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AAPR FAQ on Employee Costs

Oberlin is in the midst of an ambitious initiative called the Academic and Administrative Program Review. The purpose of this exercise is to help Oberlin fulfill its mission in a new way, translating its core values and distinctive strengths in a way that is most relevant and sustainable for future generations while laying a foundation for even greater creative evolution in the future. The AAPR stands out from other reviews and strategic planning efforts around the nation, as well as previous efforts at Oberlin, by addressing difficult tradeoffs head-on, with a clear focus on the institution's mission and long-term best interests.

The AAPR Steering Committee is currently engaged in an intense period of campus consultation, as it refines its work to date into final recommendations to be delivered to President Ambar by the end of the semester. As part of that consultation, the Steering Committee has solicited and received questions on a wide variety of topics. While the fullest understanding of the project can be found in reading the Summary of Work to Date, available on the AAPR website, the Steering Committee will also try to address particular questions in this FAQ format, organized by topic.

One area that has generated questions is the area of recommendation focused on employee costs. We want to begin by reiterating some core principles that shape the Steering Committee's work on this area. Oberlin's mission — the education of our diverse student body — is our highest priority. Oberlin's operations and activities must directly, effectively, efficiently serve that mission. At the same time, we recognize that all of Oberlin's employees are a valued and integral part of the Oberlin community, deserving of our respect and the dignity of fair compensation for their work. All of us who work for Oberlin share a dedication to the college, its future, and the students at the heart of our shared mission.

Why does AAPR work address employee costs?

Two reasons: Most simply, the Board of Trustees explicitly charged the Steering Committee with this work. In the Board's expanded guidance to the Steering Committee, the Board explicitly set the expectation that AAPR would "Examine the viability of our current labor cost model for all employees."

Moreover, it has become clear to the Steering Committee through our detailed investigation and analysis that Oberlin cannot secure long-term financial sustainability — cannot ensure the future of the institution — without addressing employee costs. For FY2019, compensation stands at 63% of the operating budget, or \$101.6 million of the \$162.8 million operating budget. At Oberlin, as across most of higher education, employee costs have been rising faster than student revenues. That is the root cause of Oberlin's persistent multimillion-dollar deficits, which, if unchecked, would have created a cumulative deficit of \$52 million in just five years.

Quite simply, Oberlin employs more people than can be supported by annual revenue. Controlling employee costs will be critical for achieving financial sustainability and for conserving funds needed to support current and enhanced programming for students, which is key to Oberlin's long-term success.

What does the AAPR say about employee costs?

For a variety of reasons, AAPR has been less prescriptive about solutions to the employee cost situation than it has in some of the other ideas under consideration for final recommendation. Essentially, in our public presentations and in the Summary of Work to Date, the Steering Committee has:

- Explained the short-term cost reductions already undertaken by senior leadership, outside of AAPR, so that the Oberlin community can understand what has been done, and what has not;
- Made a set of significant observations about where Oberlin's employee categories fall in comparison with the appropriate markets in which Oberlin must compete for talent; and
- Posited a list of potential areas for reform or additional cost reduction in the medium and long term — levers that are available to senior leadership as it continues to pursue the necessary cost controls.

Why doesn't AAPR propose specific cuts?

The specific actions that will be taken are really implementation decisions, rightly the responsibility of senior leadership and division leaders who manage employees on an ongoing basis. They are best positioned to determine which actions can be taken without undermining Oberlin's mission or hurting its long-term interests. In some cases, actions may be subject to collective bargaining.

In the Summary of Work to Date, the Steering Committee did note that although the proportions of different reductions must be determined, the likeliest outcome will involve many or most of the levers identified by AAPR. However these cost controls are finally configured, the Steering Committee recognizes that there is no way to preserve academic excellence and achieve financial sustainability without restructuring employee costs.

What criteria guided the Steering Committee as it looked at this area for recommendation?

In its Summary of Work to Date, the Steering Committee phrased our overarching goals for all of our recommendations this way: "The Steering Committee has organized its approach to that challenge around four high-level goals, all of which must be achieved in order to live up to Oberlin's mission and thrive:

1. Oberlin must take better advantage of our unique combination of a liberal arts college and conservatory of music, fostering a new suite of interdisciplinary opportunities through a new level of collaboration.
2. Oberlin must develop academic structures that are creative and nimble enough to pioneer a new, more relevant curriculum and educational experience for our 21st-century students.
3. Oberlin must be more focused and intentional about helping its students connect their classic liberal arts and musical educations with meaningful and thriving careers.
4. Oberlin must bring employee costs in line with the realities of its various employment markets, remaining competitive enough to foster excellence throughout its operations, while controlling expenses in order to ensure a sustainable future.

“Together these goals point toward an emerging vision of Oberlin that will offer new opportunities to prospective and current students. This new Oberlin will redesign some of its organization and infrastructure to ensure that we are prepared to support both 21st-century needs and core values such as high levels of academic and artistic achievement; diversity and inclusion among our students, faculty, and staff; thriving students; environmental sustainability; and respect for members of the Oberlin community.”

What does the AAPR say about hourly employees in particular?

Like other employee categories, the current status of our hourly employees is addressed, and put into the context of the relevant markets. When the Steering Committee indicates that senior leadership must identify possible methods of controlling employee costs, hourly employees are included, along with the two other major employee categories, faculty and administrative and professional staff.

Couldn't AAPR just avoid reference to hourly employees in its recommendations?

Oberlin's has about 345 FTE represented by bargaining units — compared to about 330 faculty members, and 359 members of the administrative and professional staff — with a total annual compensation of \$28.6 million. No serious look at Oberlin's financial future could exclude that significant part of our operations.

Why does the AAPR Steering Committee not include union representatives?

Employees who are members of the college's bargaining units did not participate as members of the AAPR Steering Committee out of respect for the bargaining process. Provisions of each collective bargaining agreement can only be considered and amended as part of the negotiation process. The Steering Committee was careful not to venture into conduct that might be considered negotiation. That said, the AAPR did survey all employees to ascertain insights about the College and held the AAPR Overview presentations and Q&A session in mid-March at times most convenient for hourly employees.

Why does AAPR include comparisons among different employee groups at Oberlin?

The AAPR Steering Committee recognizes that different employee groups have very different situations and different roles and does not try to oversimplify the situation by suggesting any solutions that would be applied in exactly the same way to all employee groups. At the same time, in order to make decisions that are fair to all and effective in supporting Oberlin's long-term interests, the Oberlin College community needs to understand the full context of employee costs across our institution. Such decisions have not always been made in the past considering that full context, resulting in inconsistencies, inefficiencies, and inequities.

Does the primary burden for cost reduction fall on hourly employees?

Quite the contrary. The significant cost reductions underway over the last two years have affected almost exclusively faculty and administrative and professional staff. That includes salary freezes and benefits reductions that have amounted to \$5.5 million in savings for the institution. It also includes the equivalent of 25 full-time faculty positions which will be eliminated by FY2024, both by forgoing replacement of some tenured faculty who leave or retire, and by the reduction of visiting faculty lines. More than 50 administrative and professional staff FTE will be eliminated, potentially impacting up to 40 active employees. Yet these cost-cutting measures alone will not eliminate annual deficits.

Does AAPR's work interfere with collective bargaining?

No. There are very specific legal guidelines about what constitutes collective bargaining. The AAPR Steering Committee, in consultation with senior leadership and legal counsel, has been meticulous about avoiding circumstances or actions that would violate those guidelines or infringe in any way on collective bargaining.

What about Oberlin's dedication to social justice?

A shared commitment to social justice has been an important part of Oberlin's history, especially with Oberlin's national leadership in its commitment to educational access and an instrumental for social betterment. A commitment to social justice remains deeply embedded in our culture and identity. The members of the AAPR Steering Committee share that value. They have applied it to the development and examination of ideas for Oberlin's future. Most importantly, they recognize that the best way to carry that distinctive value into the future is to ensure that Oberlin remains a thriving part of the American landscape, with the strength and stability to allow students, faculty, and staff to do their work at the highest levels, and with the freedom to live out their values.

What about the potential harm to individual employees and their families?

Of the many challenging issues the AAPR Steering Committee has wrestled with over the last year, none has been more difficult than the issues that touch upon individual careers and

livelihoods. Every member of the Oberlin community deserves respect. These are our colleagues and we care about them. Nobody would choose to cut costs if it were not absolutely necessary to the long-term survival and thriving of the institution. But the rigorous analysis of AAPR has made it clear that if difficult decisions are not made now, even more painful and destructive options will be forced on Oberlin in the future, with less chance of success for the institution.

In contemplating a recommendation on employee costs, the AAPR Steering Committee has been unambiguous that in implementing any changes that will displace employees, Oberlin should consider ways to mitigate the impact on individuals in fair and compassionate way.

Why does AAPR compare the wages of Oberlin's hourly workers with workers at Ohio 5 colleges?

Oberlin must bring employee costs in line with the realities of its various employment markets, remaining competitive enough to foster excellence throughout its operations, while controlling expenses in order to ensure a sustainable future. In considering the appropriate markets for comparison, AAPR consulted with hiring managers to understand where employees come from, and what their most likely choices are in considering Oberlin. Unlike faculty and some administrative and professional staff, hourly employees do not typically relocate from other parts of the country or come from nationally competitive labor markets. The Ohio 5 — Kenyon, Denison, Ohio Wesleyan, and Wooster, along with Oberlin — recruit from the same geographic region for hourly employees, and the positions for which they hire are more similar to one another than to positions in many other industries.