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Our University – The Appearance of Money

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Our University – The Appearance of Money

The tone and content of messages promulgated by the university in stringent financial times are critical. Mila Kopumpilova reported in the St. Paul Pioneer Press that over \$415,000 in bonuses were paid to executives at Minnesota state colleges and universities for excellent performance during the past year while people are being laid off and budgets are being cut. Tough message.

But Minnesota is not fiddling alone.

The California State University System is awash in furlough days. Faculty and staff -- who may be asked to take as many as 24 furlough days next year -- are not pleased with this ten percent gross pay cut. Students are upset about it and the accompanying tuition increases.

Higher education systems are laden with increasing workforces, decreasing enrollments, splayed missions, lack of focus, broken pension systems, and have been systematically pressured into bargaining processes that benefit the few rather than the community as if the public university were a private enterprise. We are putting people in positions of responsibility who are willing to bend, fold, staple, and mutilate the greater public welfare in order to avoid the hard questions on campus.

Minnesota proposed bonuses logically, though erroneously, indicating the university system is flush. An appearance. An apparition. Real leaders would turn down the increases. I know how difficult that is. In the face of decreasing state resources and increasing state commitments, state employees cannot continue to get blood from a stone. Leaders need to quit playing and to step up and protect the core mission of the university, arm in arm with the "rank-and-file".

But elected and appointed officials seem either not to understand simple arithmetic, or are willing to lay at someone else's feet the problems that come from shortsighted decision-making.

Universities continue to take the easy route: denial. Some university executives show little understanding of budgeting or the impact of ill-considered commitments. Boards condone irresponsible behaviors. Institutions that have contributed to our national stature now undermine their own legacies.

Illinois is dancing close to the edge.

Moody's Investors service said the State of Illinois *"has long been characterized by unwillingness to enact the politically difficult fiscal measures needed to balance its budget and fund its pension plans."*

Other states face the same challenges as over-promised retirement benefits are used to bolster on-campus employment. It is common on many campuses to find executives and staffers also drawing federal or state retirement, thus deferring to future generations engorged benefits packages that are based on the salaries of pensioned retirees who are back on the job, double dipping at the public trough.

In Ohio, the practices are breaking retirement systems. Dennis J. Willard of the Akron Beacon Journal reported on June 10, 2010:

“About 32,000 state and local employees collected more than \$1 billion in pension payouts last year on top of their government paychecks. Three-fourths of those dollars went to State Teachers Retirement System members.” He continues, *“No one can stop educators from retiring at a young age, and superintendents say they would be fools not to take advantage of a pension system that permits them to retire and return to work”.*

Patrick O'Donnell of the Cleveland Plain Dealer says, *“More than 150 of the state's 613 superintendents collect paychecks and pensions at the same time.”*

Leadership's disregard of taxpayers' investment and public welfare is stunning. If you want to work, work. If you want to retire, retire. Don't greed and bleed the state.

University leaders must act as thoughtful stewards regarding the cost and quality of both the organizations they serve and the greater public good.

History isn't kind to leaders who tend to their own needs, or those of an influential few, at the expense of their community.

Ask Nero.