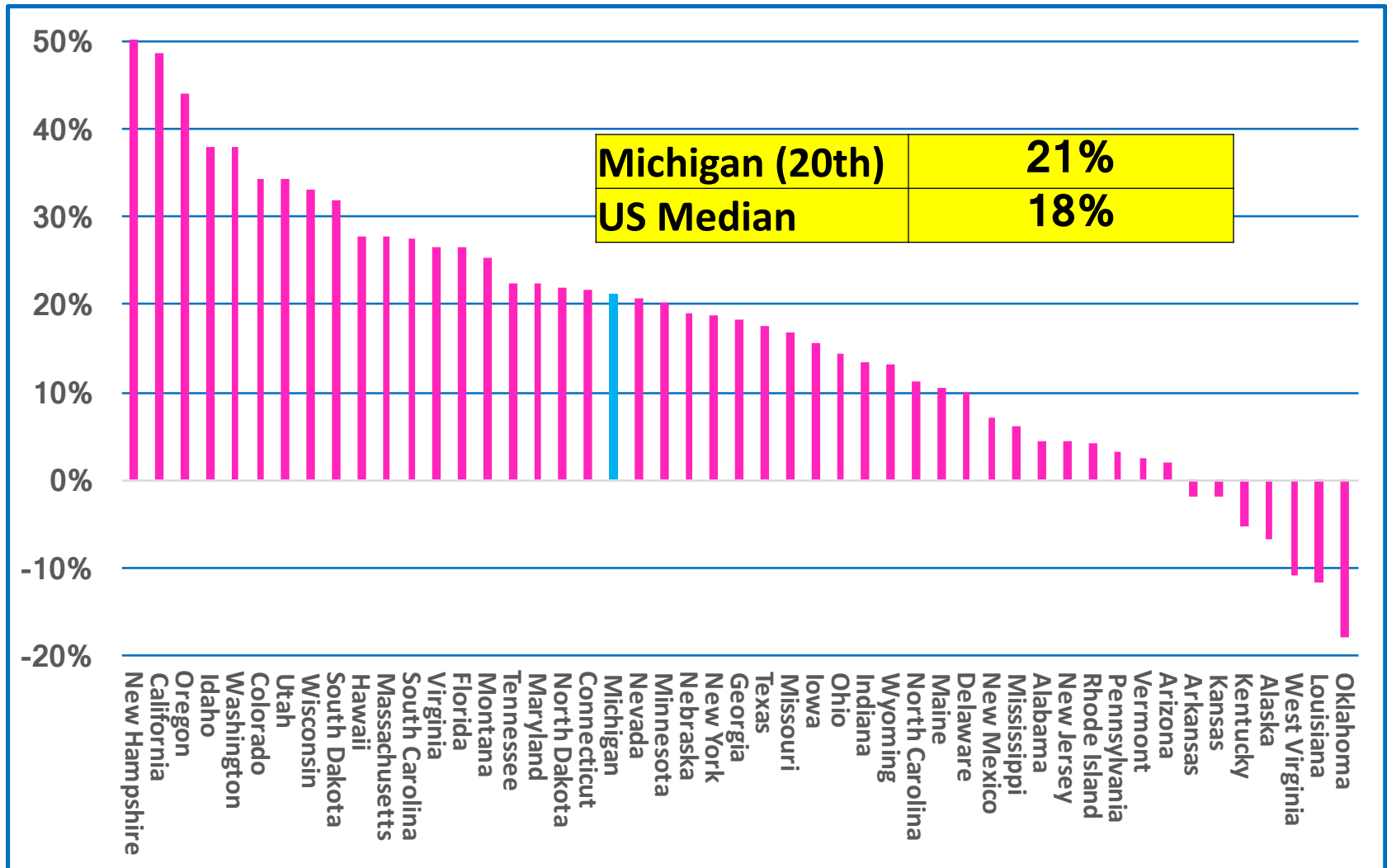


Change in State Support for Higher Education, 2016 to 2017

Source: Grapevine, 2/6/2017 – MI up 0 to 4.9%

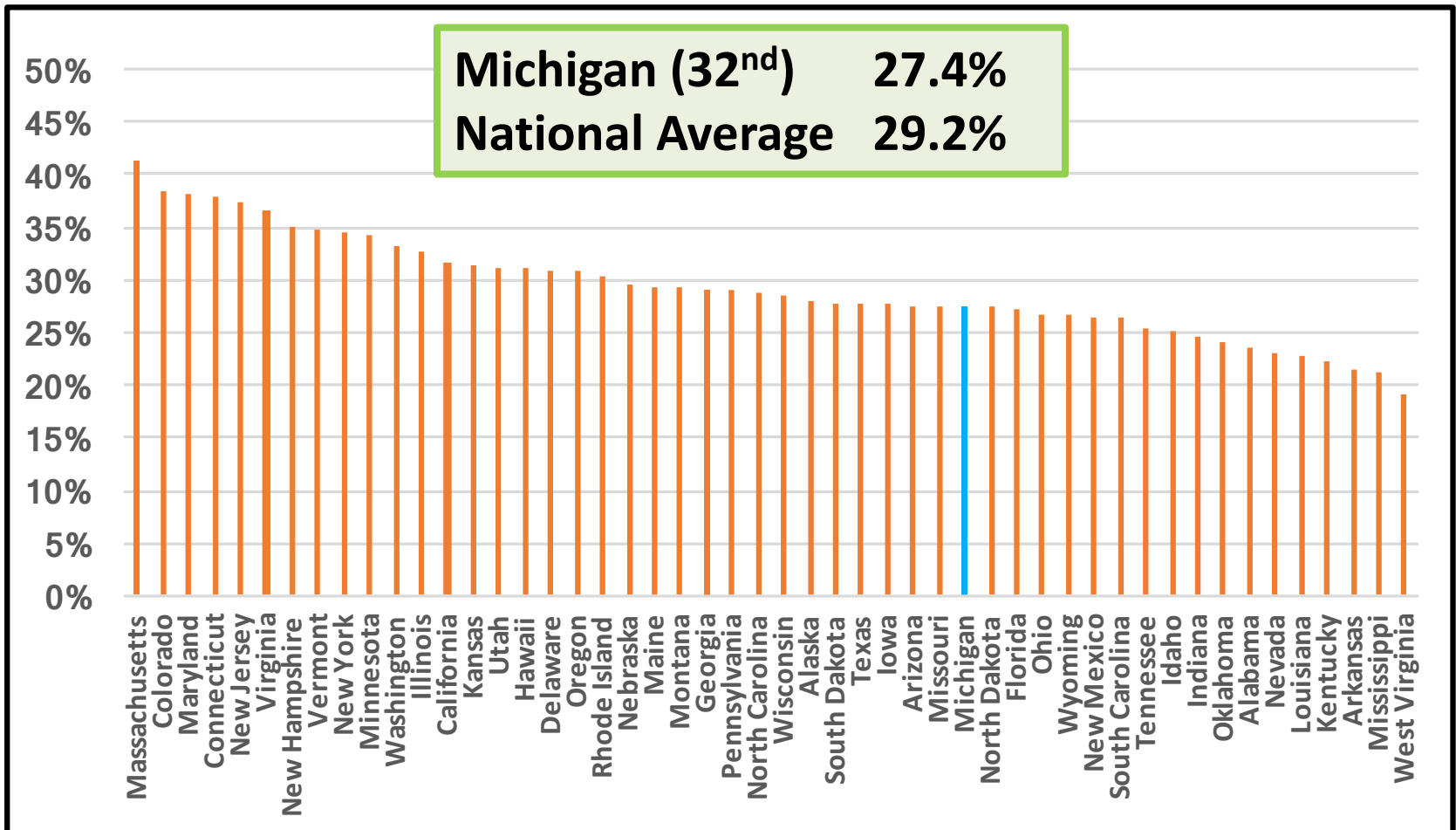


MI Higher Ed Appropriation vs. Other States: 5-Year Change, 2012 to 2017



College Attainment: Percent of Adults > 25 With Bachelor's Degree or Higher

Source: US Census Bureau, 2014



2018 Snyder-Proposed Appropriation for Michigan Publics

Source: Snyder Executive Budget 2018-2019, February 2017, In Thousands
(1/2 of performance funding is across the board and ½ through formula)

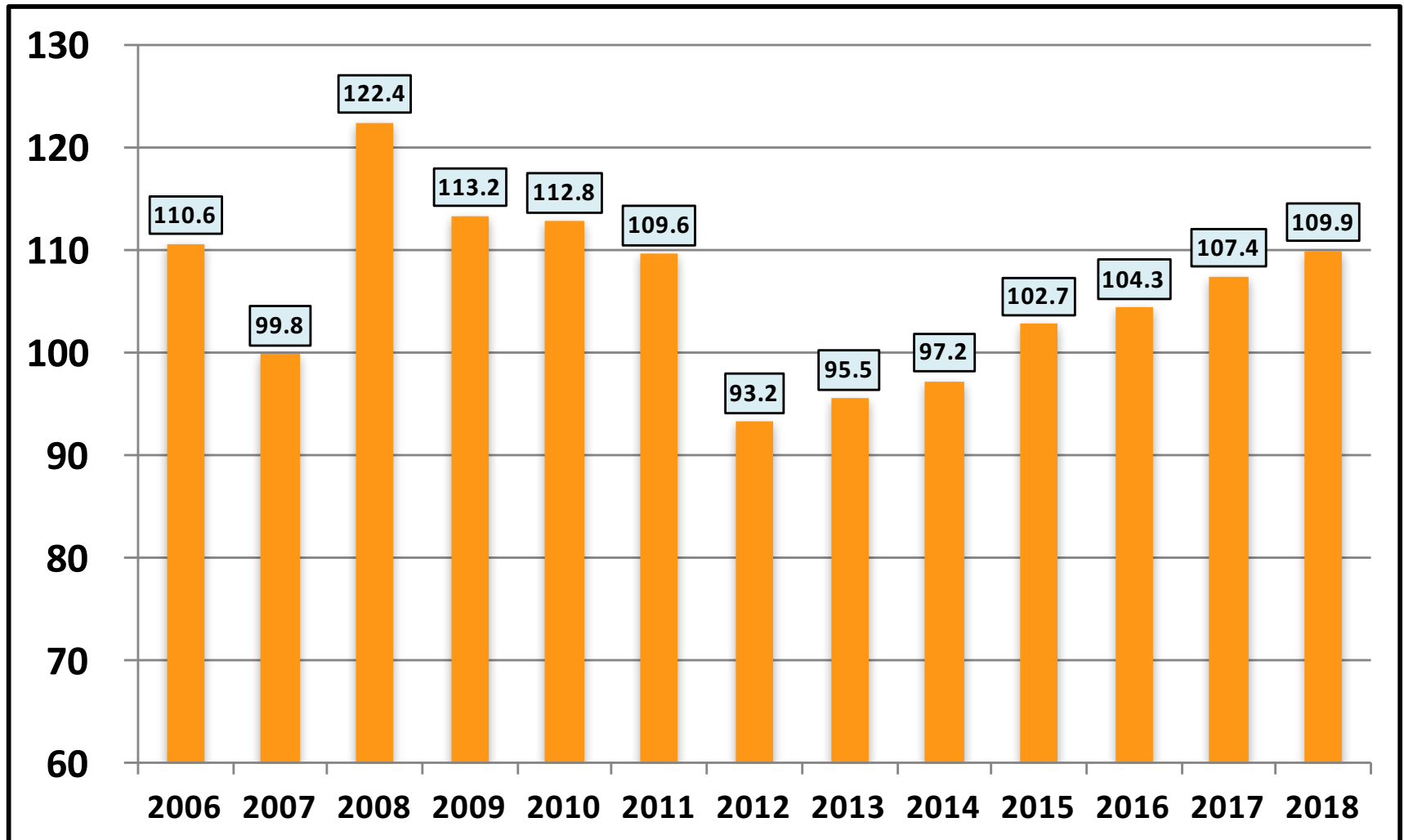
University	Operations Funding	Performance Funding	Total Appropriation	% Increase over 2017
UM A2	308,639	7,438	316,077	2.4%
MSU	275,862	6,721	282,583	2.4%
Wayne State	196,065	3,882	199,946	2.0%
WMU	107,441	2,420	109,861	2.3%
CMU	83,926	2,161	86,087	2.6%
EMU	73,594	1,970	75,564	2.7%
GVSU	68,228	2,340	70,568	3.4%
Ferris	52,260	1,670	53,929	3.2%
Oakland	49,921	1,644	51,565	3.3%
Mich Tech	48,098	1,193	49,291	2.5%
NMU	46,279	1,073	47,352	2.3%
Saginaw	29,114	815	29,929	2.8%
UM Dearborn	24,803	773	25,577	3.1%
UM Flint	22,549	641	23,190	2.8%
Lake	13,567	260	13,827	1.9%
Operations Subtotal	1,400,345	35,000	1,435,345	2.5%
MSU AgBio Extension	61,916	1,550	63,466	2.5%
Student Financial Aid			127,283	
MPSERS Retirement			4,424	
Statewide programs			3,007	
Agriculture initiatives			3,700	
TOTAL	1,462,261	36,550	1,637,224	

2017 Appropriation per FYE Student

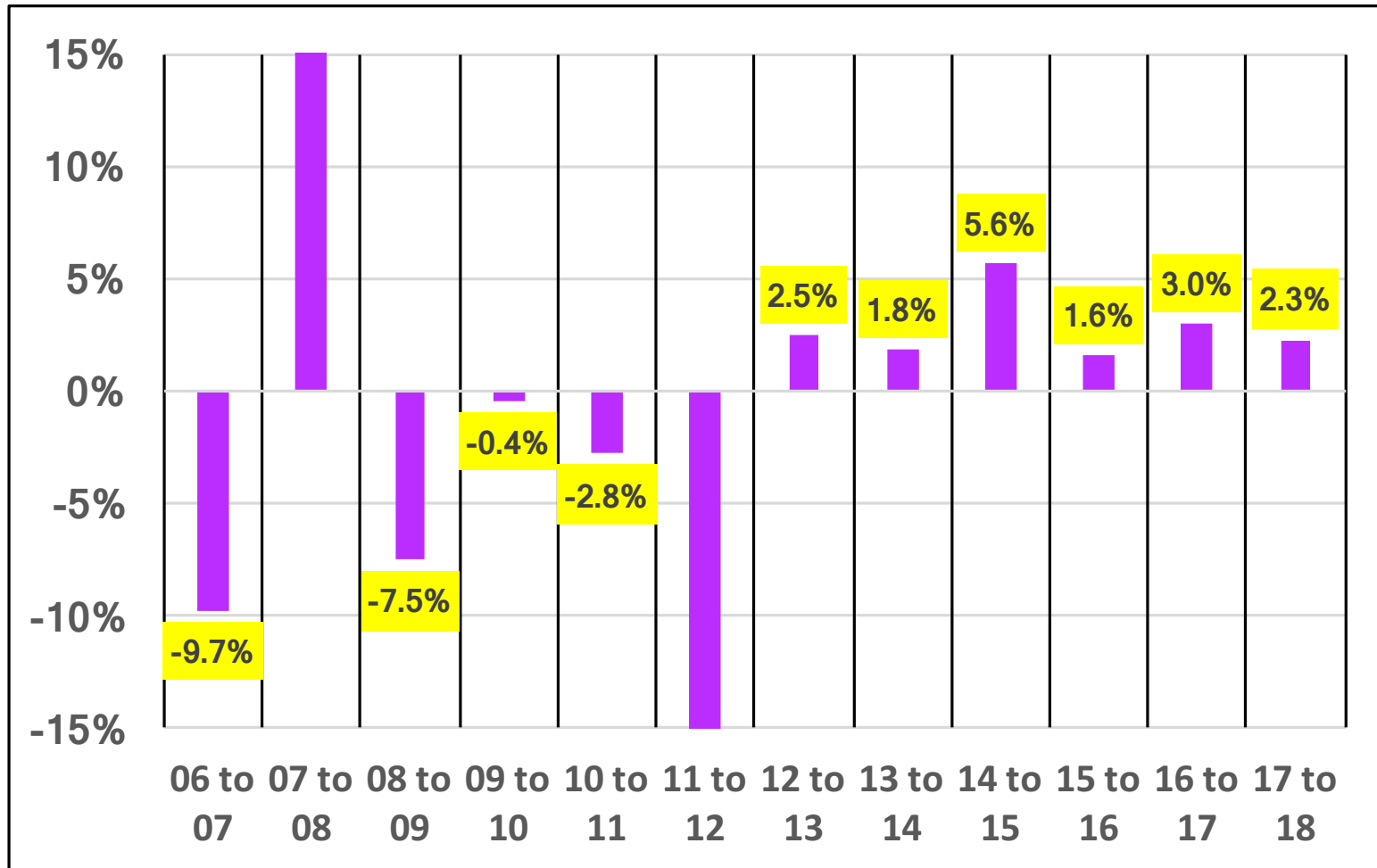
Source: 2016-17 Higher Education Appropriations Report,
House and Senate Fiscal Agencies, October 2016

University	2017 Appropriation	Per FYE Student	Enrollment
Wayne State	\$196,064,500	\$8,736	22,443
Mich Tech	\$48,097,500	\$7,399	6,501
UM A2	\$308,639,000	\$7,044	43,816
Lake	\$13,567,400	\$6,421	2,113
NMU	\$46,279,200	\$5,998	7,716
MSU	\$275,862,100	\$5,979	46,139
WMU	\$107,440,900	\$5,288	20,318
Ferris	\$52,259,900	\$4,307	12,134
EMU	\$73,593,800	\$4,207	17,493
CMU	\$83,925,000	\$3,944	21,279
UM Dearborn	\$24,803,300	\$3,681	6,738
Saginaw	\$29,114,000	\$3,409	8,540
UM Flint	\$22,549,300	\$3,266	6,904
GVSU	\$68,227,900	\$3,040	22,443
Oakland	\$49,920,700	\$2,868	17,406
Total	\$1,400,344,500	\$5,345	261,991

WMU Appropriation Over Time

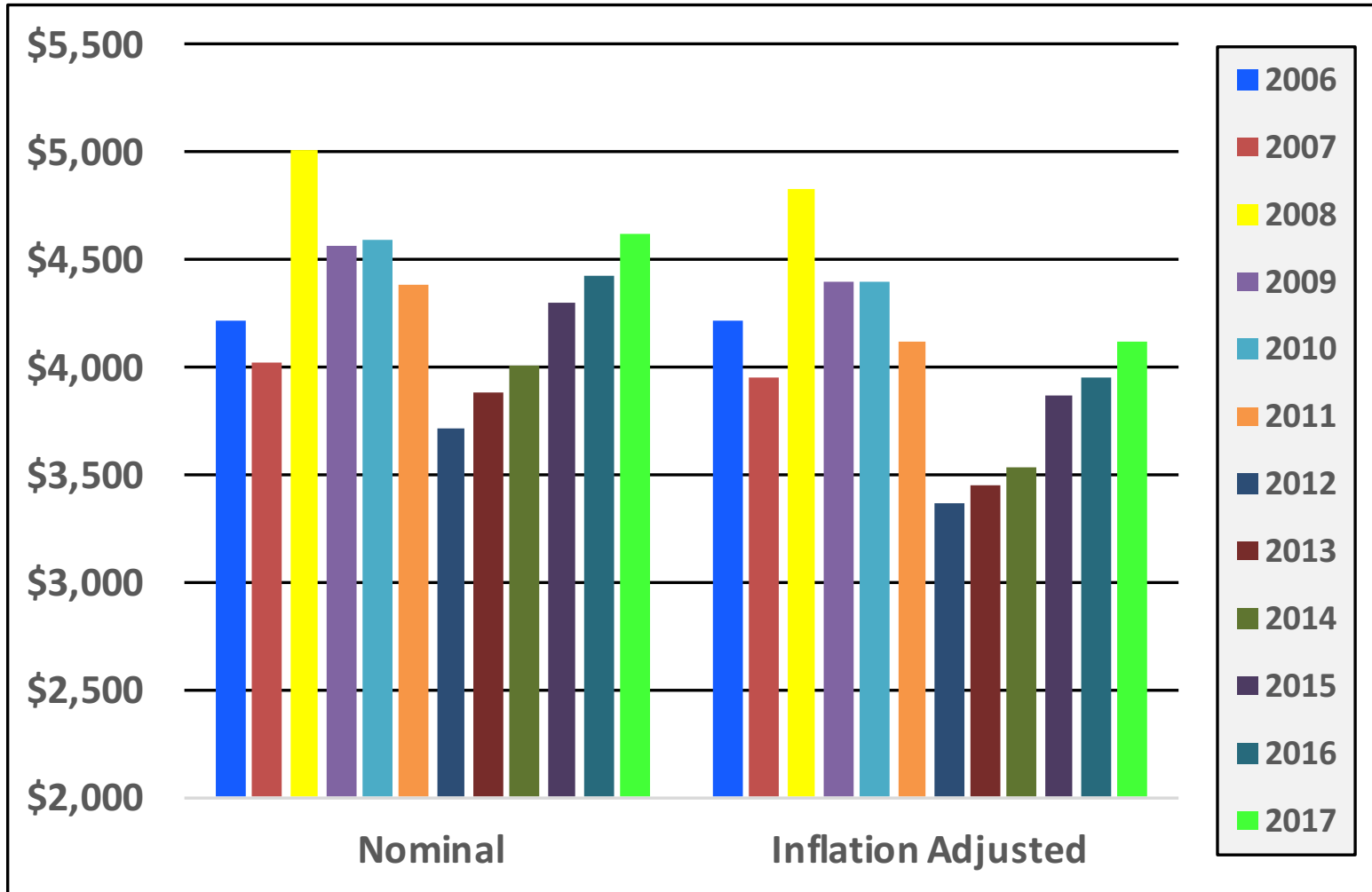


Annual Percentage Changes in WMU Appropriation



WMU State Appropriation per Student

Headcount Enrollment per WMU Common Data Set



Michigan Performance Funding

FY 2016-17 Formula Component	% of Performance Funding	FY 2016-17 Amount
Proportional to each university's share of total operations funding in the baseline year of FY 2010-11	50.0%	\$19.9 million
Undergraduate degree completions in critical skills areas (generally STEM fields)	11.1%	\$4.4 million
Total R & D expenditures (applies to high-research universities only)	5.6%	\$2.2 million
Comparisons with Carnegie Classification peers or 3-year improvement, scored on four metrics:	33.3%	\$13.3 million
<ul style="list-style-type: none"> • Six-year graduation rate 		
<ul style="list-style-type: none"> • Total degree completions 		
<ul style="list-style-type: none"> • Institutional support (i.e., administration) as a percentage of core expenditures 		
<ul style="list-style-type: none"> • Percentage of students receiving federal Pell grants 		
Total Performance Funding	100%	\$39.8 million

Carnegie Component of Performance Funding for 2017

University	6-Year Grad Rate	Total Degrees	Institutional Support as % of Total Expenses	% Students Receiving Pell Grants	Total Points
GVSU	3	3	2	2	10
CMU	3	3	3	0	9
Ferris	2	3	2	2	9
UM A2	3	3	2	0	8
Wayne State	2	2	0	3	7
Mich Tech	3	2	2	0	7
WMU	2	2	0	3	7
Oakland	2	3	2	0	7
EMU	0	3	2	2	7
Lake	2	3	0	2	7
Saginaw	0	2	2	2	6
UM Dearborn	2	2	0	2	6
UM Flint	0	2	2	2	6
NMU	2	2	2	0	6
MSU	2	3	0	0	5
Total	28	38	21	20	107

Tuition Restraint Imposed by the State

Source: House Fiscal Agency, January 2017

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Limit on resident undergraduate tuition/fee increases	7.1%	4.0%	3.75%	3.2%	3.2%	4.2%
Operations funding increase/(decrease) from prior year	(15.0%)	3.0%	1.8%	5.9%	1.5%	2.9%
Funding contingent on tuition restraint	\$83.0 million of remaining base funding	\$9.1 million incentive funding	\$21.9 million performance funding	\$74.6 million performance funding	\$20.1 million performance funding	\$39.8 million performance funding; new state-funded capital outlay approvals for FYs 2017-18 and 2018-19
Average unweighted tuition/fee increase	7.0%	3.4%	3.5%	2.8%	3.6%	3.9%
Noncompliant universities	None	None	Wayne State	None	Eastern, Oakland	None

WMU Financial Analysis, Ratios and Bond Ratings

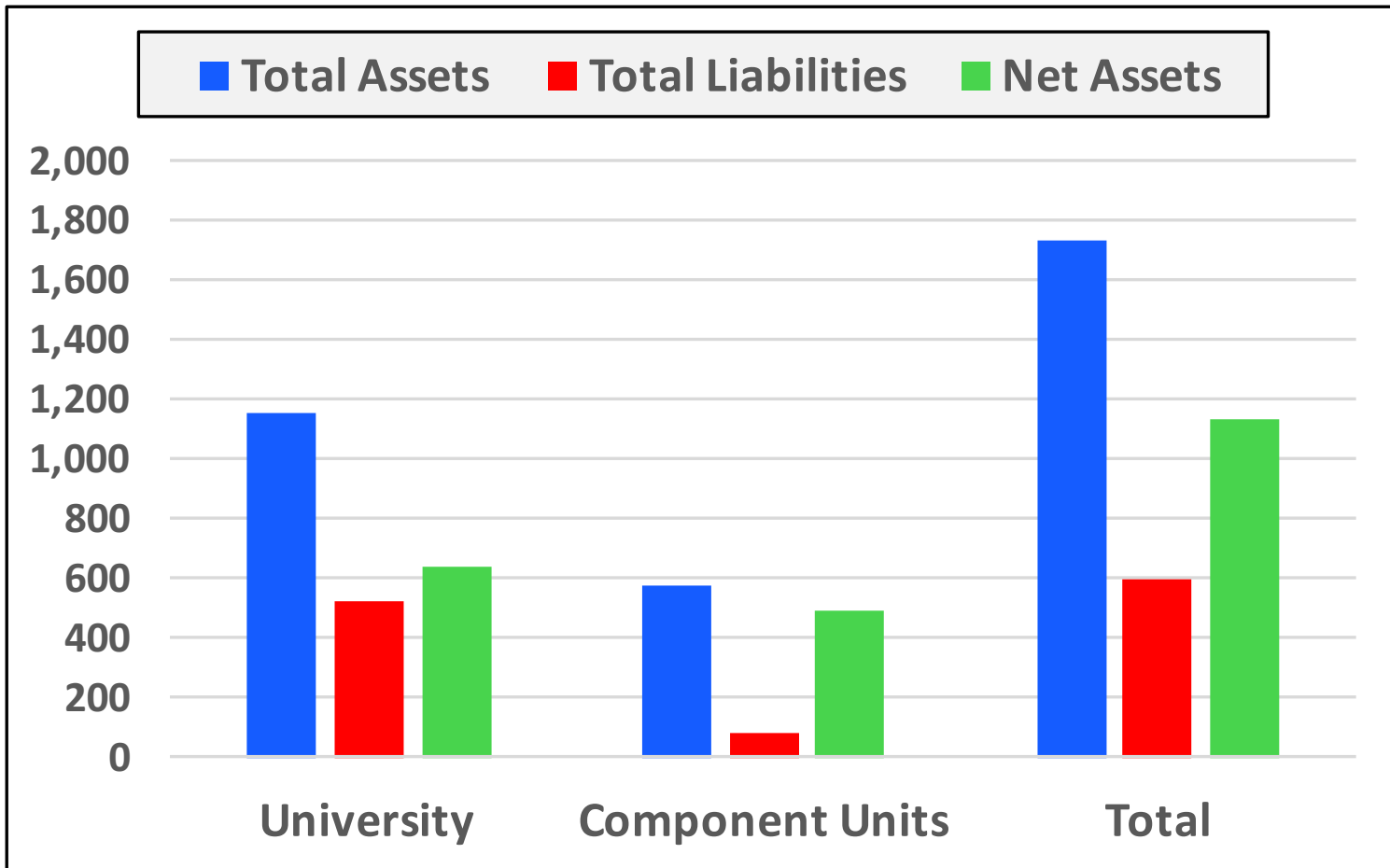
**“The University’s financial position
remained strong at June 30, 2016”**

**WMU’s own words from the 2016
audited financial statements**

2016 WMU Balance Sheet

Source: Audited Financial Statements In Millions

Component Units are WMU Foundation, School of Medicine, Research Foundation and Paper Technology Foundation

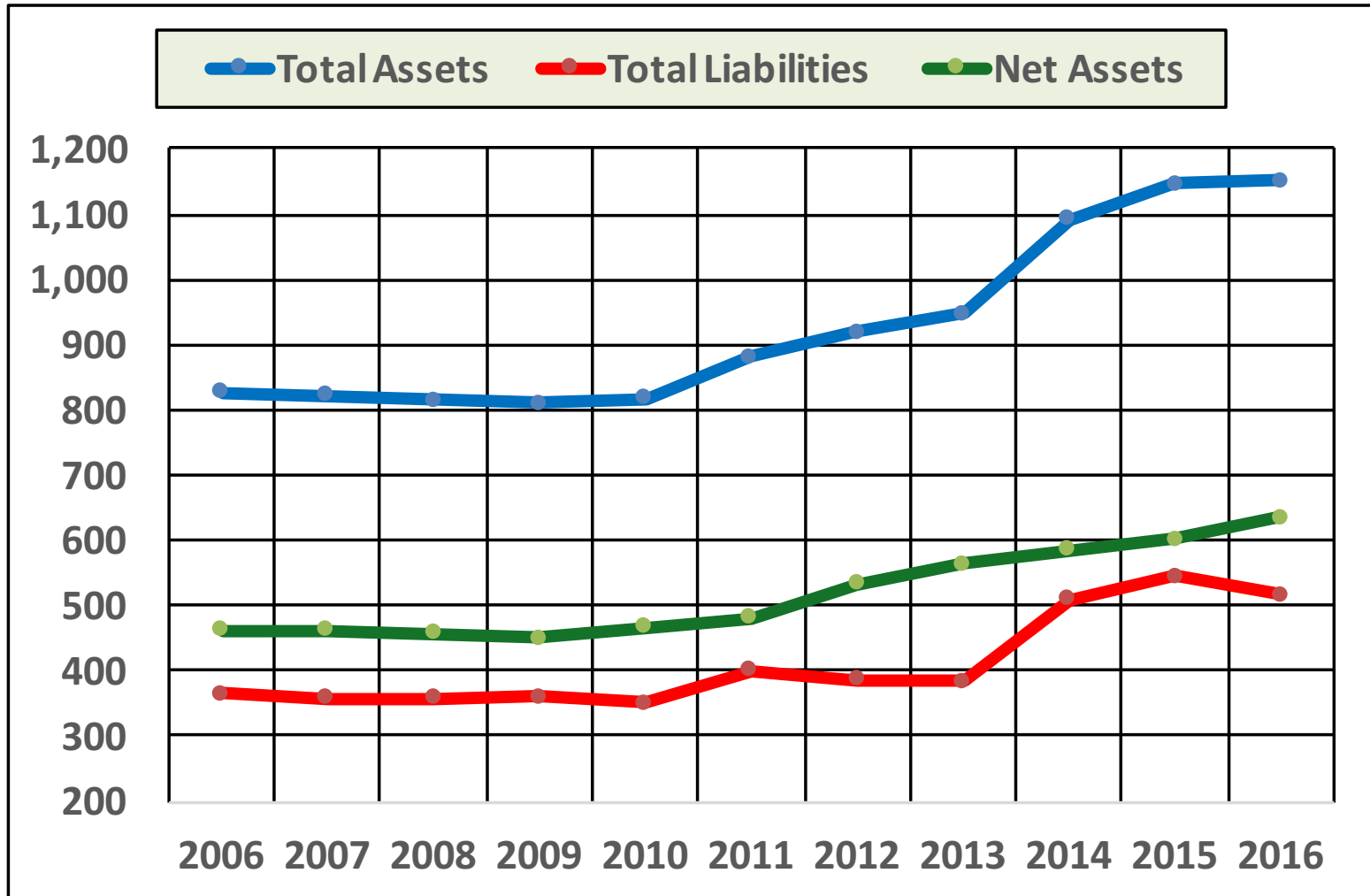


WMU Balance Sheet Over Time (Excludes Component Units)

Source: Audited Financial Statements

With Pensions and OPEB	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assets	826.8	821.7	815.4	810.6	816.9	881.4	918.9	946.8	1,093.2	1,146.6	1,152.3
Total Liabilities	365.7	358.7	479.0	489.3	488.7	549.5	543.8	547.6	681.7	808.0	832.5
Net Assets	461.1	463.0	336.3	321.3	328.2	331.9	375.1	399.2	411.5	338.6	319.8
Without Pensions and OPEB	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Assets	826.8	821.7	815.4	810.6	816.9	881.4	918.9	946.8	1,093.2	1,146.6	1,152.3
Total Liabilities	365.7	358.7	358.0	360.3	350.0	400.3	386.7	382.6	509.0	545.4	517.3
Net Assets	461.1	463.0	457.3	450.3	466.9	481.1	532.2	564.2	584.2	601.2	635.0
OPEB	0.0	0.0	121.0	129.0	138.7	149.2	157.1	165.0	172.7	180.9	189.3
Pensions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	81.7	125.9
WMU Cash paid for OPEB			4.9	4.9	4.7	5.3	4.5	5.0	5.0	5.1	5.1
WMU Cash paid for pensions			4.9	4.6	4.6	4.8	5.8	6.4	6.8	7.5	7.7

WMU Balance Sheet Over Time Graphically



Other Postemployment Benefits (OPEB)

- **The Statement of Net Assets, starting in 2008, includes a liability for the present value of all present and future payments for retiree healthcare. The university, like many private firms, has set aside zero assets for these benefits. This is in accordance with GASB 45 (Government Accounting Standards Board).**
- **The amount of this liability was \$189 million**
- **In 2016, WMU paid \$5.1 million in cash to retirees for these benefits**
- **This was an accounting change that did not change the amount of cash owed or paid**

What is Going on with Pensions?

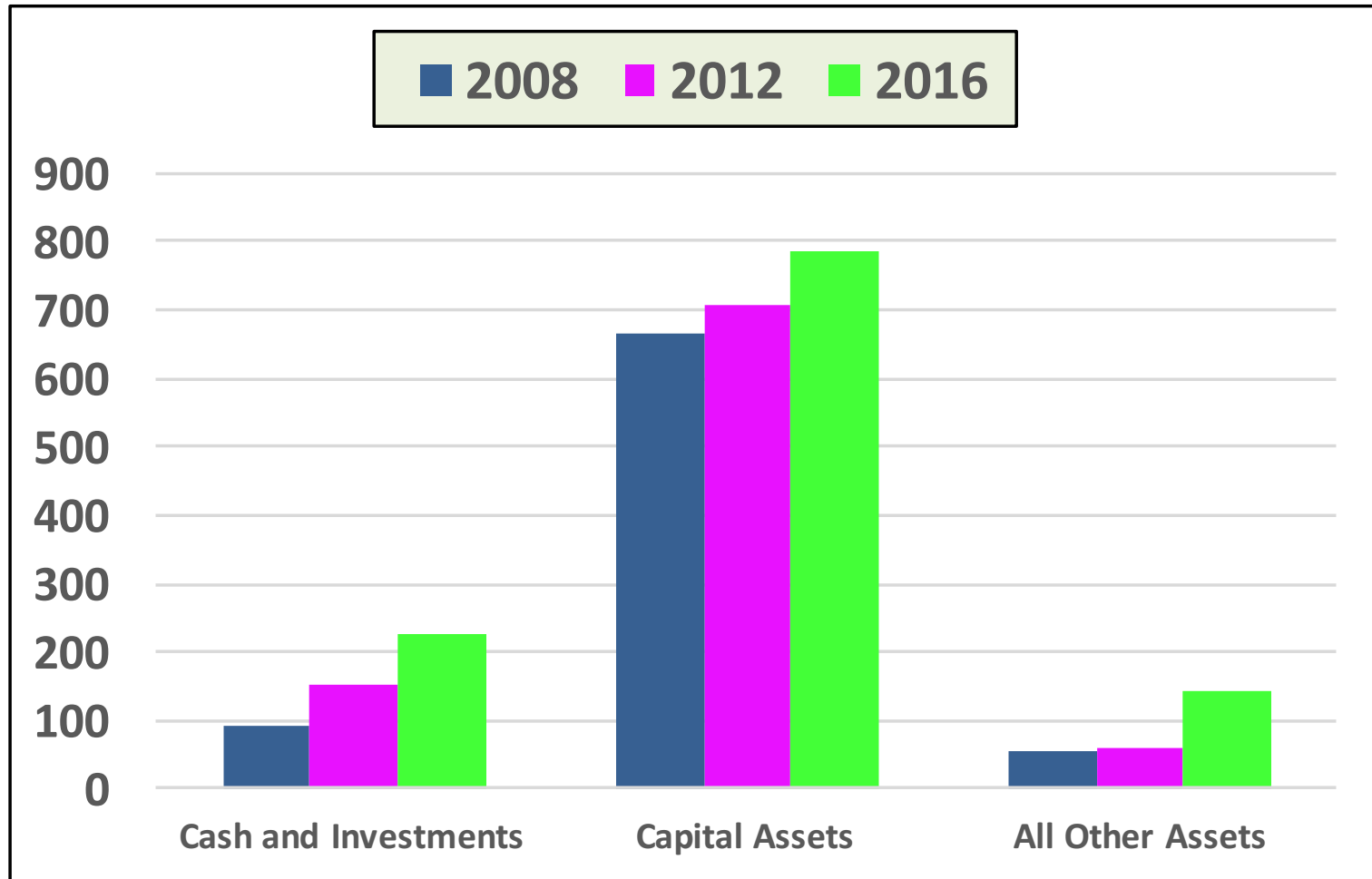
- **GASB 68 was implemented in 2015, which had the effect of putting the pension liability on the balance sheet of WMU. Previously, this liability was not on the balance sheet. Almost all public universities have done the same thing, as this is a required accounting standard.**
- **What does it mean? Not much, as this is a “soft” liability**
- **For WMU, the \$81 million pension liability represents the present value of current and future payments to workers. The current payments are for people who are retired now; the future payments are for current workers.**
- **Result: The cash amounts are completely unaffected by the adoption of the new accounting standard.**

Why Do We and Bond Agencies Omit the Pension Liabilities of Individual Institutions?

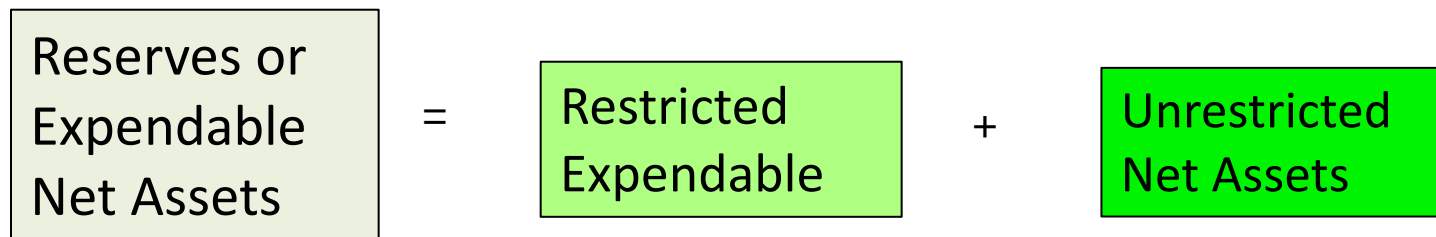
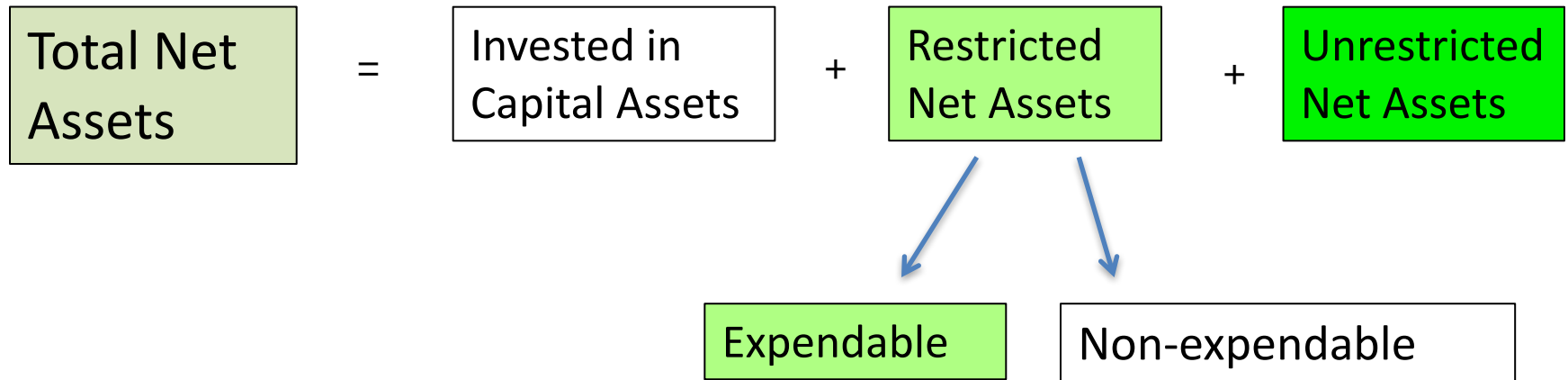
- WMU paid into the defined benefit pension plan (MSPERS) and the OPEB plans in 2016; this cash outlay has always been recorded as an expense and a cash payment, and will continue that way
- The liability is new: in 2015, a \$81 million liability was added to WMU's balance sheet.
- In 2008, the OPEB liability was added. We omit these for 4 good reasons:
 - WMU, in their own words, states that “the University’s unrestricted net position calculated without these liabilities continues to be positive”
 - The amount is soft, subject to assumptions; a 1% change in the discount rate will change the liability by \$20 million
 - The bond rating agencies did not change a single institution’s bond rating due to this accounting change
 - The state is really the final backstop of this pension plan, not WMU

Asset Composition Over Time

Source: Audited Financial Statements



Reserves in the Public Sector



Net Asset Breakdown, In Millions

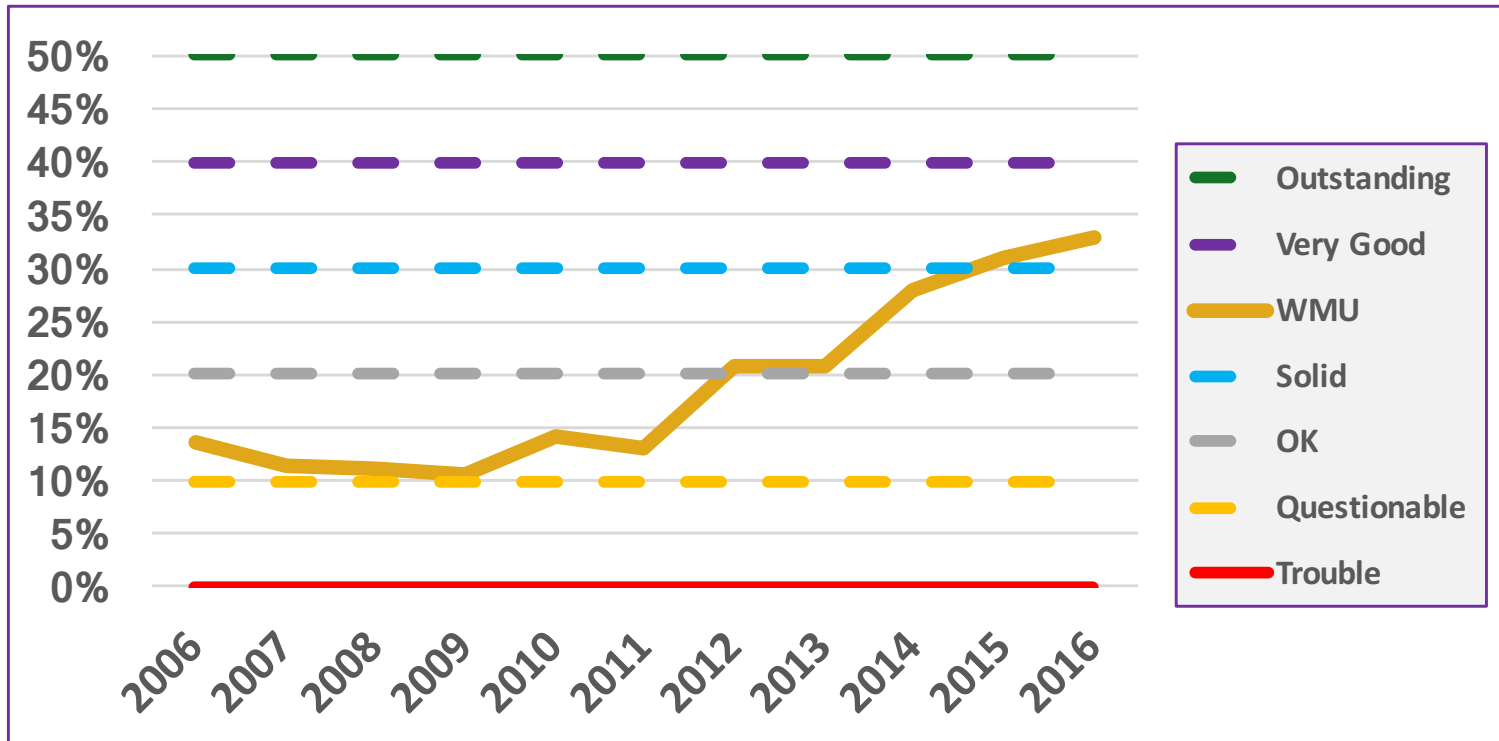
Source: Audited Financial Statements

Year	Invested in Capital Assets	Restricted	Unrestricted	Total Net Assets
2006	362.2	39.8	59.1	461.1
2007	370.5	41.2	51.3	463.0
2008	373.8	28.1	55.4	457.3
2009	369.7	27.5	53.1	450.3
2010	371.1	25.6	70.2	466.9
2011	387.6	27.0	66.5	481.1
2012	406.3	18.0	107.9	532.2
2013	429.5	18.3	116.4	564.2
2014	410.1	19.5	154.6	584.2
2015	413.9	19.3	168.0	601.2
2016	420.3	19.3	195.4	635.0

Summary of Ratios

Ratio	Numerator	Denominator	Weight in Formula
Primary Reserve	Total Reserves	Annual Expenses	40.0%
Viability	Total Reserves	Total Debt	22.5%
Net Asset	Change in Net Assets	Total Revenues	12.5%
Cash Flow	Operating Cash Flows	Total Revenues	25.0%
	Level of Ratio		
	Poor	Average	Excellent
Primary Reserve	Less than 10%	15% to 25%	More than 50%
Viability	Less than 30%	50% to 100%	More than 250%
Net Asset	Anything Negative	1% to 3%	More than 5%
Cash Flow	Anything Negative	1% to 3%	More than 5%

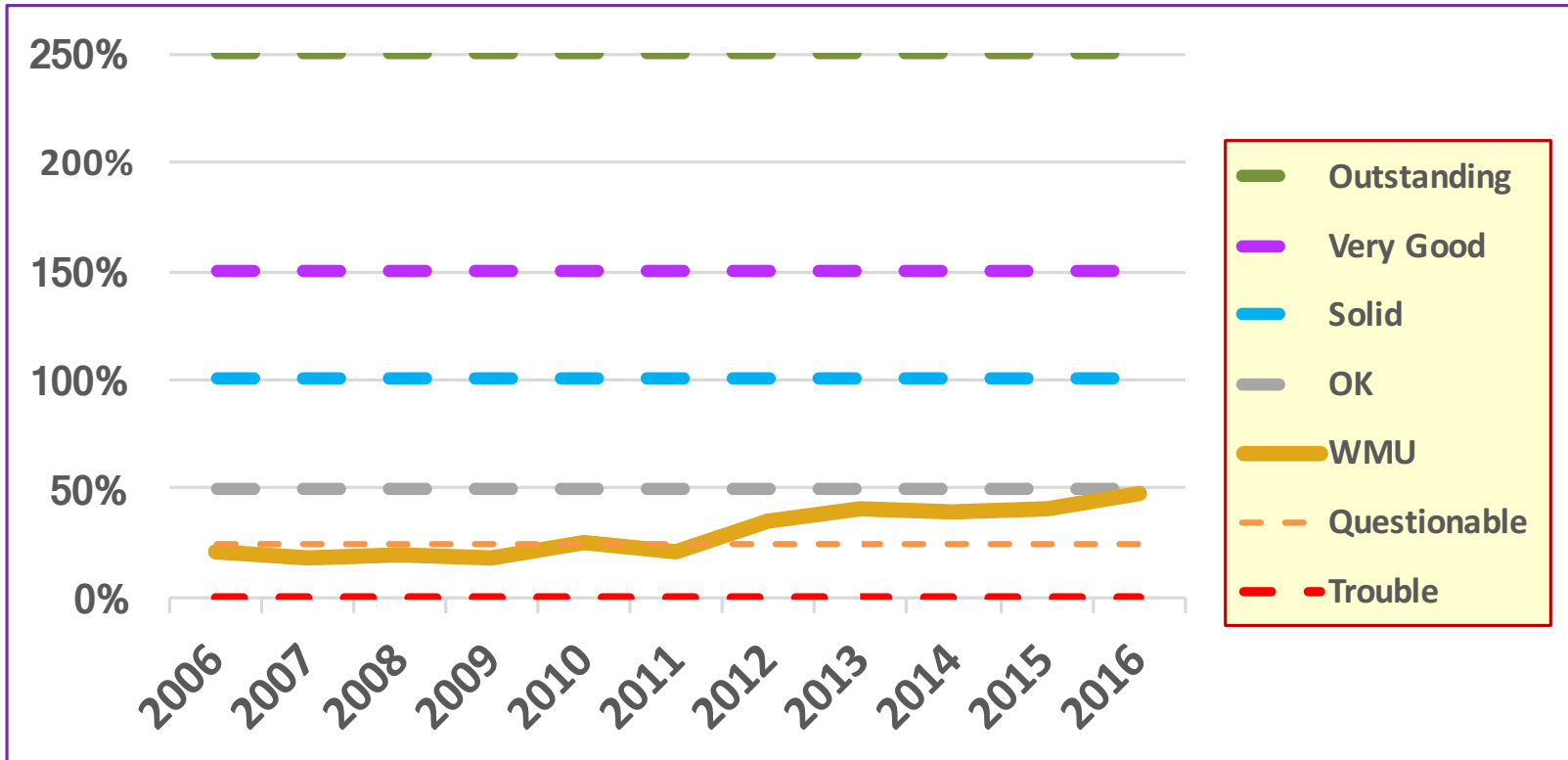
Primary Reserve Ratio: Reserves Compared to Total Expenses



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unrestricted Reserves	59.1	51.3	55.4	53.1	70.2	66.5	107.9	116.4	154.6	168.0	195.4
Total Expenses	437.4	445.1	492.4	498.4	494.8	508.4	522.3	558.0	555.5	542.3	592.1
Primary Reserve Ratio	14%	12%	11%	11%	14%	13%	21%	21%	28%	31%	33%

Viability Ratio: Reserves Compared to Debt

WMU Definitely Has a Large Amount of Debt



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Unrestricted Reserves	59.1	51.3	55.4	53.1	70.2	66.5	107.9	116.4	154.6	168.0	195.4
Debt	288.4	280.2	284.2	282.0	272.7	313.2	301.9	289.9	390.6	418.3	403.4
Viability Ratio	20%	18%	20%	19%	26%	21%	36%	40%	40%	40%	48%

Operating Performance:

Net Asset Ratio = Change in Net Assets / Total Revenues

Year	Total Revenues	Total Expenses	Change in Net Assets	Net Asset Ratio
2006	452.7	437.4	15.3	3.4%
2007	447.0	445.1	1.9	0.4%
2008	479.0	492.4	(13.4)	-2.8%
2009	483.4	498.4	(15.0)	-3.1%
2010	501.7	494.8	6.8	1.4%
2011	538.6	508.4	30.2	5.6%
2012	563.6	522.3	41.3	7.3%
2013	580.2	558.0	22.3	3.8%
2014	569.7	555.5	14.2	2.5%
2015	549.0	542.3	6.7	1.2%
2016	573.3	592.1	(18.8)	-3.3%

- Anything over 5% is considered high
- However, the change in net assets includes paper gains and losses on investments, and non-cash depreciation expense
- Cash flows (next ratio) tell more of the story

Operating Performance:

Cash Flow Ratio = Operating Cash Flows/ Revenues

Source: Audited Financial Statements

Year	Operating Cash Flows	Total Revenues	Cash Flow Ratio
2006	12.5	452.7	2.8%
2007	11.3	447.0	2.5%
2008	15.8	479.0	3.3%
2009	26.3	483.4	5.4%
2010	26.7	501.7	5.3%
2011	43.9	538.6	8.1%
2012	27.4	563.6	4.9%
2013	34.9	580.2	6.0%
2014	47.1	569.7	8.3%
2015	45.4	549.0	8.3%
2016	36.8	573.3	6.4%

- Any ratio level over 5-6% is considered excellent
- Operating Cash Flows = cash flows from operations + State Appropriation
- Cash Flows from operations = cash from tuition and auxiliaries less payments to employees and vendors
- In 2016, WMU generated \$36.8 million of operating cash flows

Fichtenbaum-Bunsis Ratios

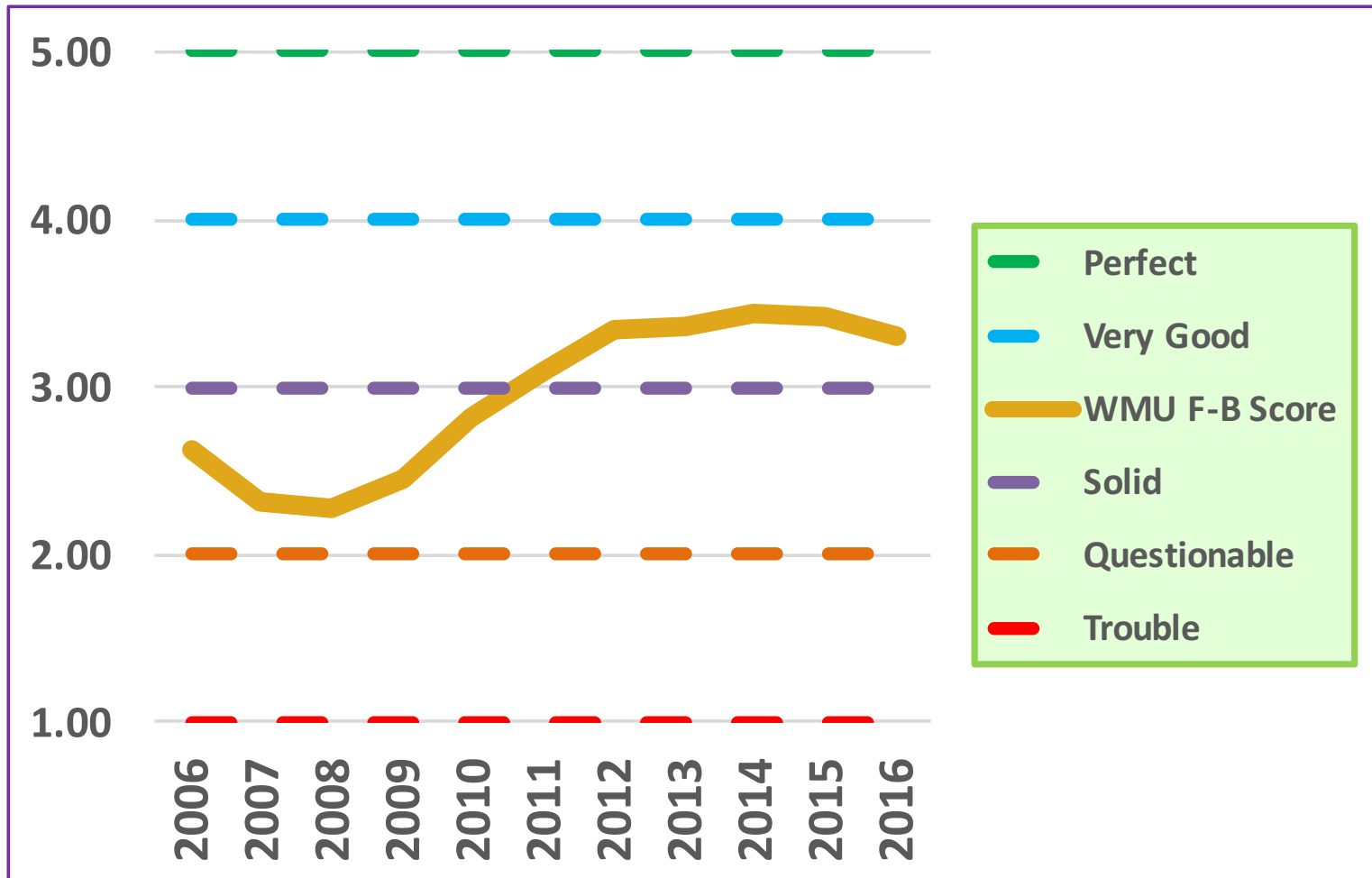
	Ratio Scores					
	0	1	2	3	4	5
Primary Reserve Ratio	< -10%	-10% to 4.99%	5.00% to 9.99%	10.00% to 24.99%	25.00% to 49.99%	> 50%
Viability Ratio	< 0%	0% to 29.99%	30.00% to 59.99%	60.00% to 99.99%	100% to 249.99%	> 250%
Net Asset Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%
Cash Flow Ratio	< -5%	-5.00% to 0.00%	0.00% to 0.99%	1.00% to 2.99%	3.00% to 4.99%	> 5%

- The weights are 40.0%/22.5%/12.5%/25.0%
- A perfect score is 5
- To be in financial exigency, there needs to be two consecutive years below 1.75

WMU System Composite Ratio Scores

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Viability Ratio	20%	18%	20%	19%	26%	21%	36%	40%	40%	40%	48%
Primary Reserve Ratio	14%	12%	11%	11%	14%	13%	21%	21%	28%	31%	33%
Cash Flow Ratio	2.8%	2.5%	3.3%	5.4%	5.3%	8.1%	4.9%	6.0%	8.3%	8.3%	6.4%
Net Asset Ratio	3.4%	0.4%	-2.8%	-3.1%	1.4%	5.6%	7.3%	3.8%	2.5%	1.2%	-3.3%
Viability Score	1.18	1.11	1.15	1.13	1.36	1.21	1.69	1.84	1.82	1.84	2.11
Primary Reserve Score	2.73	2.60	2.58	2.54	2.78	2.71	3.21	3.22	3.61	3.74	3.82
Cash Flow Score	3.39	3.26	3.65	4.72	4.66	5.00	4.43	5.00	5.00	5.00	5.00
Net Asset Score	3.69	1.93	0.94	0.88	2.68	4.80	5.00	3.92	3.25	2.61	0.84
Fichtenbaum-Bunsis Composite Score	2.63	2.32	2.27	2.45	2.82	3.09	3.34	3.35	3.44	3.42	3.30

WMU Composite Scores Graphically

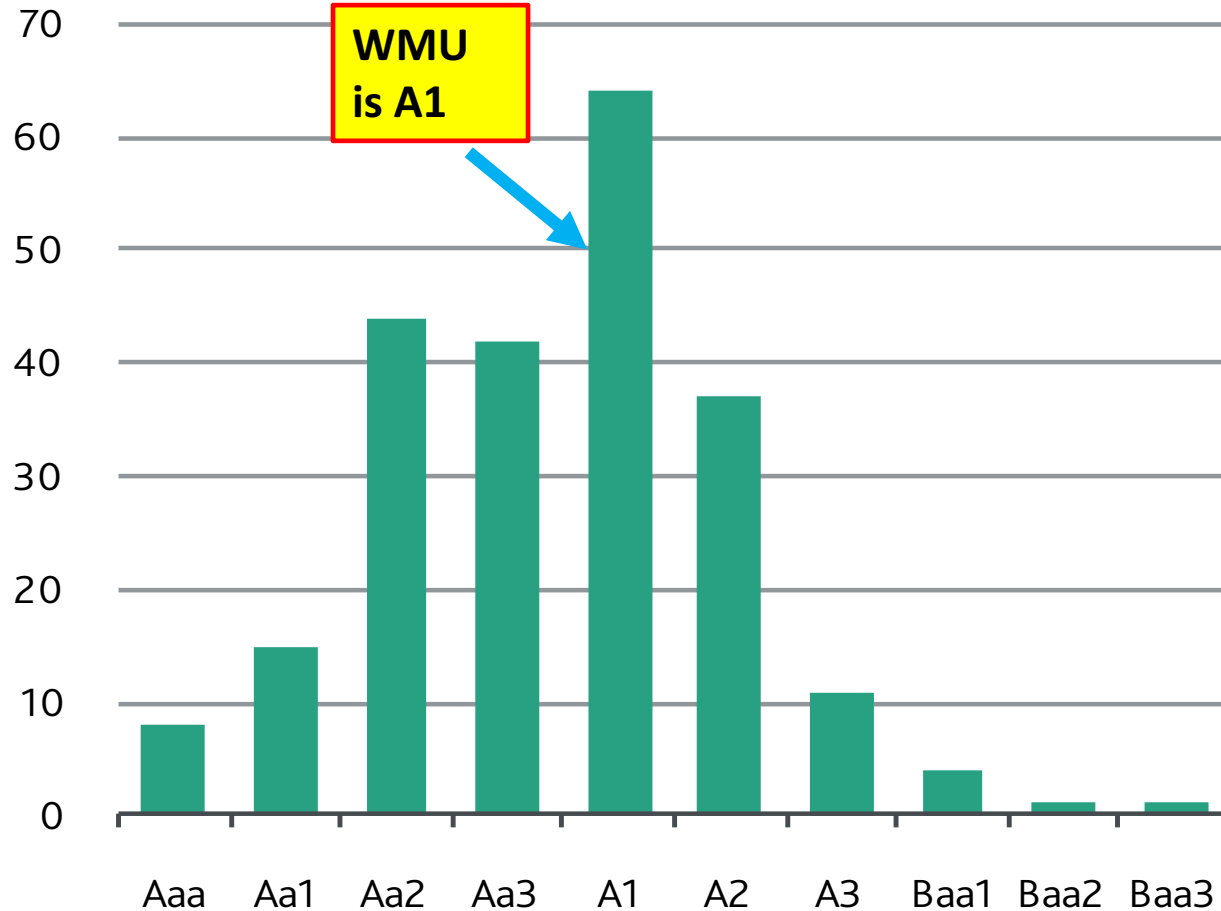


WMU Moody's Bond Rating: Solid at A1

(No Change Since April 2015)

- **Rationale**
 - The A1 rating incorporates WMU's role as a large regional public university with a growing reputation
 - Consistently strengthening operations and debt service coverage
 - Recent fundraising success
- **Strengths**
 - Strong Cash Flows despite modest growth in tuition revenue
 - Continued growth of flexible reserves
 - Positive momentum in the ongoing start up of a new medical school as well as a law school affiliation
 - Successful completion of the university's capital campaign
 - No addition debt plans over the next two years
- **Challenges**
 - In-state demographic pressures that have led to modest enrollment declines
 - Intensifying competitive landscape with the state's public universities
 - Moderately high leverage.

Moody's Public University Ratings



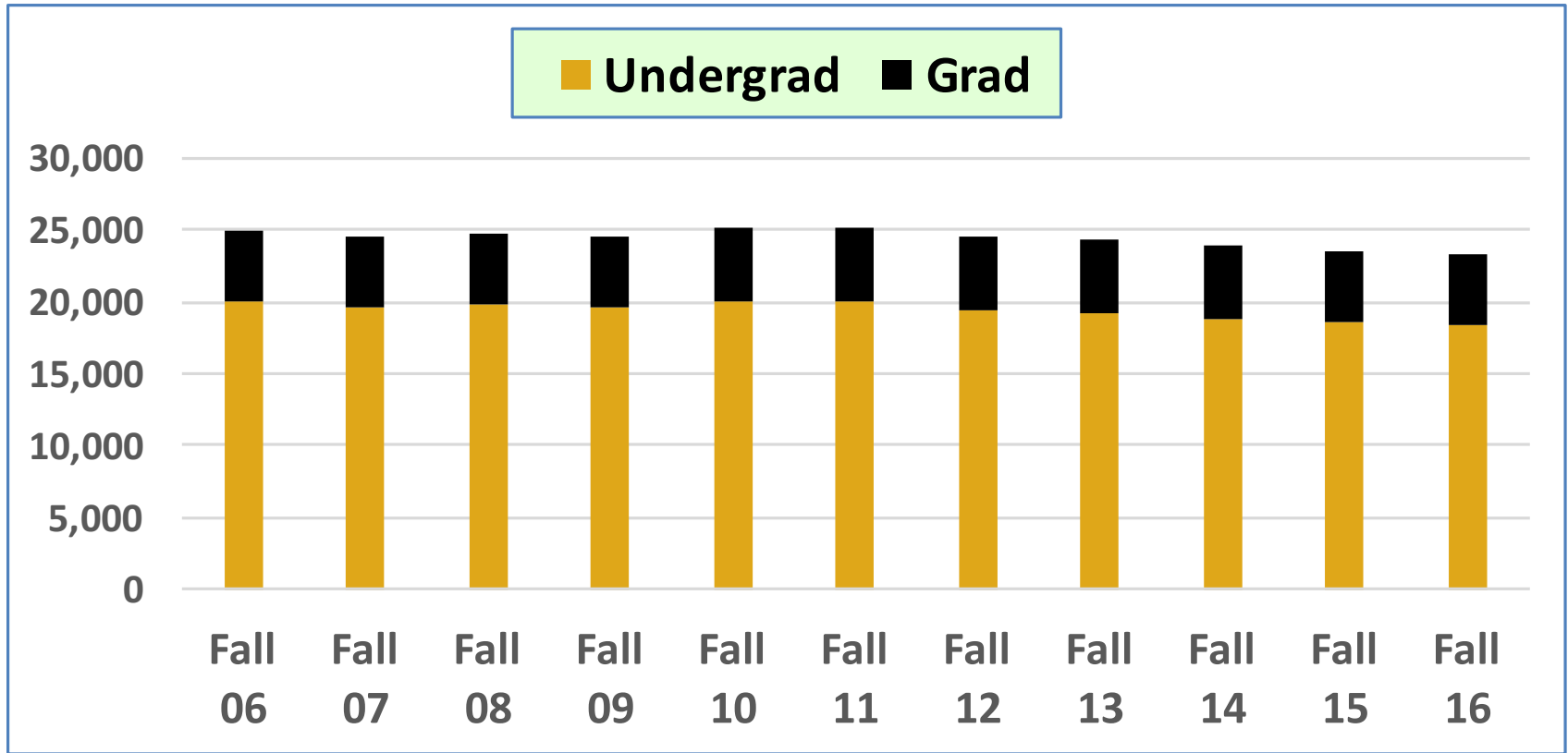
Moody's Bond Ratings of Peers and Other Institutions in Michigan

Aaa	Aa1	Aa2	Aa3	A1	Baa3
UM	MSU	East Carolina	Ball State	WMU	Northern Illinois
		Alabama	Kent State	Portland State	
		Southern Miss	Ohio U	NMU	
			Ok State	Oakland	
			UNC Greens	Northern Arizona	
			North Dakota		

Tuition and Enrollment Analysis

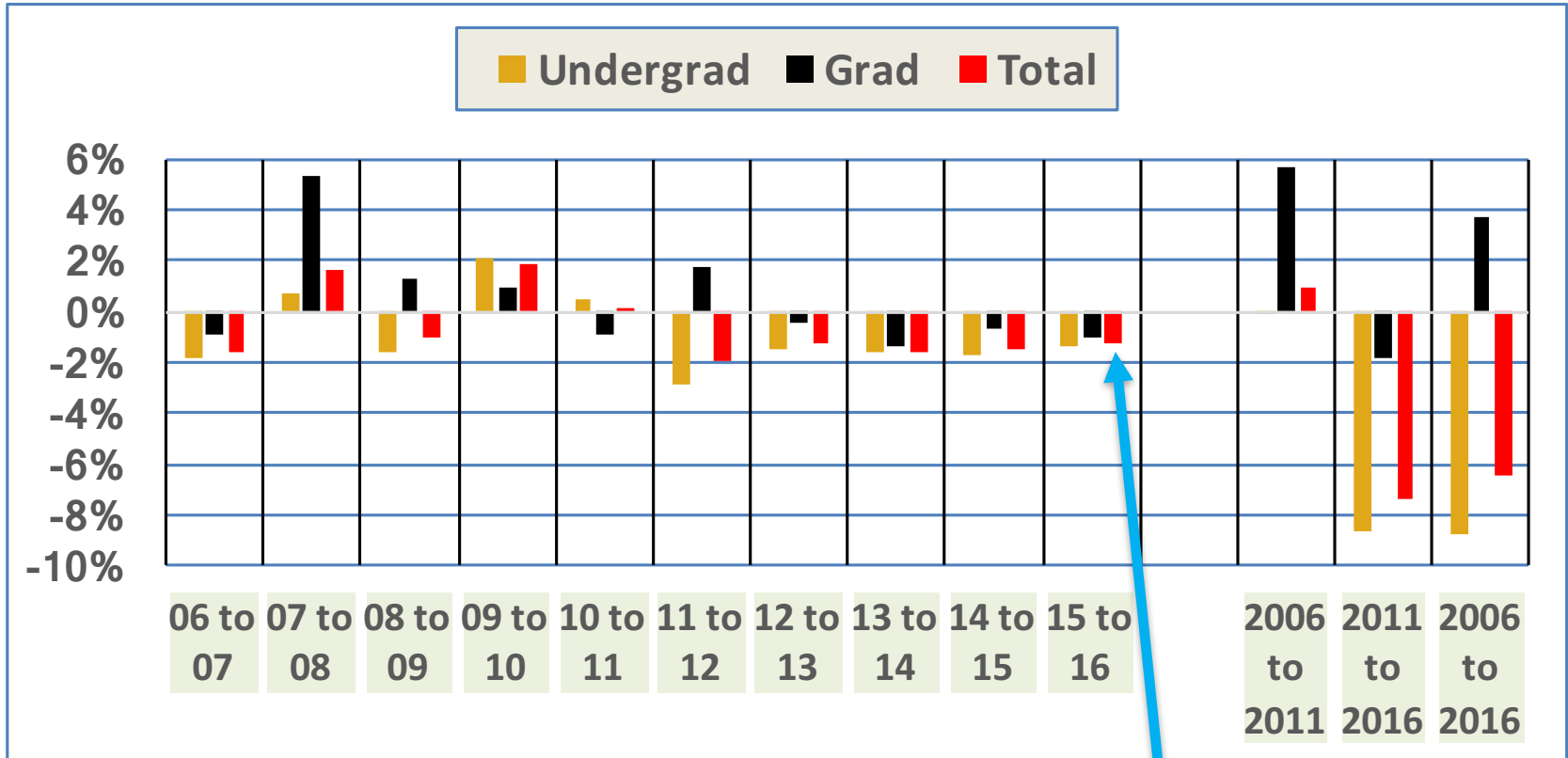
Enrollment

Source: WMU 2015-16 Fact Book



	Fall 06	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16
Undergrad	20,081	19,718	19,854	19,547	19,966	20,054	19,478	19,198	18,889	18,567	18,313
Grad	4,760	4,715	4,964	5,029	5,079	5,032	5,120	5,096	5,025	4,989	4,939
Total	24,841	24,433	24,818	24,576	25,045	25,086	24,598	24,294	23,914	23,556	23,252

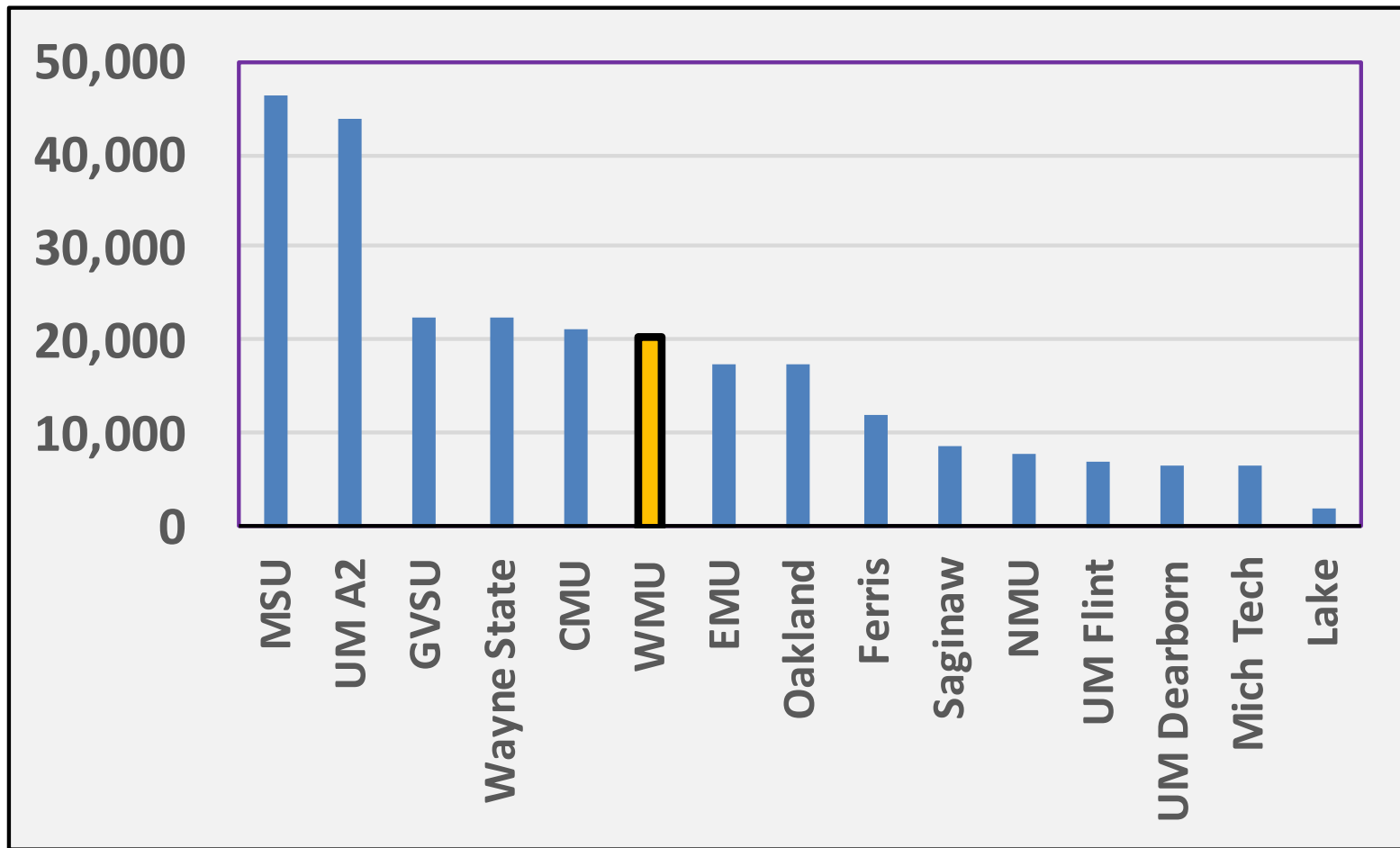
Short and Long Term Percentage Changes in Enrollment



% Changes	06 to 07	07 to 08	08 to 09	09 to 10	10 to 11	11 to 12	12 to 13	13 to 14	14 to 15	15 to 16	2006 to 2011	2011 to 2016	2006 to 2016
Undergrad	-1.8%	0.7%	-1.5%	2.1%	0.4%	-2.9%	-1.4%	-1.6%	-1.7%	-1.4%	-0.1%	-8.7%	-8.8%
Grad	-0.9%	5.3%	1.3%	1.0%	-0.9%	1.7%	-0.5%	-1.4%	-0.7%	-1.0%	5.7%	-1.8%	3.8%
Total	-1.6%	1.6%	-1.0%	1.9%	0.2%	-1.9%	-1.2%	-1.6%	-1.5%	-1.3%	1.0%	-7.3%	-6.4%

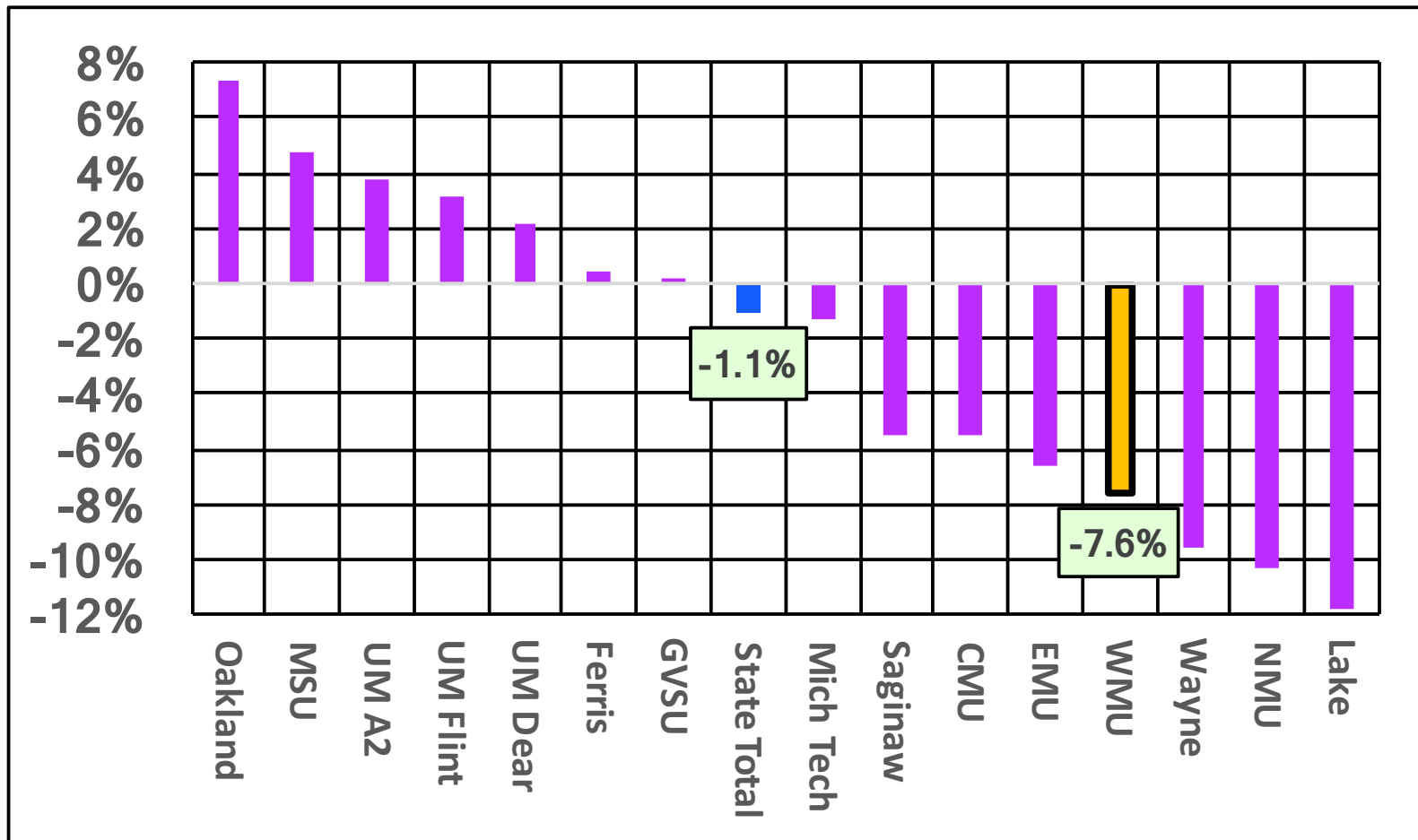
WMU 2015 FYE Enrollment Levels vs. Other Michigan Publics

Source: HEIDI (Higher Education Institutional Data Inventory of MI Legislature)



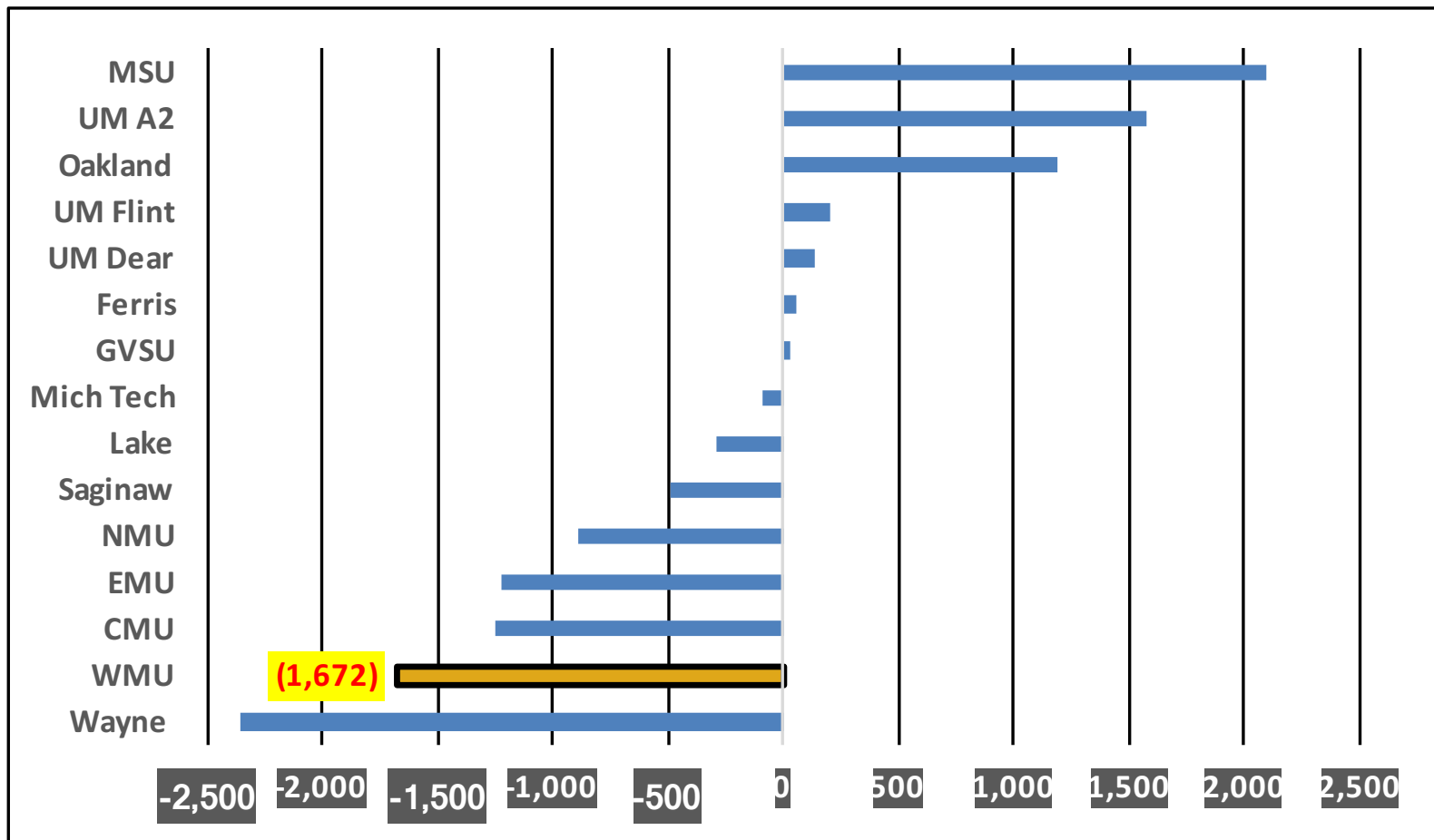
WMU % Enrollment Changes vs. Other Michigan Publics FYE Students, 2011 to 2015

Source: HEIDI (Higher Education Institutional Data Inventory of MI Legislature)



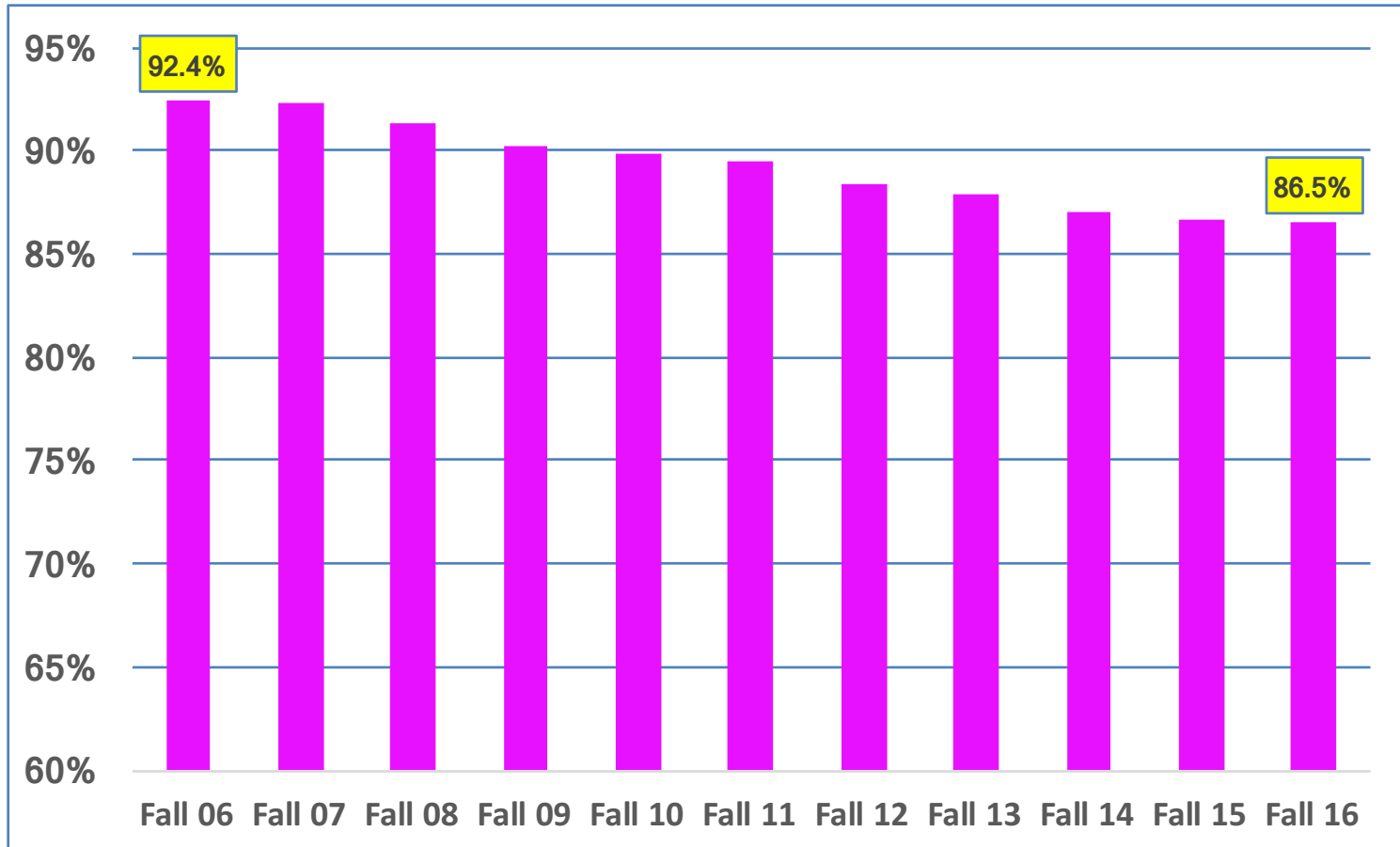
WMU Number Enrollment Changes vs. Other Michigan Publics FYE Students, 2011 to 2015

Source: HEIDI (Higher Education Institutional Data Inventory of MI Legislature)



Enrollment by Residency: % from Michigan

Source: WMU Fact Book



	Fall 06	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16
Residents	22,954	22,550	22,652	22,168	22,510	22,447	21,741	21,356	20,800	20,406	20,111
Non-residents	1,887	1,883	2,166	2,408	2,535	2,639	2,857	2,938	3,114	3,150	3,141
Total	24,841	24,433	24,818	24,576	25,045	25,086	24,598	24,294	23,914	23,556	23,252

Demographics Predictions

Source: Knocking at the College Door, December 2016 (cited by Snyder's Higher Ed summit)

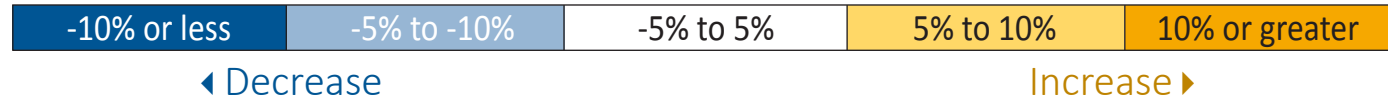
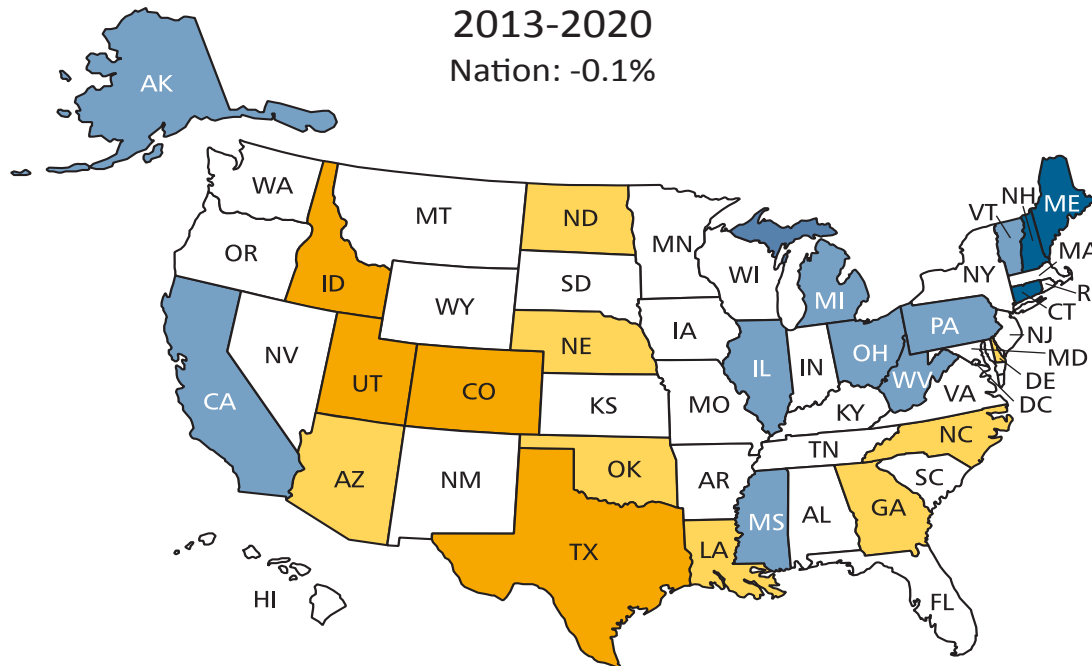


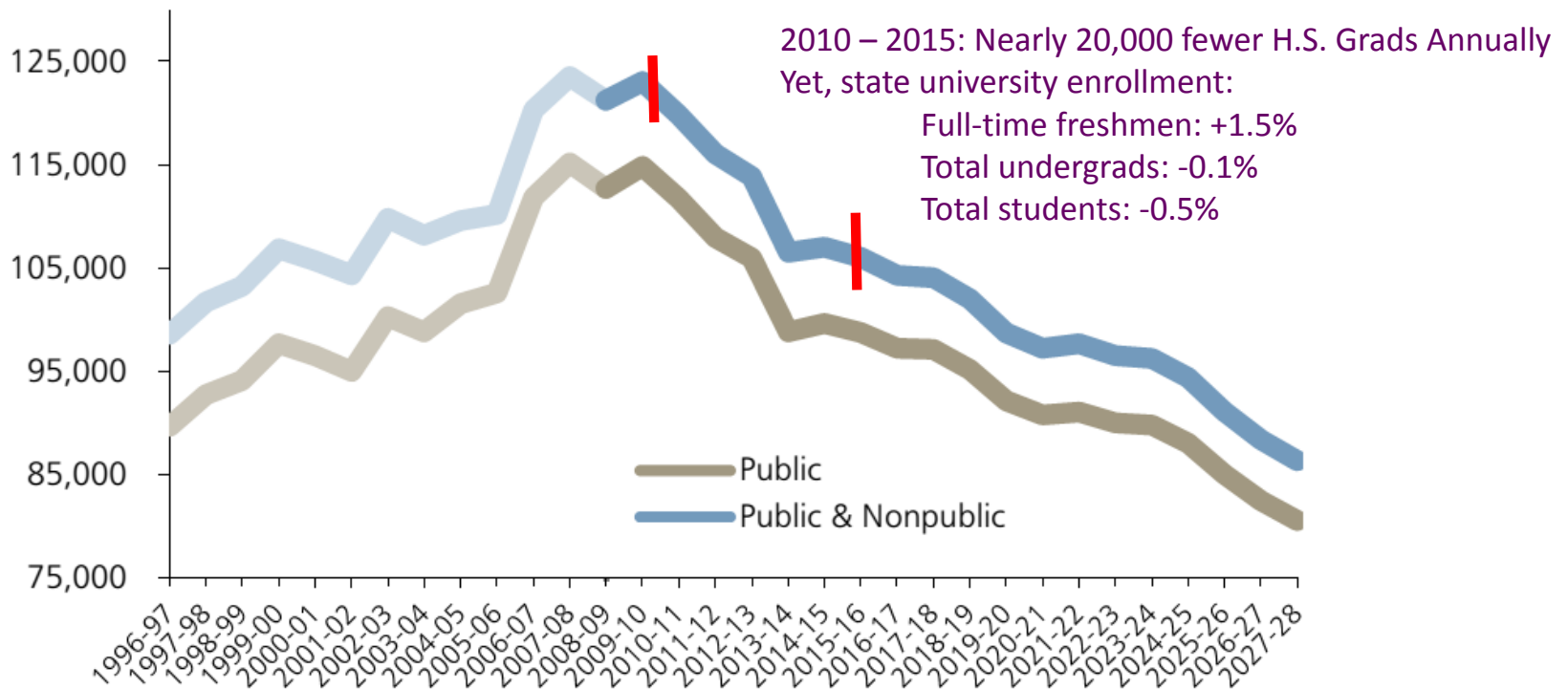
Figure 2.2. U.S. High School Graduating Classes, Percent Change from 2013 (Public Total)



Be Careful of Demographic Predictions

Source: Knocking at the College Door, 2016

Production of High School Graduates in Michigan



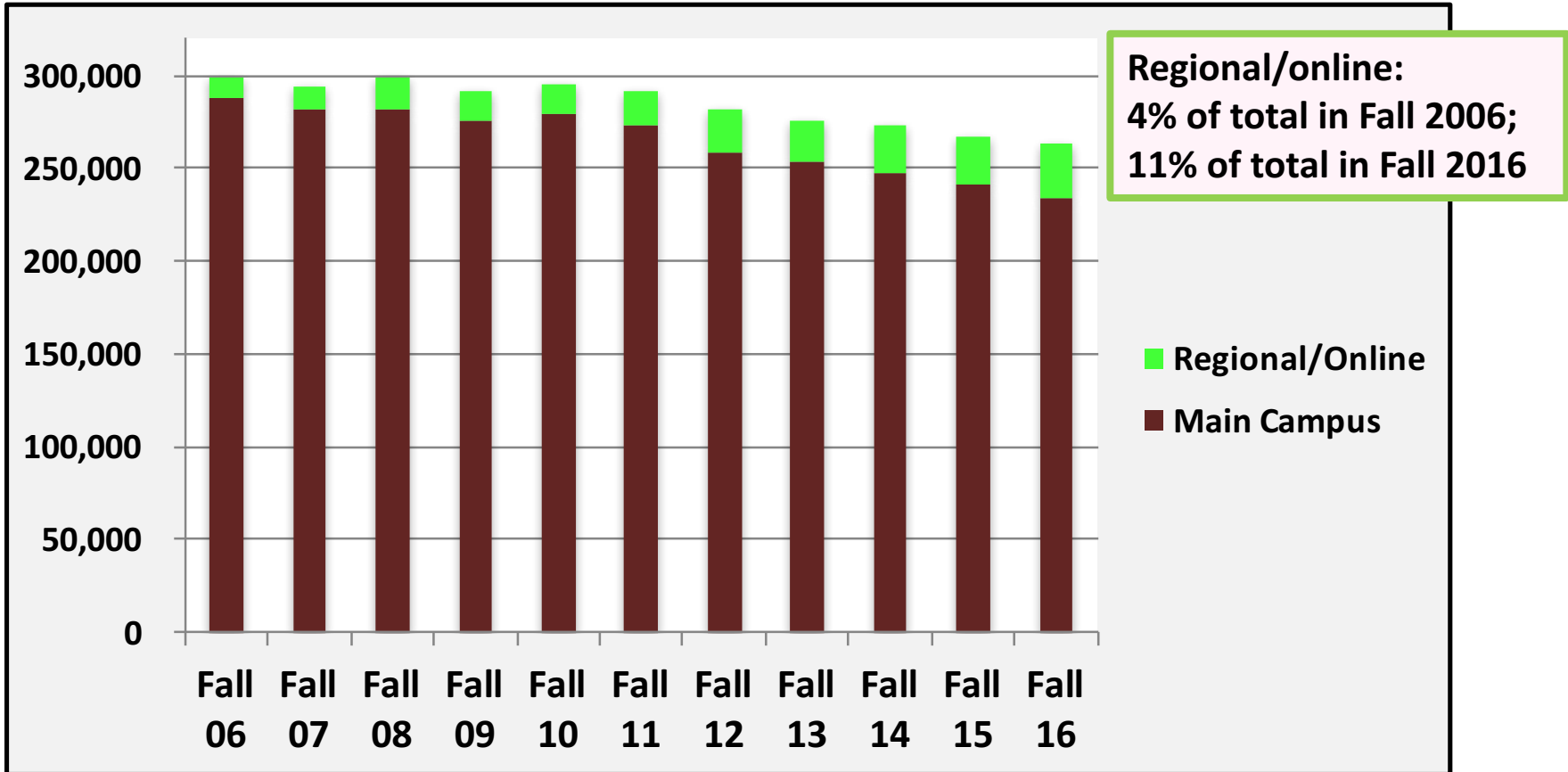
Long Term Projections for College Enrollment

Source: U.S. Dept. of Education, 2014

	2012	2013	2016	2019	2022	% Change, 2012-2022
All students	20,968	21,216	22,076	23,025	23,888	13.9%
Men	8,998	9,070	9,216	9,493	9,796	8.9%
Women	11,970	12,146	12,860	13,533	14,092	17.7%
Full time	13,104	13,107	13,532	14,068	14,616	11.5%
Part time	7,953	8,109	8,544	8,957	9,273	16.6%
Undergraduate	18,006	18,187	18,848	19,634	20,399	13.3%
Graduate	2,962	3,029	3,228	3,392	3,489	17.8%
First-Time Freshmen	3,165	3,196	3,309	3,445	3,578	13.1%
Public 4-Year	8,045	8,131	8,443	8,790	9,120	13.4%
Public 2-Year	7,033	7,125	7,420	7,755	8,048	14.4%
Private 4-Year	5,455	5,521	5,757	6,003	6,223	14.1%

Credit Hours by Location

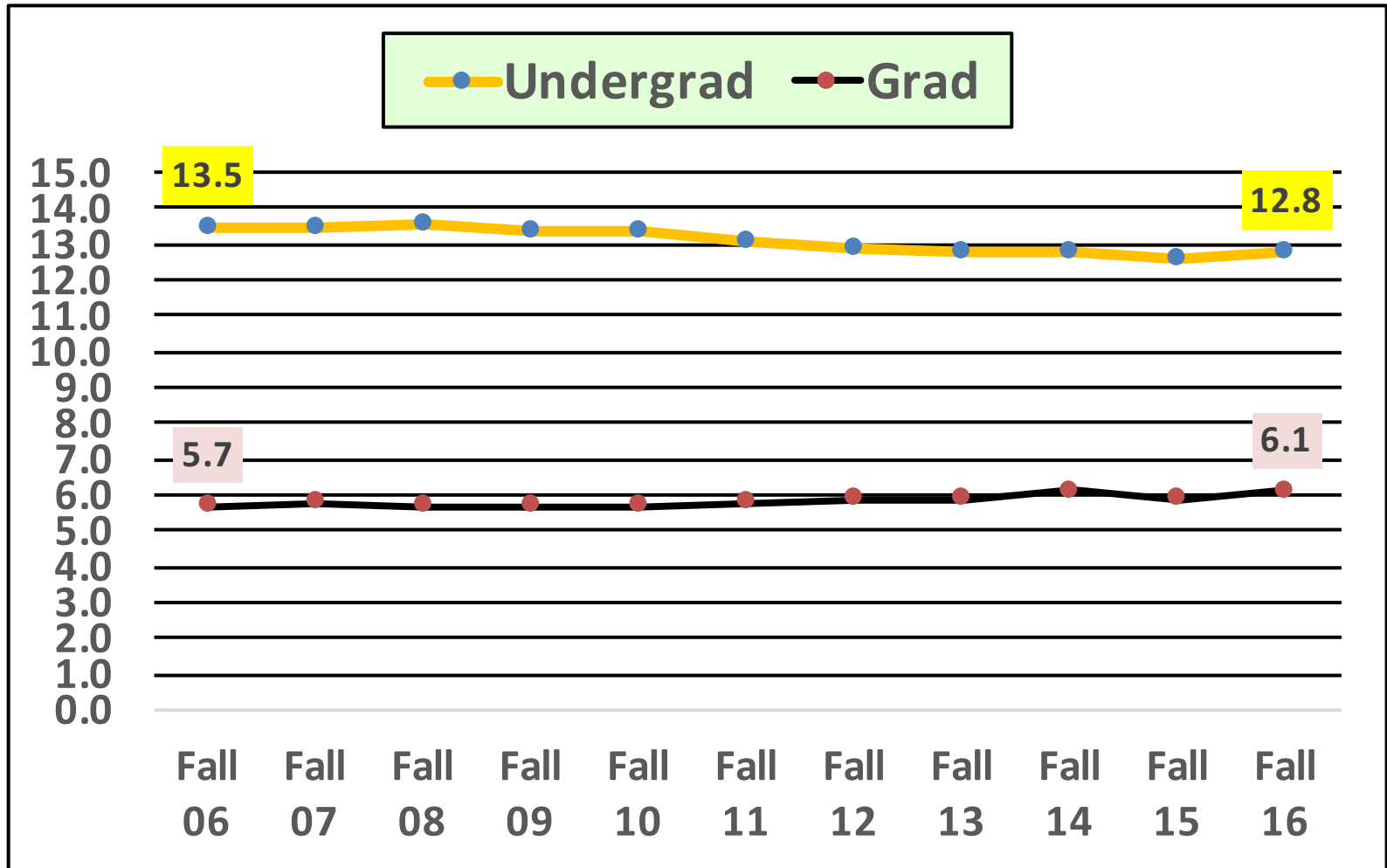
Source: WMU Fact Book



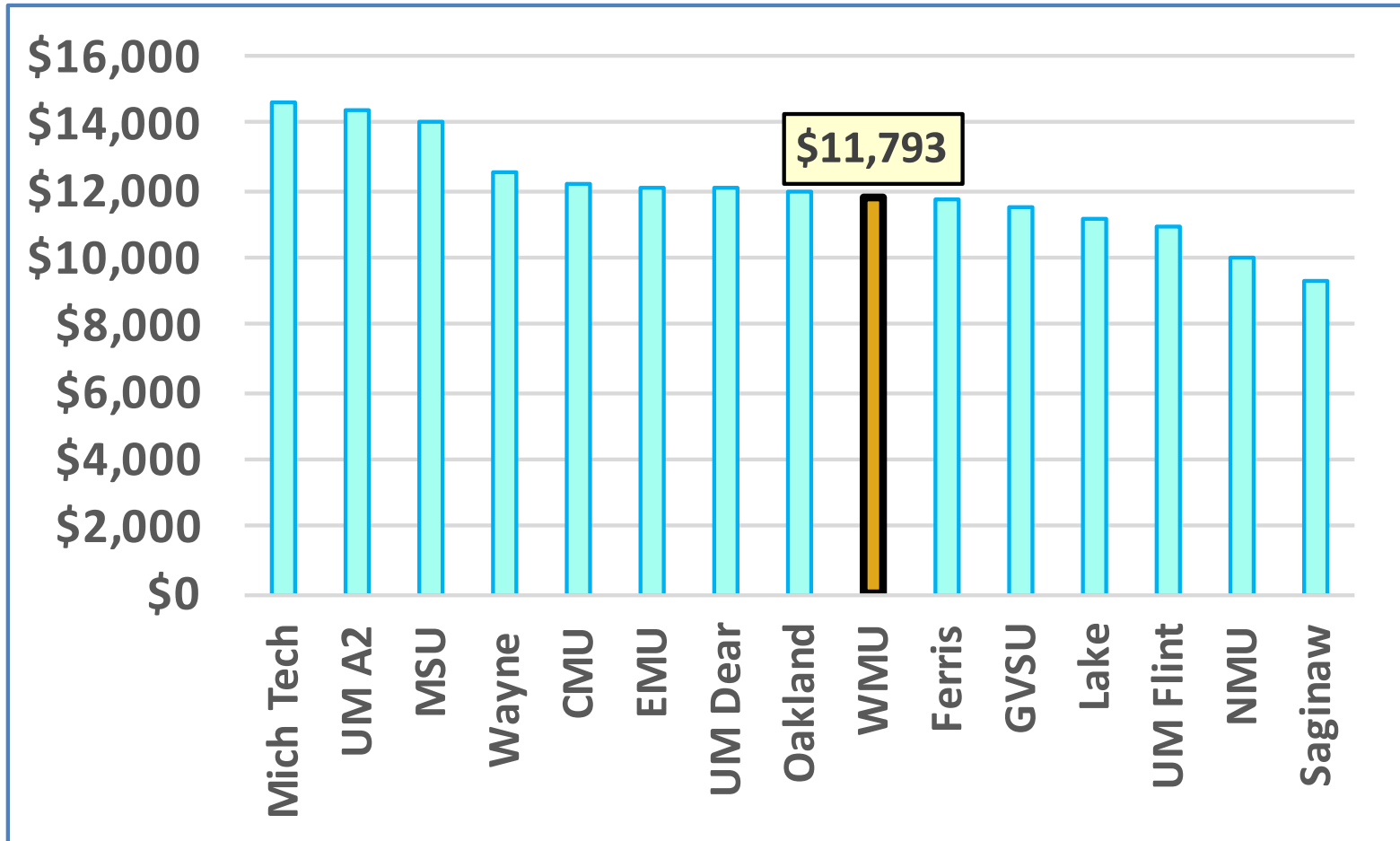
	Fall 06	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15	Fall 16
Main Campus	287,460	281,275	282,173	275,675	278,693	273,031	258,691	253,147	247,565	240,950	234,448
Regional/Online	11,862	12,606	16,203	15,644	16,169	18,272	22,877	22,812	25,306	26,561	28,995
Total	299,322	293,881	298,376	291,319	294,862	291,303	281,568	275,959	272,871	267,511	263,443

Credit Hours per Term

Source: WMU Fact Book and Fall 2016 Enrollment Report

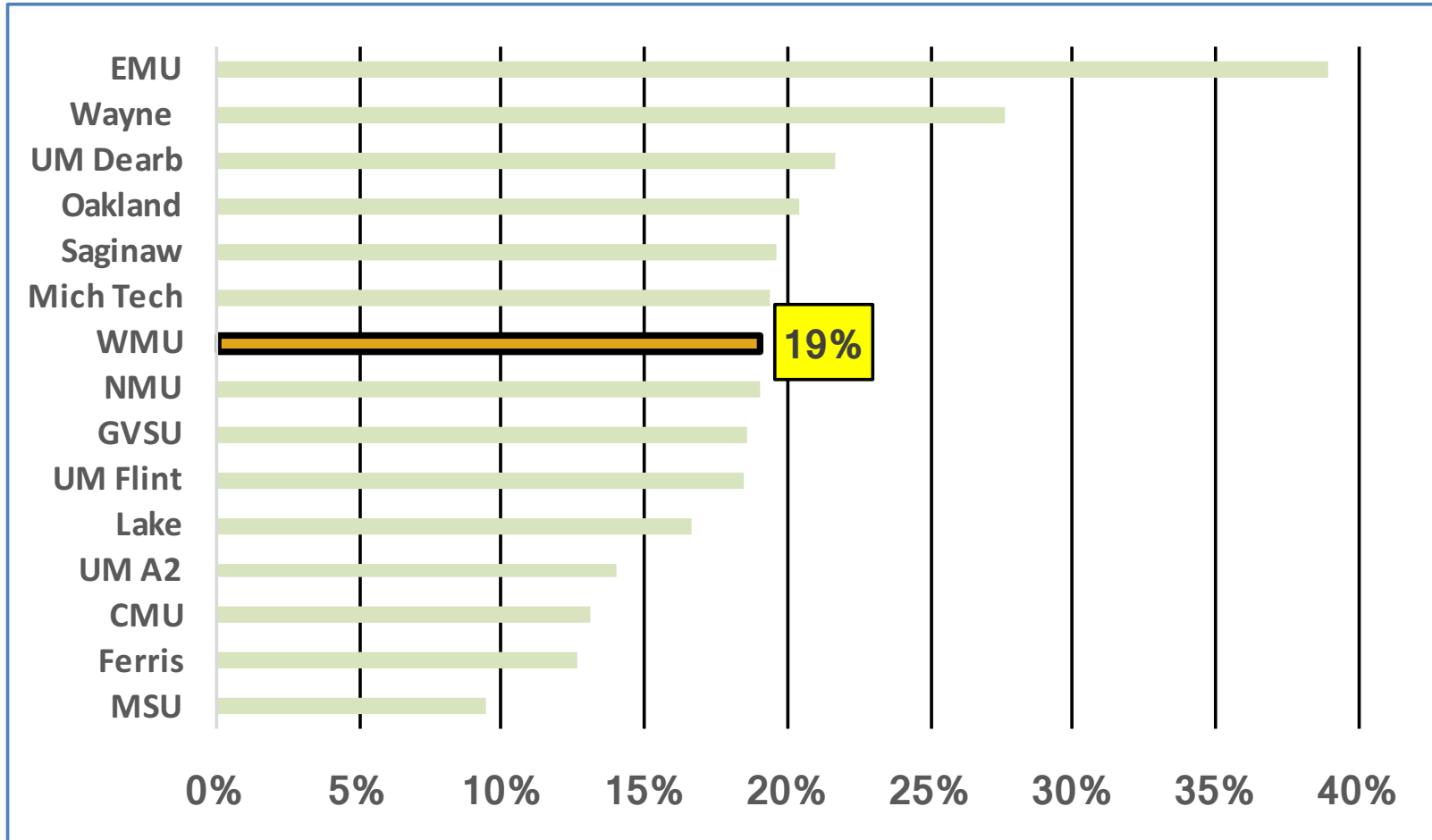


Required Undergraduate Tuition and Fees (1st year) WMU vs. Michigan Publics, 2016-2017 (Levels)



WMU vs. Michigan Publics: Changes in Tuition 2012 to 2017

Sources: HEIDI; Michigan Legislature; WMU Fact Book

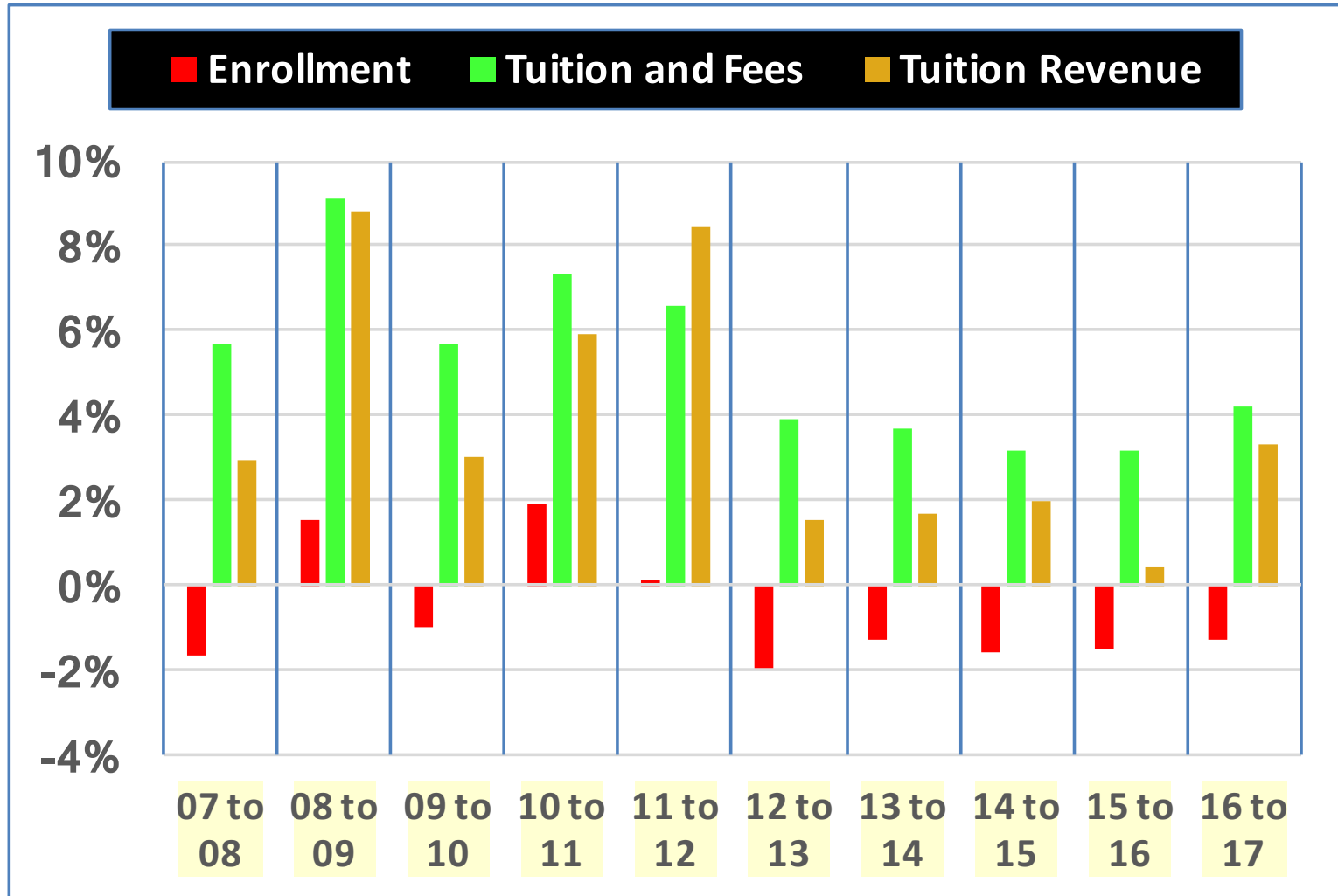


WMU Annual % Changes in Tuition/Fees and Room and Board

Sources: IPEDS and WMU Fact Book

Year	Tuition and Fees	Room and Board	Total	Annual % Change
2006-07	\$7,265	\$6,877	\$14,142	
2007-08	\$7,680	\$7,042	\$14,722	4.1%
2008-09	\$8,382	\$7,377	\$15,759	7.0%
2009-10	\$8,858	\$7,784	\$16,642	5.6%
2010-11	\$9,510	\$8,095	\$17,605	5.8%
2011-12	\$10,140	\$8,249	\$18,389	4.5%
2012-13	\$10,536	\$8,414	\$18,950	3.1%
2013-14	\$10,926	\$8,687	\$19,613	3.5%
2014-15	\$11,275	\$8,943	\$20,218	3.1%
2015-16	\$11,633	\$9,238	\$20,871	3.2%
2016-17	\$12,121	\$9,326	\$21,447	2.8%

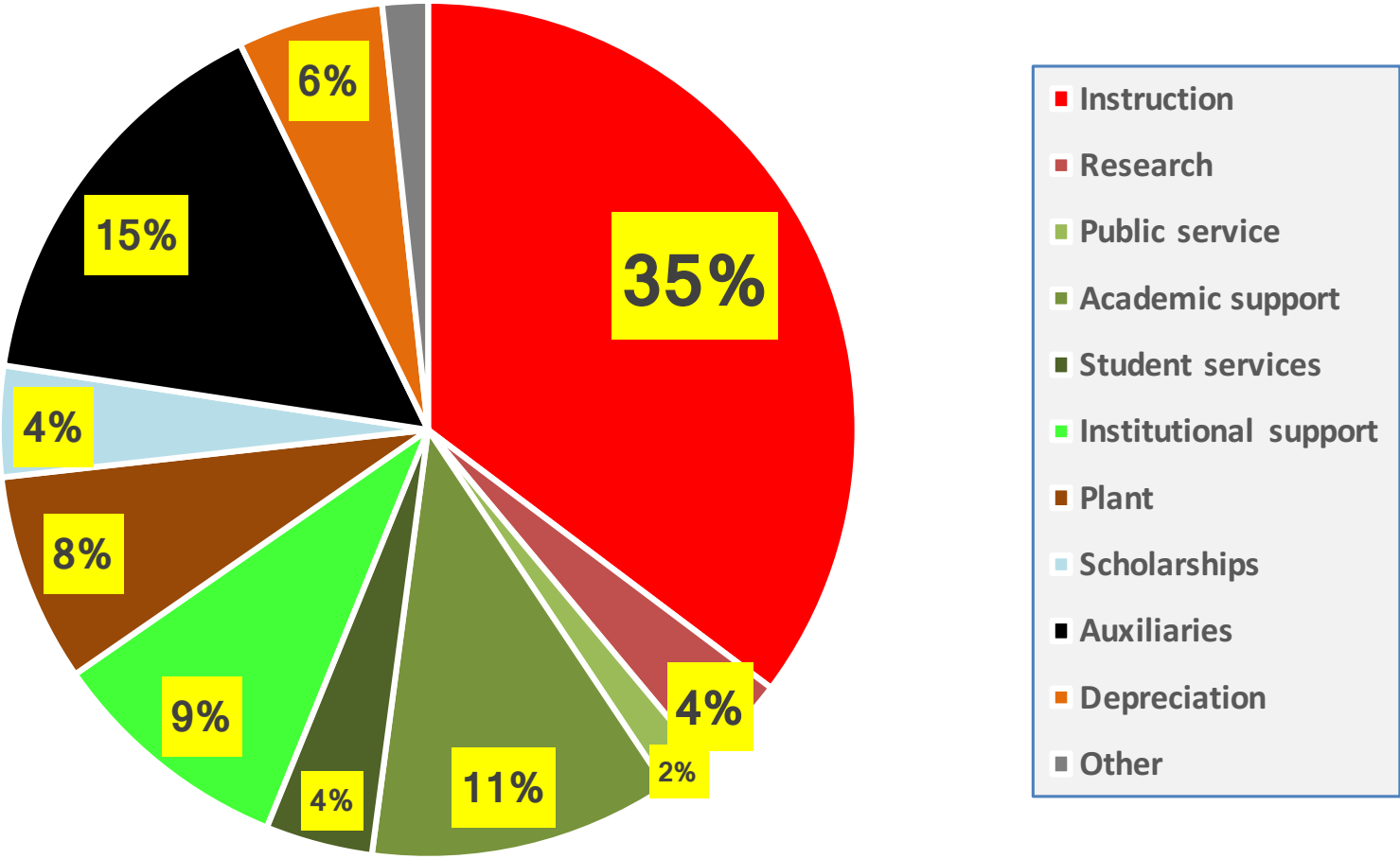
Changes in Enrollment, Tuition Price, and Tuition Revenue



**Expense Analysis:
Is the Administration
Being True to the Core
Academic Mission?**

2016 Operating Expense: Total = \$513 Million

Source: Audited Financial Statements



Expense Category Definitions

Instruction	Salaries of those who teach; academic admins are out
Academic Support	Deans and Libraries; Advising
Auxiliaries	Housing, dining, bookstore, parking, athletics
Institutional Support	Upper level administration
Scholarships/Student Aid	Direct aid to students
Plant	Buildings and grounds
Student Services	Admissions; student orgs
Research	Includes external grants and internal spending
Depreciation	Estimated decline in value of buildings
Public Service	Conferences and institutes

Expense Distribution in Dollars (in Millions)

Source: Audited Financial Statements

In Millions	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	128.2	142.0	142.3	155.6	152.8	158.0	155.9	158.9	168.2	172.1	180.9
Research	25.4	25.7	29.9	26.1	30.3	27.5	23.0	19.5	18.7	16.7	18.8
Public service	8.9	8.6	9.2	10.1	9.1	10.8	11.3	11.2	8.8	9.6	8.8
Academic support	36.7	37.1	37.2	40.3	40.3	44.3	48.8	50.6	51.0	56.3	58.7
Student services	19.8	20.8	22.5	24.2	24.6	25.9	24.3	25.8	20.3	19.9	20.7
Institutional support	38.2	36.8	36.8	35.9	34.9	35.2	39.0	47.5	43.1	41.8	47.3
Plant	33.1	32.9	33.7	35.5	36.0	37.7	38.3	36.3	37.3	37.5	40.4
Scholarships	28.7	23.1	25.0	28.9	34.1	38.1	34.8	33.7	24.8	23.4	21.4
Auxiliaries	74.3	70.8	78.4	81.0	75.9	77.3	92.1	85.9	89.1	93.4	78.9
Depreciation	25.8	28.2	28.7	29.4	29.3	29.3	25.2	26.8	26.4	27.4	28.2
Other	4.6	5.1	17.6	9.4	14.3	9.5	3.3	14.9	6.9	4.0	8.8
Total Operating Expenses	423.6	431.2	461.2	476.6	481.6	493.8	496.0	510.9	494.6	502.1	512.9

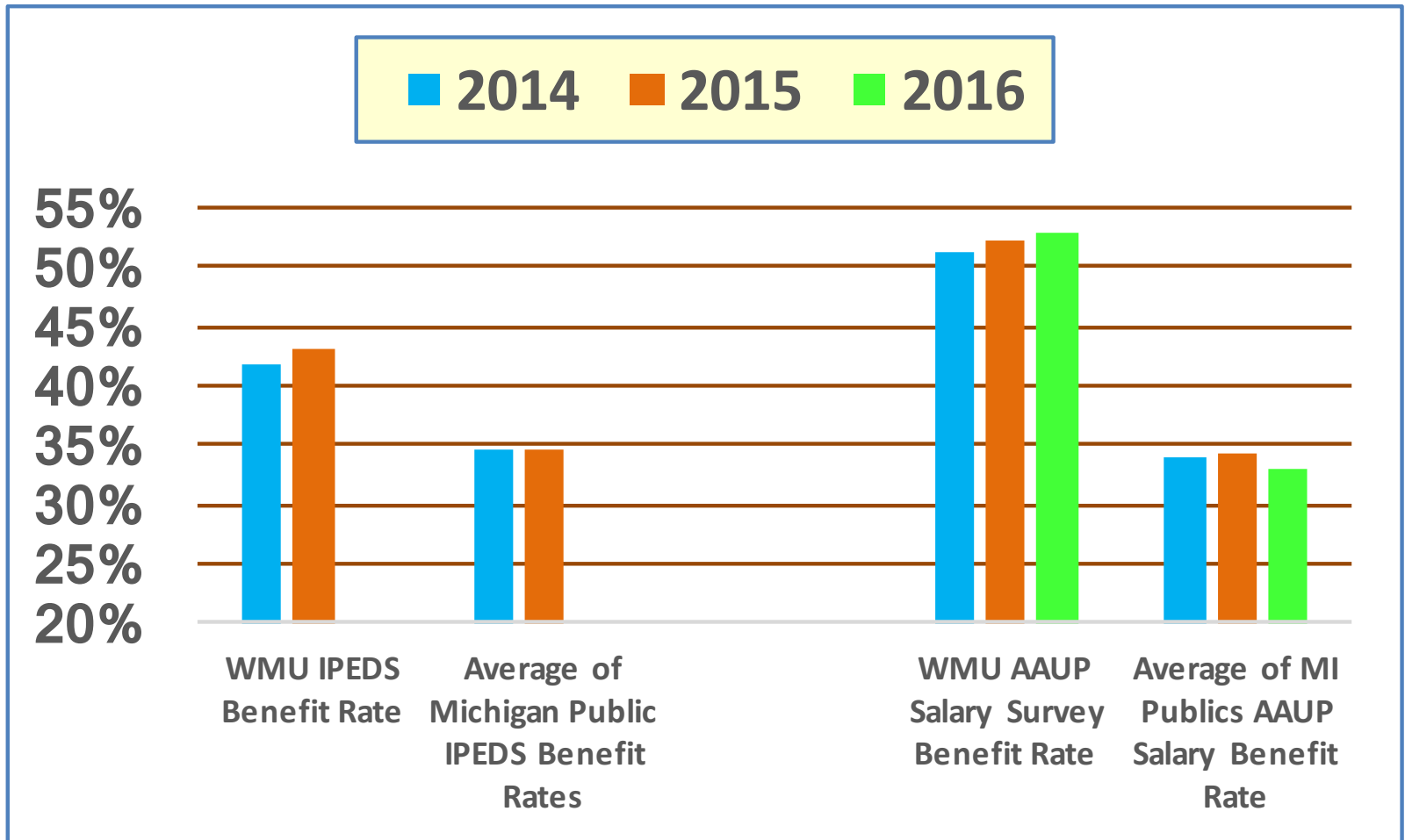
Expense Distribution in Percent

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction	30.3%	32.9%	30.8%	32.6%	31.7%	32.0%	31.4%	31.1%	34.0%	34.3%	35.3%
Research	6.0%	6.0%	6.5%	5.5%	6.3%	5.6%	4.6%	3.8%	3.8%	3.3%	3.7%
Instruction + Research	36.2%	38.9%	37.3%	38.1%	38.0%	37.6%	36.1%	34.9%	37.8%	37.6%	38.9%
Institutional Support	9.0%	8.5%	8.0%	7.5%	7.2%	7.1%	7.9%	9.3%	8.7%	8.3%	9.2%
Pub Svc + Ac Supp + Stu Svc	15.5%	15.4%	14.9%	15.7%	15.4%	16.4%	17.0%	17.1%	16.2%	17.1%	17.2%
All Admin Categories	24.5%	24.0%	22.9%	23.2%	22.6%	23.5%	24.9%	26.4%	24.9%	25.4%	26.4%
All Other	39.3%	37.1%	39.8%	38.7%	39.4%	38.9%	39.1%	38.7%	37.3%	37.0%	34.6%

Mapping from IPEDS to Audited Statements

IPEDS	2010	2011	2012	2013	2014	2015
Salaries	99.9	102.4	102.6	105.1	107.8	108.1
Fringes	40.4	42.3	40.4	42.4	44.9	46.4
Plant	14.5	15.0	18.0	17.3	18.3	18.2
Depreciation	11.2	11.1	11.3	12.1	12.1	12.6
Interest	5.4	5.4	7.1	6.9	7.2	8.8
Other	12.6	13.3	13.0	11.4	15.5	14.4
Total Instruction per IPEDS	184.0	189.5	192.3	195.2	205.8	208.5
Salaries + Fringe + Other	152.8	158.0	155.9	158.9	168.2	168.9
Instruction per Audited	152.8	158.0	155.9	158.9	168.2	172.1
Benefit Rate per IPEDS (Fringe as % of Salary)	40.5%	41.3%	39.4%	40.3%	41.7%	42.9%

WMU's "Benefit" Rates per AAUP and IPEDS



Instruction + Research Compensation and Benefits as a % of Total Expenses per IPEDS

Year	Instruction and Research Salaries and Benefits	Total WMU Expenses	Instruction and Research Salaries & Benefits as % of Total WMU Expenses
2008	142.4	476.9	29.9%
2009	138.5	491.7	28.2%
2010	140.3	494.8	28.4%
2011	144.7	506.7	28.6%
2012	142.9	522.4	27.4%
2013	147.5	557.9	26.4%
2014	152.7	561.8	27.2%
2015	154.5	542.3	28.5%

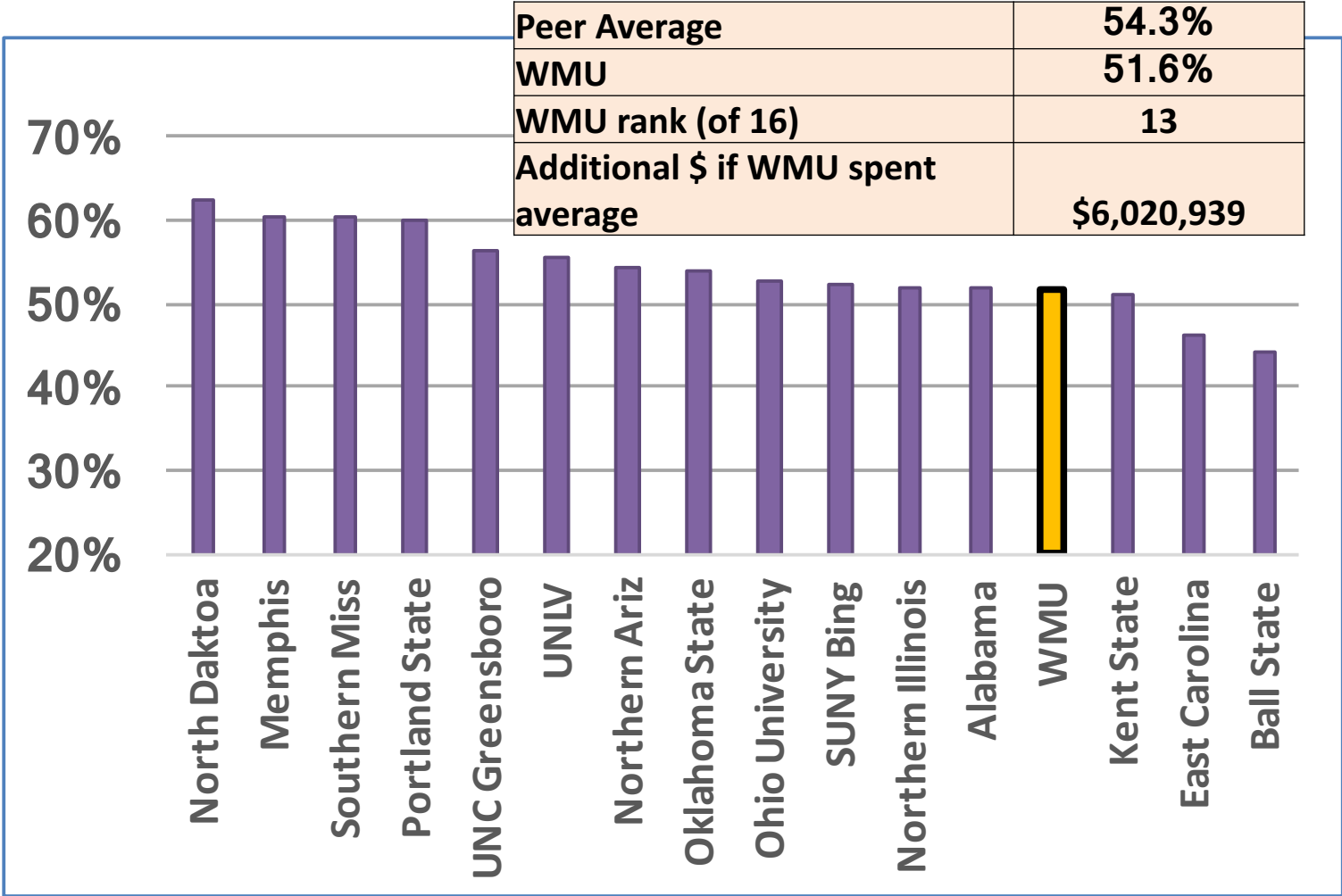
Instruction + Research Salaries as a % of Total Salaries

Source: IPEDS

Year	Instruction and Research Salaries	Total WMU Salaries	Instruction and Research Salaries as % of Total Salaries
2008	102.8	194.2	52.9%
2009	107.6	203.7	52.8%
2010	109.8	208.2	52.7%
2011	112.2	213.0	52.7%
2012	111.3	214.9	51.8%
2013	112.5	218.0	51.6%
2014	114.8	220.0	52.2%
2015	115.2	223.5	51.6%

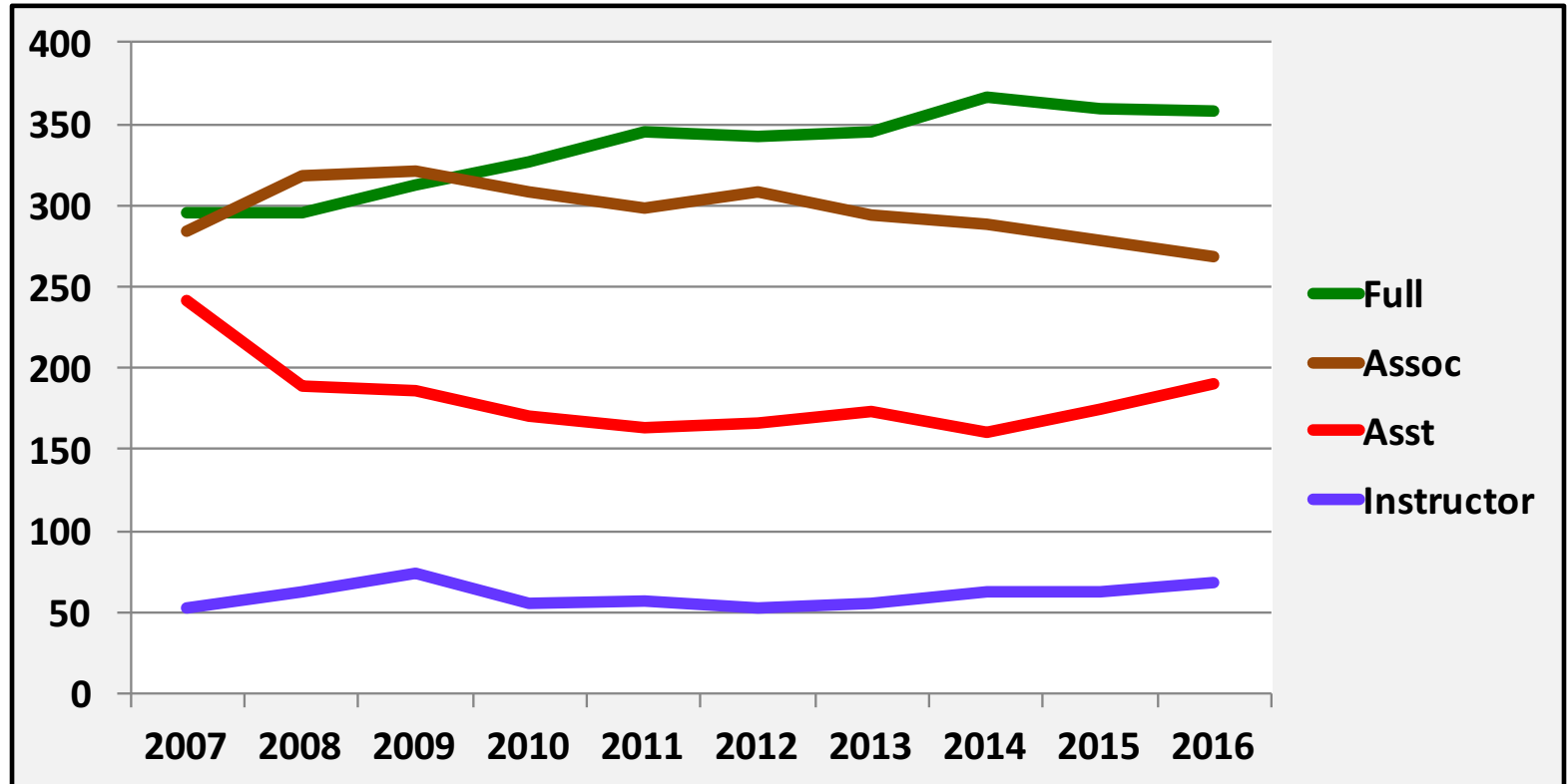
Instruction and Research Salaries as a % of Total Salaries Compared to Peers

Source: IPEDS 2015 (latest year available)



Number of Faculty Over Time

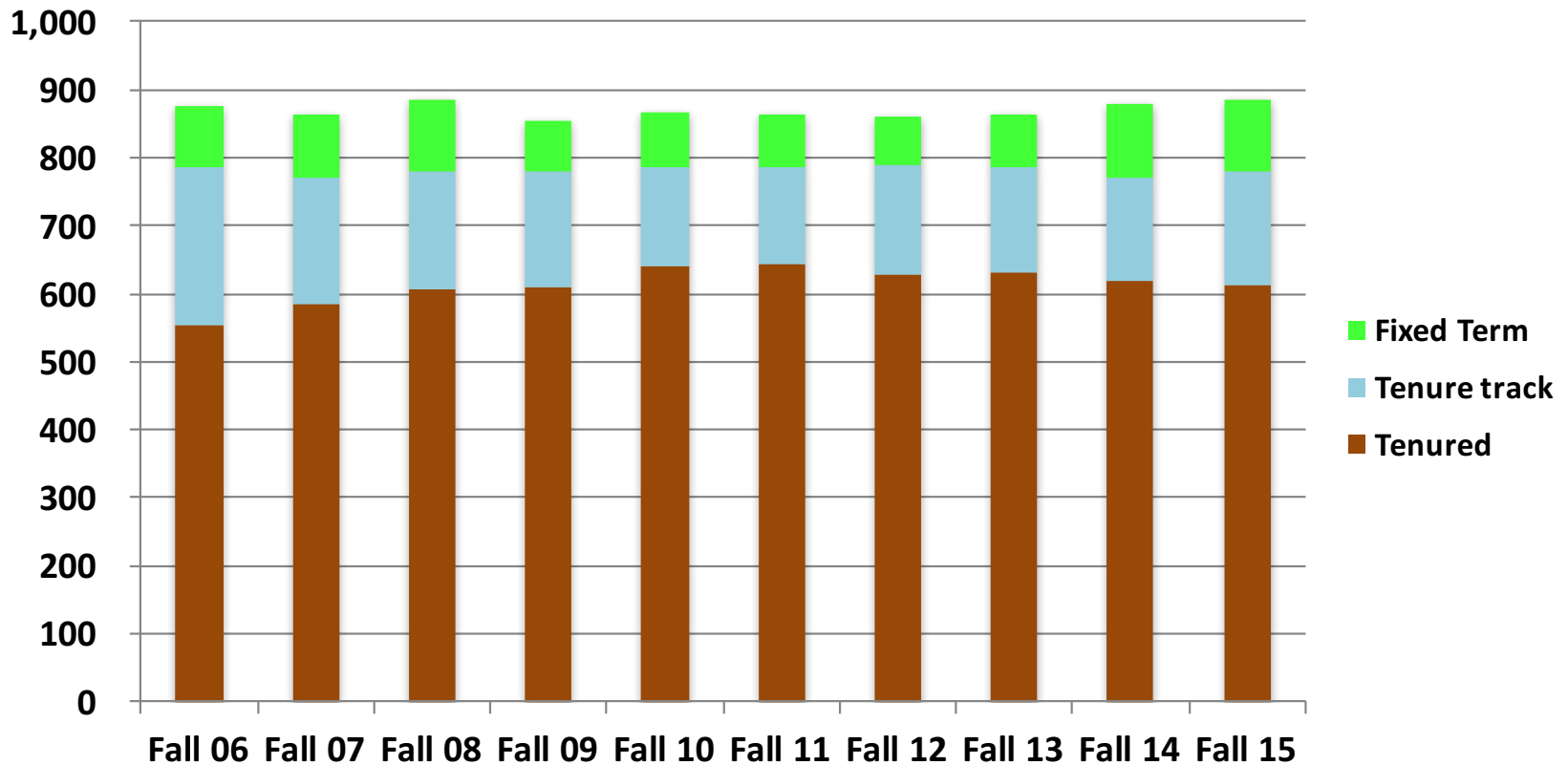
Source: AAUP Salary Survey



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Change 2007 to 2016	
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Number	Percent
Full	295	296	312	327	345	342	346	367	359	358	63	21%
Assoc	284	319	321	309	299	308	294	289	279	268	-16	-6%
Asst	241	189	186	171	164	166	173	160	175	190	-51	-21%
Instructor	52	63	74	55	57	52	55	63	62	69	17	33%
Total	872	867	893	862	865	868	868	879	875	885	13	1%

Number of Faculty By Appointment

Source: WMU Fact Book



	Fall 06	Fall 07	Fall 08	Fall 09	Fall 10	Fall 11	Fall 12	Fall 13	Fall 14	Fall 15
Tenured	553	586	607	609	641	642	629	630	619	613
Tenure track	234	186	172	171	144	145	159	155	153	166
Fixed Term	88	92	106	75	81	77	73	80	106	106

Number of WMU Non-Instructional Employees IPEDS, 2013 to 2016

	2013	2014	2015	2016
Office Support	389	371	367	356
Service	346	344	327	338
Business and Financial Ops	175	183	189	202
Computer Eng.	178	185	184	181
Maintenance	151	150	150	145
Community, Social service, Legal, Sports, Media	274	284	277	141
Management	94	87	89	91
Transportation	34	34	33	34
Healthcare	34	34	30	31
Sales	13	4	2	1
TOTAL	1,688	1,676	1,648	1,520
Average Management Salary	\$120,177	\$127,162	\$130,750	\$134,166
Annual % Change		5.8%	2.8%	2.6%

WMU Faculty Salaries Over Time

Source: AAUP Salary Survey

Year	Full	Associate	Assistant	Instructor
2007	\$91,566	\$69,563	\$53,324	\$42,232
2008	\$92,599	\$69,078	\$54,736	\$42,835
2009	\$94,688	\$70,664	\$55,676	\$41,405
2010	\$97,985	\$73,228	\$57,647	\$43,549
2011	\$100,761	\$75,535	\$59,298	\$46,053
2012	\$99,678	\$74,960	\$59,496	\$47,423
2013	\$100,311	\$74,707	\$63,231	\$45,485
2014	\$101,743	\$75,510	\$64,535	\$44,108
2015	\$103,973	\$77,430	\$64,770	\$44,815
2016	\$106,217	\$78,454	\$66,814	\$47,813

WMU Salaries: Percentage Changes

Source: AAUP Salary Survey

Year	Full	Associate	Assistant	Instructor
2007 to 2008	1.1%	-0.7%	2.6%	1.4%
2008 to 2009	2.3%	2.3%	1.7%	-3.3%
2009 to 2010	3.5%	3.6%	3.5%	5.2%
2010 to 2011	2.8%	3.2%	2.9%	5.7%
2011 to 2012	-1.1%	-0.8%	0.3%	3.0%
2012 to 2013	0.6%	-0.3%	6.3%	-4.1%
2013 to 2014	1.4%	1.1%	2.1%	-3.0%
2014 to 2015	2.2%	2.5%	0.4%	1.6%
2015 to 2016	2.2%	1.3%	3.2%	6.7%
Annual Average	1.7%	1.4%	2.6%	1.5%

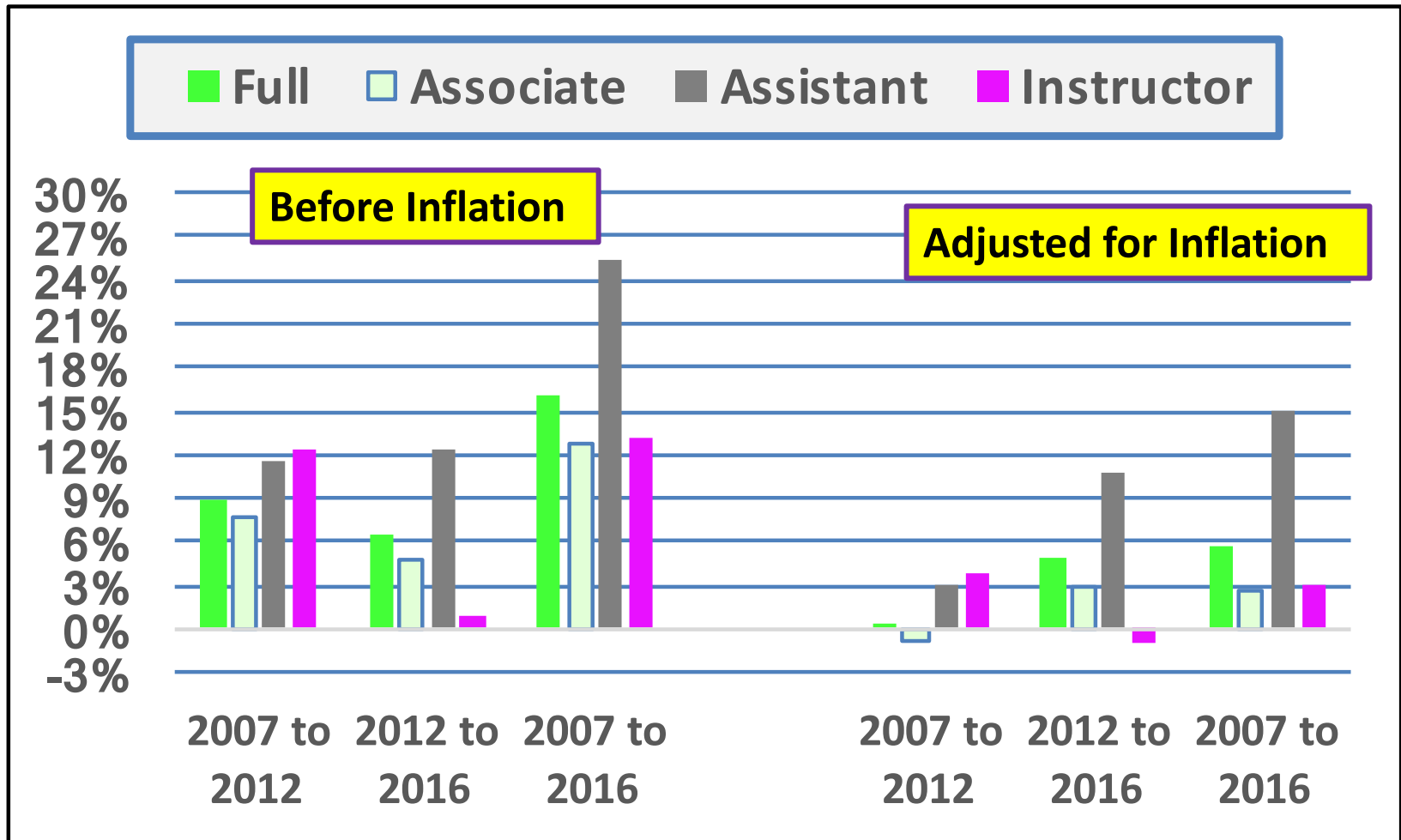
Why are these raises lower than the contractual raises? The SWAP

When faculty leave, the admin either:

- **Replace with a new Tenure track hire, but salary is lower**
- **Replace with a non-tenure track hire, but salary is lower**
- **Replace with part time faculty (N=522 for 2016)**
- **Do not replace at all; increase class size and/or teaching loads**

WMU Salary Changes vs. Inflation

Source: AAUP Salary Survey



WMU 2016 Faculty Salaries vs. Peers

Source: AAUP Salary Survey

Institution	Full	Associate	Assistant	Instructor
Alabama	\$142,846	\$92,760	\$72,143	\$53,434
SUNY Binghamton	\$131,982	\$95,440	\$77,665	\$55,666
UNLV	\$124,446	\$92,478	\$71,215	
Memphis	\$112,814	\$76,147	\$67,078	\$45,399
Ohio University	\$112,808	\$84,211	\$74,739	
North Dakota	\$112,659	\$89,922	\$76,210	\$52,937
Kent State	\$111,713	\$85,166	\$73,230	
Oklahoma State	\$109,760	\$82,153	\$78,853	
Northern Arizona	\$107,054	\$78,203	\$63,785	\$47,661
Portland State	\$106,688	\$81,643	\$69,236	\$53,195
WMU	\$106,217	\$78,454	\$66,814	\$47,813
UNC Greensboro	\$105,987	\$76,083	\$69,241	
Northern Illinois	\$97,681	\$76,158	\$67,889	\$42,478
East Carolina	\$96,772	\$74,869	\$69,180	\$60,192
Ball State	\$93,771	\$73,519	\$60,127	\$48,802
Southern Mississippi	\$92,822	\$71,142	\$64,760	\$48,546
Peer Average	\$110,654	\$81,993	\$70,357	\$50,831
WMU vs. Peer Average \$\$	(\$4,437)	(\$3,539)	(\$3,543)	(\$3,018)
WMU vs. Peer Average %	-4.0%	-4.3%	-5.0%	-5.9%
WMU Rank (of 16)	11	9	13	8 of 11

WMU Faculty Salaries vs. Peers: Change from 2013 to 2016

	Full	Associate	Assistant	Instructor
WMU Rank 2013	8	10	11	7 of 12
WMU Rank 2016	11	9	13	8 of 11
WMU vs. Peer \$\$ 2013	(\$4,410)	(\$2,733)	(\$2,501)	(\$3,244)
WMU vs. Peer \$\$ 2016	(\$4,437)	(\$3,539)	(\$3,543)	(\$3,018)
Change from 2013 to 2016	(\$27)	(\$806)	(\$1,042)	\$226
WMU vs. Peer % 2013	-4.2%	-3.5%	-3.8%	-6.7%
WMU vs. Peer % 2016	-4.0%	-4.3%	-5.0%	-5.9%
Change from 2013 to 2016	0.2%	-0.8%	-1.2%	0.7%

Top WMU Administrative Salaries (From General Fund)

N=36 Above \$170,000

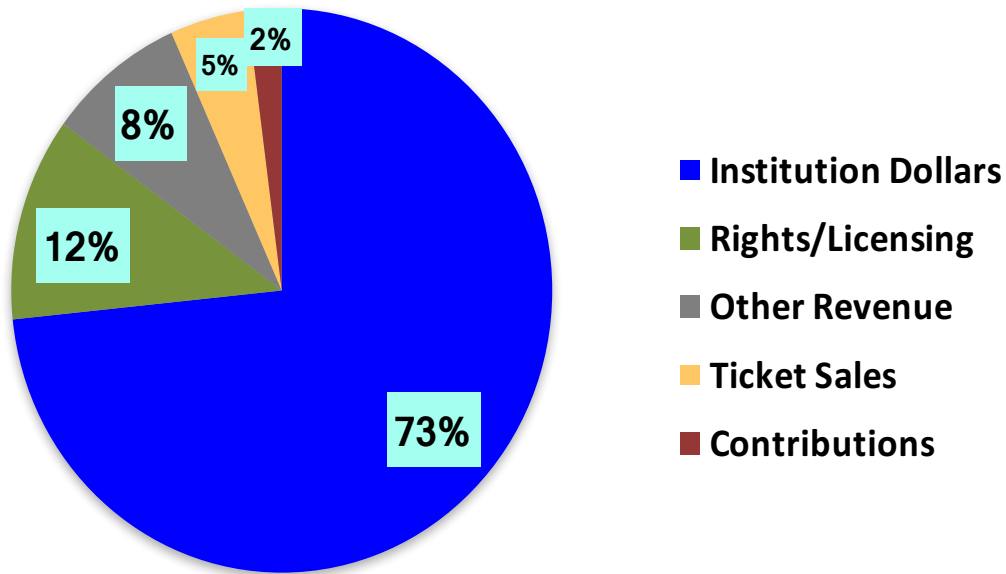
Source: <https://wmich.edu/sites/default/files/attachments/u348/2016/EMPLOYEE%20LIST%20AS%20OF%2011-14-16.pdf>

Position	11/2016 Salary	Position	11/2016 Salary
President	\$398,241	Dean	\$198,248
VP Development & Alumni Rel	\$275,000	Chairperson, Business	\$196,402
VP Research	\$260,326	Chairperson, Business	\$195,510
VP Business & Finance	\$257,500	Chairperson, Business	\$195,325
Athletic Director	\$257,500	Assoc. Provost, Enrollment Mgmt.	\$195,000
Provost/VP Academic Affairs	\$253,987	Assoc. Dean	\$192,000
Dean	\$238,960	Assoc. Dean	\$192,000
Dean	\$230,000	Chairperson, Applied Science	\$186,757
Coach Men's Football	\$225,000	Dean	\$182,174
Coach Men's Basketball	\$225,000	Chairperson, Applied Science	\$182,174
Coach Men's Hockey	\$225,000	Chairperson, Applied Science	\$182,174
Dean	\$220,000	Associate Provost, HIGE	\$182,174
Asst Coach, Football	\$210,000	Alternate Dean	\$180,371
Asst Coach, Football	\$210,000	Director, Mallinson Institute	\$180,236
Dean	\$208,098	Dean, Graduate Studies	\$178,602
Dean	\$207,326	Assoc VP Facilities Mgmt	\$173,700
Chairperson, Business	\$205,733	Chairperons, Arts & Science	\$173,266
Vice Provost Budget Pers & CIO	\$204,174	Assoc VP/Chief HR Officer	\$170,774

WMU Athletics: Row The Boat

Source: USA Today

73% of Athletic Expenses are Subsidized by the Core Academic Side



2014-15	Dollars
Institution Dollars	\$24,396,778
Rights/Licensing	\$3,889,563
Other Revenue	\$2,746,588
Ticket Sales	\$1,545,880
Contributions	\$676,802
Total Expenses	\$33,255,611

**The Environment For
Labor in the Trump
Administration:
We Must Act!**

Senate Bill 280 in Michigan

- **Bans collective bargaining agreements with public employers that allow for union leave time to be paid for by the employer**
- **The bill also bans community colleges from collecting dues via payroll deduction**

House Bill 5829

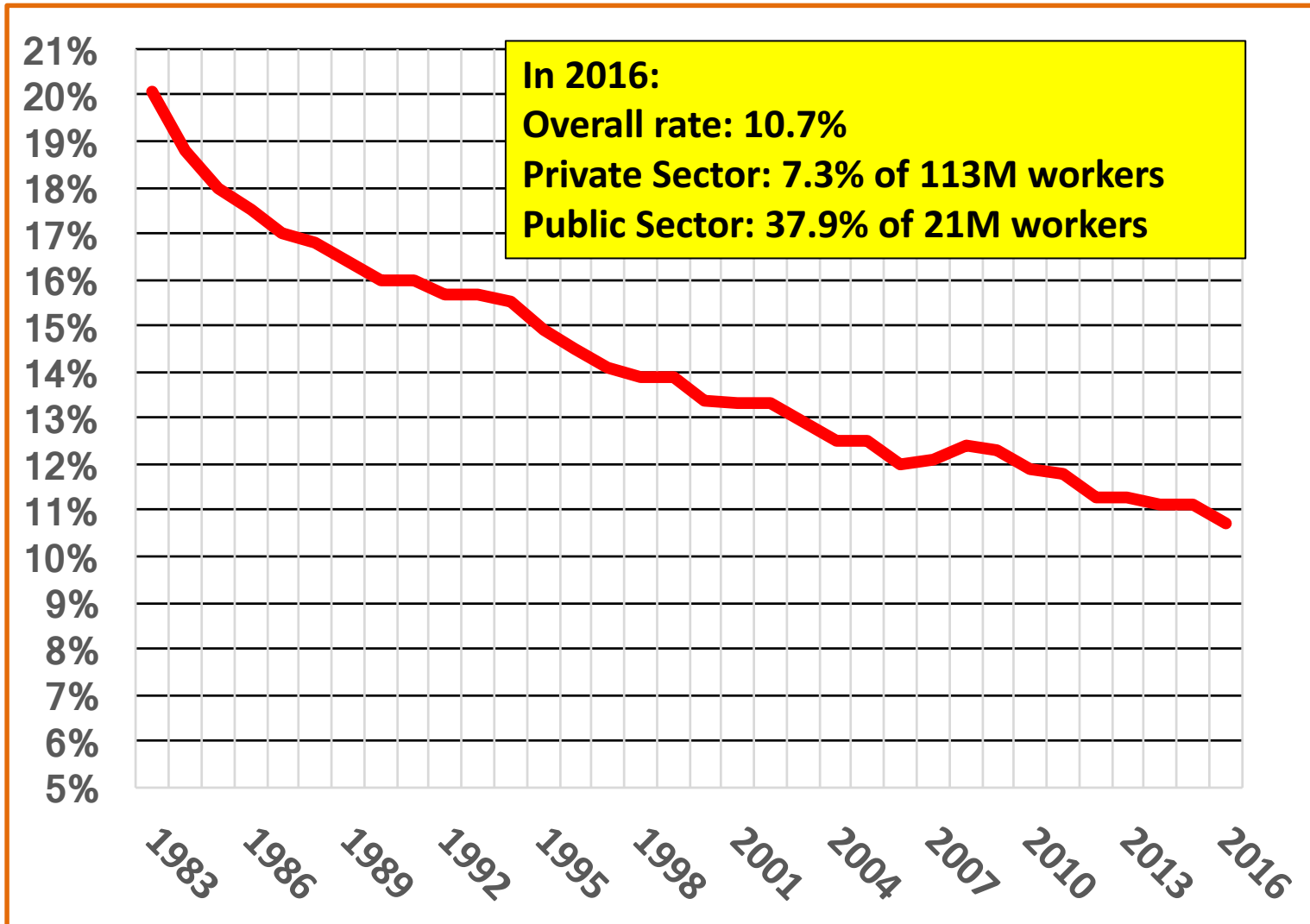
- **“Worker’s Choice”**
- **Cooked up by the Mackinac Center**
- **It would give workers the freedom to represent themselves in negotiations with their employers**
- **Unions would not have to provide services to non-members**
- **Workers would be allowed to directly approach their employer to negotiate compensation and terms of employment**

Legislative Challenges at the State and Federal Levels

- **National Right-to-Work-is-Wrong Legislation is now being proposed**
- **State Right-to-Work-is-Wrong Legislation**
 - **Kentucky just went down**
 - **Ohio, New Hampshire, and Missouri may be next**
- **Iowa**
 - **Wisconsin-like restrictions on collective bargaining**
 - **Tenure not legal?**
- **Missouri eliminating tenure and proposing right-to-work-is-wrong legislation**

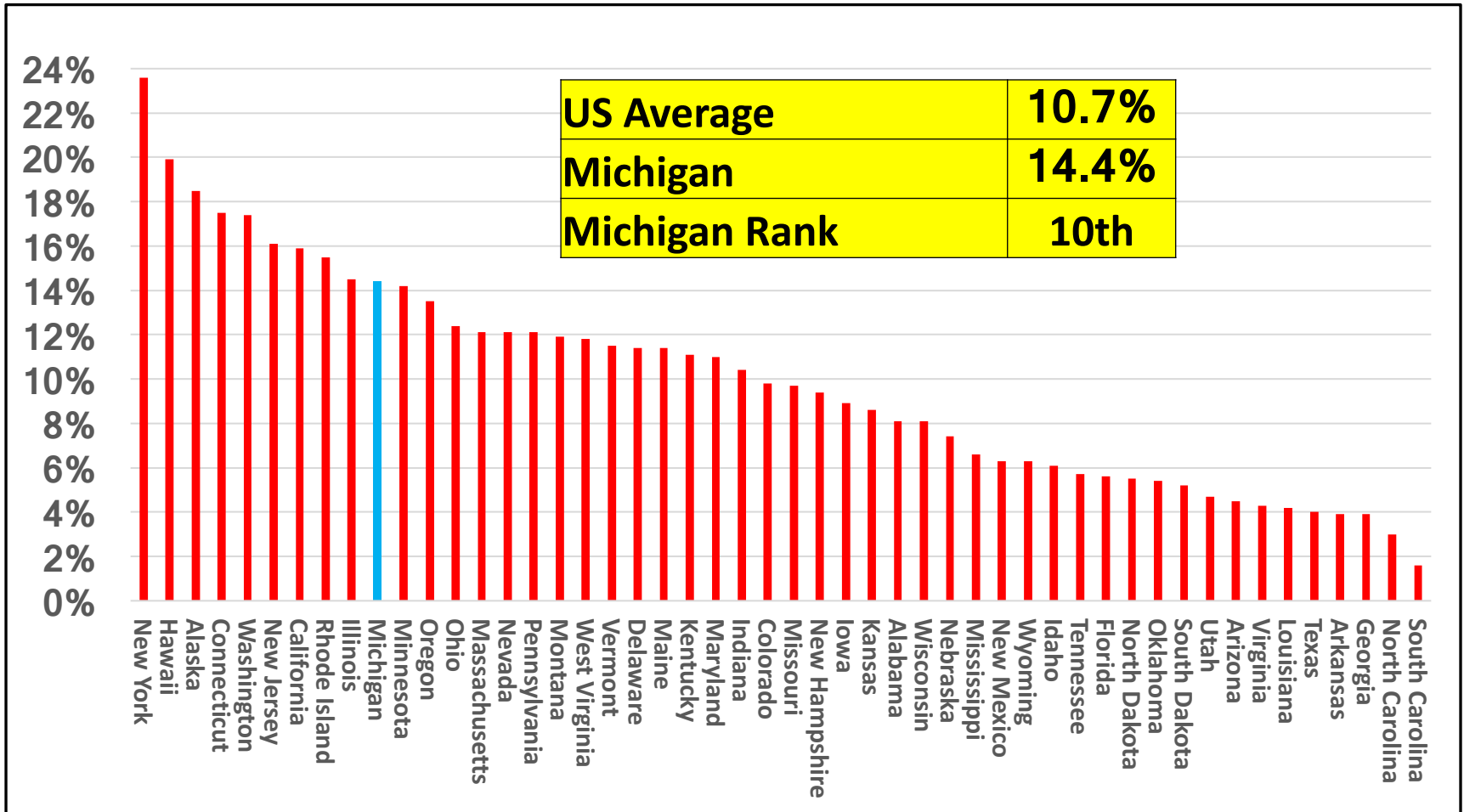
Percent of Workers In Unions

Source: Bureau of Labor Statistics



2016 State Unionization Rates

Source: Bureau of Labor Statistics



The Anti-Tenure Proposal In Iowa

<https://www.legis.iowa.gov/legislation/BillBook?ga=87&ba=SF41>

- **Prohibit**, at each institution of higher learning governed by the state Board of Regents, **the establishment or continuation of a tenure system for any employee of the institution.**
- Acceptable grounds for termination of employment of any member of the faculty shall include but not be limited to just cause, program discontinuance, and financial exigency.
- The **dean** of a college under the authority of the state board of regents and the president of the institution of higher learning governed by the state board shall employ faculty as necessary to carry out the academic duties and responsibilities of the college.
- The board of regents shall also have and exercise all the powers necessary and convenient for the effective administration of its office and of the institutions under its control, and to this end may create such committees, offices and agencies from its own members or others, and employ persons to staff the same, fix their compensation and **tenure**

Collective Bargaining Law Proposal in Iowa

- Iowa lawmakers push bill to severely restrict collective bargaining by employees in higher education.
- Inside Higher Education February 10, 2017
- The bill would:
 - Prohibits contract negotiations over insurance, leaves of absence for political activities, supplemental pay, transfer procedures, performance evaluations (for faculty members and other employees), procedures for staff reduction, grievance procedures for resolving questions arising under the agreement, and any employment “advantage” based on seniority.
 - The only mandatory topic is wages, and increases can be no more than 3% or the rate of inflation, whichever is lower
 - Unions would have to be recertified by election prior to the end of every collective bargaining agreement in a two-thirds vote by all members
- What is left to bargain?



From the Univ. of Iowa AAUP Chapter 10 Ways Tenure Benefits Students and Everyone

- 10. Tenure promotes stability, enabling the development of a community of scholars to explore new research and mentor future scholars**
- 9. Tenure routinizes intensive evaluation of faculty members' work. Once a faculty member has passed a rigorous review of research, teaching, and service, it represents that a faculty member has achieved at the highest level**
- 8. Tenure permits independent inquiry, free from commercial and political pressure**
- 7. Tenure encourages first-rate teaching, as faculty bring their findings and research methods directly into the classroom**
- 6. Tenure promotes effective faculty recruitment and retention**

Reasons 1 to 5 on the Benefits of Tenure

5. Tenure helps the economy. It is not, as some claim, a “job for life.” The security induces many highly credentialed scholars and professionals to forego more highly paid employment elsewhere, and these faculty teach our future community leaders

4. Tenure fosters students’ creativity and analytical skills. In classrooms led by faculty insulated from commercial and political pressures, students may examine important issues from a variety of perspectives

3. Tenure advantages our communities. It encourages scholars to contribute their expertise to the communities in which they live when issues related to their work arise, because they may do so without political or commercial pressures

2. Tenure increases the value of student’s degrees. It enhances the academic standing and economic value of degrees from our public universities in national and international markets.

1. Tenure is indispensable to academic freedom. It allows professors the independence to do the best work they are capable of doing without fear that they will be fired for their opinions or conclusions.

Legal Challenges – Friedrichs Type Case

- We escaped a bad outcome when *Friedrichs* was decided 4-4 in the aftermath of Scalia's passing. This would have made fair share or agency fee nonexistent in the public sector
- However, there are other cases in the pipeline. The most prevalent is *Janus v. AFSCME*
 - This case, like *Friedrichs*, could overturn *Abood*, which supported the collection of mandatory agency fees for public sector unions
 - In *Janus*, the governor of Illinois, Bruce Rauner, set the money associated with agency fees aside in an escrow account
 - This case can possibly hit the U.S. Supreme Court this term

Legal Challenge – *Jarvis v. Cuomo* or the Nuclear Catastrophe

- Exclusive representation/collective bargaining in the public sector would be declared unconstitutional if the plaintiffs win
- Yes, that is what this case is about – it originated with a AFSCE local in NY
 - Plaintiffs claim that the defendant union violated their *First Amendment* rights because it entails union association
 - The Second Circuit, in September of 2016, soundly rejected this argument, citing *Minnesota State Board for Community Colleges v. Knight*, 465 U.S. 271, (1984).
 - In *Knight*, the Supreme Court held that a state law requiring public employers to "meet and confer" with a bargaining unit's exclusive representative did not infringe the First Amendment rights of nonunion unit members

More on the Nuclear Case

- There are anti-union groups seeking to upend established Supreme Court precedent.
- If the Supreme Court agrees with them, it is likely that virtually all public sector bargaining, in its current form, would disappear. It is likely that any collective bargaining agreements would be rendered invalid as would many current dues authorizations.
- While it is possible that some form of collective bargaining would be constitutional, it would likely require a reworking of our conception of union representation and passing new legislation to authorize such bargaining.
- With a new Supreme Court justice, are there enough votes to overturn *Knight*?
- Will the Supreme Court grant cert? If so, will it happen this term?

The best and most effective way to effect change is to have a large and active AAUP chapter!

- **We (and I) need to stop whining**
- **We need to Act!**
 - **Activate our current full members**
 - **Talk to our colleagues who are not members and get them to join**
- **Work with other progressive groups locally, state-wide, and nationally**
- **Work with AAUP nationally**
- **The only thing that will move the administration and the legislature and the public is concerted action**



AAUP Taking a Stand

- **Stand Against the Muslim Ban: AAUP Calls for Reversal of Muslim Ban Executive Order, Praises Widespread Citizen Resistance**
- **Reject Betsy DeVos's Nomination: The AAUP urges the United States Senate to reject Betsy DeVos's nomination as education secretary**
- **Block ~~Andrew Puzder~~ Nomination: The AAUP urges the Senate to block the nomination of Andrew Puzder as secretary of labor. SUCCESS!!!**





"I exist because the U.S. admitted Eastern European Jews early in the 20th century. Other members of my family ceased to exist when the U.S. limited the admission of refugees in the mid-20th century."

-- Bea Opengart, Department of English & Comparative Literature, The University of Cincinnati

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AMERICAN ASSOCIATION OF
UNIVERSITY PROFESSORS

#NoBanNoWall



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UNIVERSITY PROFESSORS

**WOMEN'S
MARCH**
- ON WASHINGTON -

AAUP President's Call to Action

It is imperative that the AAUP join with other organizations and individuals to build a progressive movement for change and reclaim higher education as a public good.

Motivated by these objectives, the AAUP will continue organizing chapters, building state conferences, and developing coalitions with natural allies.

Your AAUP chapter and conference and the national organization—and indeed our society—need you to continue to work with us as we build a movement for change.