

# **Faculty Senate on Finance Committee Report on ASU-Jonesboro Financial Issues April 20, 2012**

By: Louella Moore, Lynn Howerton (chair), Pradeep Mishra,  
Larz Roberts, William Rowe, Richard Segall

## **Table of Contents**

Introduction/Background

PART 1 – ADHE Expenditure Report Information

Overview of the State of Higher Education Funding in Arkansas

Changes in Spending Patterns over the Last Decade

Expendable Fund Balances

Athletic Spending Trends

PART 2 - Faculty Salaries

PART 3 – ASUJ Salary Increases and Equity Adjustments

PART 4 – What Next?

Summary

Appendix A – Faculty Senate Finance Committee Statement on Budget Priorities

Appendix B – April 1, 2011 Letter to Interim Vice Chancellor/Provost Glen Jones

Appendix C – ASU-J \$100,000 or Highest Contracted Salaries

## **Introduction/Background**

The Faculty Senate Finance Committee (FSFC) is appointed by the Faculty Senate Committee on Committees subject to approval by the full Faculty Senate. The charge of the committee is to study and report on relevant trends in the Arkansas State University (ASU) spending patterns with emphasis on the Jonesboro campus (ASUJ). Sometimes the Finance Committee is called on to assist the Senate regarding funding priorities and arguing for faculty salary support (see Appendices A and B). The Faculty Senate Finance Committee receives no budgetary or clerical support. It relies primarily upon information publicly available on ASU websites or related websites such as the Arkansas Department of Higher Education. The report reviews key issues in state funding and reports on key areas of concern in terms of the institutional spending priorities.

## **PART 1 – Arkansas Department of Education (ADHE) Expenditure Information**

### **Overview of the State of Higher Education Funding in Arkansas**

The State of Arkansas continues to meet to determine budget parameters which will impact the state appropriations for the various governmental entities of the state including ASUJ. The state

of the economy is still precarious with funding from the legislature expected to be roughly level relative to the current year.

The Arkansas Department of Higher Education “Financial Condition Report 2011” dated December 12, 2011 notes key concerns of the ADHE in relation to funding equity for the various Colleges and Universities in the state. Some of these are summarized below:

1. In the light of the Lakeview funding equity case for public education, providing adequate funding to public education (primarily K-12) must be a priority. Recent reports from the Arkansas legislature express concerns about rising costs for prisons.
2. Act 1760 of 1985 previously required that no two-year college could receive less funding than the prior year (even if enrollment has dropped). This provision was repealed by Act 1203 of 2011. Act 1203 realigns funding formulas to reflect economies of scale; it increases relative funding for nursing and recognizes differences in the ability to use adjuncts in metropolitan vs. rural settings.
3. The cost and revenue structures for public colleges work inversely to the rest of the economy. Legislatures are reluctant to spend more money for colleges during recessions, but the number of students enrolled increases. If a college receives 50% of its funding from the state and 50% from fees and tuition experiences 3% inflation, tuition and fees will have to be raised 6% if no additional increases in the state portion of funding occurs.
4. While the public perceives Lottery Scholarships as an increase in College Funding, they are really just a change in source of funding and have not increased the overall level of funding to public colleges. The presence of Lottery Scholarships coupled with state caps on institutional scholarships has caused shifts away from institutional to lottery scholarships as show in Illustration 1.

**Illustration 1**  
**Undergraduate Academic & Performance**  
**Scholarship as % of Tuition and Fees 2010 vs. 2011**

Institution	2010 %	2011 %
ASUJ	9.7	13.0
ATU	29.2	22.5
HSU	18.1	18.0
UAF	6.6	9.8
UALR	10.7	12.0
UAPB	11.9	11.2
UCA	19.4	16.9

5. Deferred maintenance and the need to upgrade college facilities is an ongoing challenge.
6. Arkansas public four-year colleges lag both the U.S. and SREB averages for faculty salaries. Averages for each level are shown in Illustration 2 for 2010.

**Illustration 2  
Average Public Four-Year College Salaries 2010**

Level	Average Salary
U.S. Overall	\$76,996
SREB 16 States	\$73,557
Highest SREB State – Delaware	\$93,548
Lowest SREB State – Arkansas	\$59,792
Next to the Lowest State – West Virginia	\$64,924

7. Facilities at Colleges and Universities are aging with 53% of university facilities exceeding 30 years in age.

## Changes in Spending Patterns over the Last Decade

### Instructional Spending

Illustrations 3 and 4 below show the percentage of the expenditures allocated to Instruction and to Instruction plus Research for fiscal years 2000-2001 compared to 2010-2011. For most Arkansas 4-year public institutions the relative spending for teaching and for teaching plus research has declined over the last decade. UAF and UALR are the only Arkansas institutions that have increased relative spending on instruction. UAF, UALR, and UAPB have both directed their resources in such a way as to increase funding for the total of teaching and research. This shows that while most institutions in Arkansas have not given a priority to instructional spending, it is possible to do so.

**Illustration 3  
Changes in Spending Patterns Over a 10 Year Period for Instruction**

	Instruction as % Total		
	2000-2001	2010-11	Incr/Decr
ASUJ	51.5%	49.3%	Decr
ATU	46.2%	42.6%	Decr
HSU	51.4%	42.8%	Decr
UAF	41.7%	44.1%	Incr
UALR	39.2%	41.5%	Incr
UAPB	32.3%	31.3%	Decr
UCA	50.4%	46.5%	Decr

**Illustration 4**  
**Changes in Spending Patterns Over a 10 Year Period for Instruction & Research**

	Instruction & Research as % Total		
	2000-2001	2010-11	Incr/Decr
ASUJ	42.4%	41.8%	Decr
ATU	46.7%	43.6%	Decr
HSU	52.5%	43.8%	Decr
UAF	47.2%	49.1%	Incr
UALR	42.5%	45.2%	Incr
UAPB	32.8%	36.7%	Incr
UCA	51.8%	47.4%	Decr

After looking at Illustration 3 and 4, it begs the question if ASUJ has decreased its relative spending on instruction, what other areas have increased? Illustration 5 shows that relative spending has decreased for categories in Instruction, Institutional Support and of Operations/Maintenance of Plant. Relative spending has increased for categories in Research, Public Service, Academic Support, Student Services, and Scholarships.

**Illustration 5**  
**ASUJ Relative Spending by Functional Categories over a 10 Year Period**

ASUJ	2000-01	2010-11	Incr/Decr
Instruction	41.5%	39.3%	Decr
Research	1.0%	2.5%	Incr
Public Service	2.4%	1.6%	Decr
Academic Support	10.3%	12.2%	Incr
Student Services	4.9%	7.1%	Incr
Institutional Support	13.7%	12.4%	Decr
Operations & Maintenance of Plant	9.6%	9.9%	Incr
Scholarships & Fellowships	9.0%	14.2%	Incr
Other	7.8%	0.9%	Decr

Illustration 6 is a second look at changes in spending priorities based on functional expenditures per FTE adjusted for inflation.<sup>1</sup> This illustration shows that when adjusted for inflation, total expenditures per student have decreased 12% in the last decade. Nominal dollars per student have increased \$1145 (\$10,427-\$9,282). When inflation is considered the spending power of available resources has declined by \$1362/student (\$11,789-\$10,427). All areas listed below, except for the rather uninformative category of 'Other', have seen nominal increases in per student expenditure. When spending power in adjusted dollars is considered, areas of Instruction, Public Service, Institutional Support, and Operations and Maintenance of Plant have had

<sup>1</sup> The Expenditures per FTE were reported in ADHE *Arkansas Higher Education Comprehensive Annual Report: Financial Condition Report 2011*, December 2011, Table C-3, Expenditure Shifts 2000-10 to 2010-11 by Type of Institution, p. 56. The adjusted figures used a 2001 index of 177.1 and a 2011 Index of 224.939 as reported for the US CPI –U, US Department of Labor. Bureau of Labor Statistics.

relative cuts. Expenditures for Research, Academic Support, Student Services, and Scholarships/Fellowships have increased faster than inflation.

**Illustration 6  
ASUJ Functional Spending Per FTE Adjusted for Inflation**

ASUJ Expenditures per FTE	2000-01 Unadj	2000-01 Infl Adj to 2010-2011	2010-2011 Unadj	Adjusted Incr/Decr %
Instruction	3850	4890	4098	-16%
Research	87	111	260	+135%
Public Service	220	279	168	-40%
Academic Support	952	1209	1270	+5%
Student Services	458	582	743	+28%
Institutional Support	1267	1609	1288	-20%
Operations & Maintenance of Plant	889	1129	1034	-8%
Scholarships & Fellowships	833	1058	1477	+40%
Other	726	922	89	-90%
<b>TOTAL</b>	<b>9282</b>	<b>11789</b>	<b>10427</b>	<b>-12%</b>

### Expendable Fund Balances

Carryovers of funds from prior year operations can be used by Colleges and Universities to help meet expenses and other obligations in lean years. Illustration 7 shows the ASUJ Fund Balances for the last four fiscal years both in total and as a percent of Current Fund Revenues. While the increase over the four years of \$17,615,663 in the fund balance is a positive sign, the ADHE reports that after consideration of non-expendable Accounts Receivable and Inventory balances the actual expendable fund balances may be significantly less.

**Illustration 7  
ASUJ Fund Balances over the Last Four Fiscal Years**

	2007-08	2008-09	2009-10	2010-11
\$\$ Fund Balance	4,251,913	8,939,501	13,962,869	21,867,576
FB as % of Current Fund Revenues	3.5%	6.8%	9.9%	14.7%

### Athletic Spending Trends

The Faculty Senate Finance Committee has historically studied and reported on intercollegiate athletic spending as part of its annual report. Illustration 8 below shows the trends in intercollegiate athletics over the most recent five fiscal years for which data is available. This Illustration shows that the revenue from ticket sales have declined while game guarantee revenues have increased. Foundation gifts decreased significantly. Before balancing the budget from student fees and transfers either from the general or auxiliary revenues, the cost of

athletics exceeded the generated revenue by \$6.3 Million. This tentative deficit was covered by student athletic fees which are approaching \$3M, by more than \$1M from the educational and general (E&G) revenues, and by \$2.3 Million from auxiliary profits.

Illustration 9 places ASUJ athletic spending within the context of athletic spending in other Arkansas 4-year public institutions. This table uses the Intercollegiate Athletic Expenditures and Funding FY2010 data provided by the Arkansas Department of Higher Education in total on Full Time Equivalent (FTE) basis. The direct athletic fees per student are somewhat lower than comparable public institutions in the state, but the higher use of auxiliary profits makes the overall per student subsidy from students to athletics approximately \$500/year if one reasonably assumes that most of the auxiliary services profits (such as foodservice, dining, and housing) come from student charges.

**Illustration 8**  
**Five Year Trend in ASUJ Intercollegiate Athletic Funding**

	2006-07	2007-08	2008-09	2009-10	2010-11
Ticket Sales	943,097	958,619	995,035	890,948	838,231
Media/Game Guar/Concessions	632,914	1,320,966	1,421,920	1,768,631	2,396,555
Other Income	1,315,573	1,437,756	1,338,824	1,360,187	1,323,227
Foundation/Club/Private Gifts	539,127	398,116	557,718	586,760	34,506
Salaries/Fringe/Help	(3,474,418)	(3,663,648)	(3,651,482)	(3,797,724)	(3,869,601)
Athletic Schol. & Med	(2,804,234)	(2,913,843)	(3,031,658)	(3,164,462)	(3,268,103)
Travel	(1,546,229)	(1,371,170)	(1,605,412)	(1,618,826)	(1,859,438)
M&O Facilities Equip	(1,488,480)	(1,850,442)	(1,876,176)	(2,497,811)	(1,934,919)
Debt Service & Other	-	-	-	-	-
Transfers Out & Borrowing	-	-	-	-	-
Excess of Cost over Basic Revenues	(5,882,650)	(5,683,646)	(5,851,231)	(6,472,297)	(6,339,542)
ATHLETIC FINANCING:					
Student Athletic Fees	2,273,704	2,250,882	2,784,556	2,832,773	2,889,905
Transfers from E&G	1,057,166	1,078,234	1,124,400	1,124,720	1,142,715
Other Aux. Profits	2,551,780	2,354,530	1,942,275	2,514,804	2,296,922
Total Financing	5,882,650	5,683,646	5,851,231	6,472,297	6,339,542
Budgeted FTE Positions	69	67	67	62	65

**Illustration 9**  
**Total Intercollegiate Athletic Subsidies in Selected**  
**Arkansas Public 4 Year Colleges 2010-11**

	Fees	Auxiliary Profits	E&G Transfer	Total Subsidy	2010-11 FTE's	Ath. Fees per FTE	Total Sub. per FTE
ASUJ	2,899,905	2,296,922	1,142,715	6,339,542	12,495	232	507
UALR	4,055,144	0	949,859	5,005,003	10,018	405	500
UCA	5,053,343	1,375,481	1,142,715	7,571,539	10,446	484	725
UAPB	1,199,943	1,438,350	1,078,234	3,716,527	3,104	387	1197
ATU	2,650,302	0	1,124,400	3,774,702	8,515	311	443
HSU	1,209,524	936,615	1,142,715	3,288,854	3,576	338	920
UAF	0	0	0	0	19,852	None	None

## PART 2 - Faculty Salaries

As noted in the introduction, the Arkansas Department of Higher Education has expressed concern that Arkansas average salaries for 4-year institutions of higher education are in 16th place among 16 SREB institutions. The average pay for all ranks among 4-Year Public SREB Institutions is \$73,955; the average for Arkansas was \$61,130. Illustration 10 and the more detailed Illustration 11 show the relationship between ASUJ salaries compared to other SREB peers. Illustration 10 shows a gap between ASUJ average salaries at all ranks compared to SREB institutions at the same institutional level for 2010-11. Previous Faculty Senate Finance Committee years showed that a decade ago the gap was in the neighborhood of \$800 to \$1200 at most ranks with Associates actually slightly above average. Illustration 11 shows that while Arkansas salaries as a whole lag those of other SREB institutions, ASUJ salaries lag behind even those of UALR and UCA within the state. Depending on rank, ASUJ salaries are lower than those of peer institutions at all levels, with the **greatest disparity** at the Professor, Associate, and Instructor levels because Assistant Professors are more likely to be recent hires.

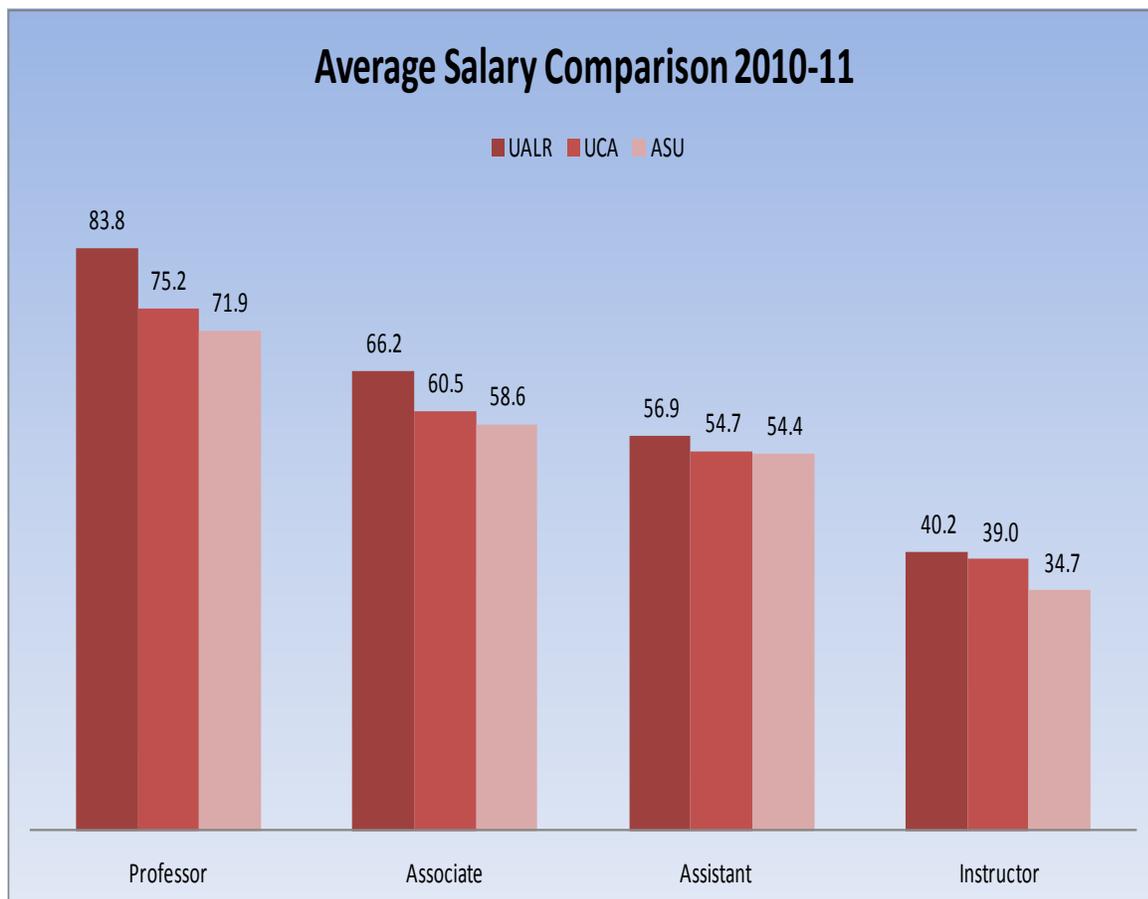
**Illustration 10**  
**Comparison of ASUJ vs. SREB Salary Averages 2010-11**

	Professor	Associate	Assistant	Instructor
SREB – Level 3	\$83,348	\$67,540	\$57,529	\$43,204
ASUJ	\$71,930	\$58,569	\$54,350	\$34,684
Difference	\$11,418	\$8,971	\$3,179	\$8,520

**Illustration 11**  
**Comparing ASUJ to UALR and UCA Salaries Averages 2010-11**

	Professor	Associate	Assistant	Instructor
UALR	83,832	66,162	56,931	40,204
UCA	75,204	60,496	54,741	39,040
ASU	71,930	58,569	54,350	34,684

**Illustration 12**  
**Graphic Representation of Data in Illustration 11A**



### **PART 3 - Faculty Salary Increases and Equity Adjustments**

In the spring of 2011, Representative Lea of the Arkansas Legislature requested salary increases of all institutions of higher education since May 1, 2011. The results for ASU-Jonesboro appeared in the 2011 Annual Comprehensive Report Page 3.3.866. The report detailed, line-by-line, the person's name, title, salary prior and after May1 and amount of salary increase. (For purposes of this report increases due to COLA increases were not included.) The

list is broken down by academic title categories such as instructor, assistant professor, associate professor, (full) professor, and department chair. Non-faculty/non-classified listing is not broken down but personnel in non-faculty lines were identified by senior administrator titles (e.g., VC of Student Affairs), and other titles including directors, research assistants, project specialists, coordinators, coaches, etc. For each salary, there was a column that included “reasoning/notes” which designated the reason as “equity adjustment”, “STEM for nursing and business”, and “promotion”. For two lines there was a comment “paid from private foundation funds.”

Historically, faculty salary equity is “internal” equity as per the equity formula found in the current *ASU Faculty Handbook* and has been so considered since its inception about 1990 when the faculty equity process began. Formula-driven salary inequities are reviewed by PRT committees and administration. cursory review of faculty equity analysis for 2010-11 provided by VCAA office shows rank, years-in-service, and a *relative* discipline index was included in determining equity according to the *Faculty Handbook*. Also according to the *Handbook*, faculty salary inequities were to be brought within \$1000 (that is \$1000 less than the equity formula determined). If the faculty member did not receive the entire allotted amount, the difference was to be made up the following budget years. Faculty cannot be considered for salary equity after three years since the faculty member’s last application. It is very difficult to trace for all faculty any equity salary paid over years. It is assumed any due adjustment occurs for individual faculty although anecdotal reports indicate there may be some exceptions to this policy.

However, responding to a Finance Committee member query at the March 28, 2012 UPC meeting, “equity” for non-faculty (which can include academic administrative appointment from the dean up) was said to be attributed to both “internal” and “external” reasons. It is unclear from the report how much each salary increase could be attributed to internal and/or external equity for non-faculty person. It is also unclear if there is a time-limit for re-consideration, if the salaries were brought to the inequity amount, however that was determined, or what review process was used.

Illustrations 13 and 14 show the analyses of the Legislative Report on salary increases for faculty since May 1, 2011. Individual salary changes are available in the ADHE report found on-line. Generally, the average salary increase averaged about \$2400. Department chairs averaged the most, followed by professor, assistant professor, instructor and associate professor categories. A breakdown by source of funding appears in Illustration 14.

**Illustration 13**  
**Summary for Faculty Salary Increases Since May 1, 2011**

Appointment	No.	Avg %	Avg \$	High \$*	Low \$*
Instructor	25	5.11	1,871	6,000	330
Assistant	37	4.43	2,392	9,000	276
Associate	46	2.87	1,759	3,174	514
Professor	41	4.94	3,532	8,883	518
Department Chr	4	5.12	4,212	4,786	413
total	153		2,391	9,000	276

\*excludes promotion \$

**Illustration 14**  
**Source of Funding for Faculty Salary Increases Since May 1, 2011**

Appointment	Promotion		STEM Funding Sources		Non-STEM Funding Sources		Adj. Amount All Sources	
	\$	No.	\$	No.	\$	No.	\$	No.
Instructor			16,724	?	30,048	25	46,772	25
Assistant	10000	4	25,464	16	41,071	16	76,535	37
Associate	8000	3	25,496	19?	47,410	28?	80,906	46
Professor	6000	2	47,444	16	91,363	25	144,807	41
Deptmnt Chr	5000	1			11,849	4	16,849	4
total	<b>29000</b>	10	<b>115,128</b>	51	<b>221,741</b>	98	<b>365,869</b>	153

Illustration 15 shows summary information of the Legislative Report on salary increases for non-faculty since May 1, 2011. Since the classification of titles are not provided in the report, only averages are presented. Notable are persons in this grouping received about 6% increases in salary and a subgroup of salaried non-faculty making \$100,000 or more received almost 7%. Of the 81 non-classified/non-faculty personnel, one was listed as a change in assignment. Deans of academic colleges did not appear in the report as receiving salary increases.

**Illustration 15**  
**Summary for Non-classified/Non-Faculty Salary Increases Since May 1, 2012**

	Total Adjustment \$	No.	Avg %	Avg \$	High \$*	Low \$*
Non-Faculty	312,441	81	<b>5.98</b>	<b>3,810</b>	35,603	328
+\$100,000 Non-Faculty	109,939	10	<b>6.87</b>	<b>10,994</b>	35,603	3,000

ADHE reports administrative salaries of ASUJ (and other state-supported colleges) annually. Administrators and others who make \$100,000 or more appear in Appendix C and are summarized in Illustration 16. Sixty-one ASUJ personnel and two ASU System personnel have contracted salaries of \$100,000 or more. Of the 25 who make more than \$125,000, two are faculty - one a distinguished and one a research professor. Of the 33 who make \$100,000 up to \$124,900, 10 are current faculty including one distinguished professor. (For purposes of this report, these faculty did not formerly hold administrative positions). At least three in this group are college of business professors in one department. The remaining 23 are non-faculty which include academic deans, chairs, former deans, former chairs, directors, and coordinators. Also shown in Illustration 16 is the number in each category who received salary equity.

**Illustration 16 (Condensed from Appendix C)  
ASUJ\* Personnel Salary \$100,000 or More Reported Fall 2011**

\$ Salary	No.	No. Receiving Salary Equity
225,000 up	1	1
200,000 to 224,000	3	1
175,000 to 199,000	2	
150,000 to 174,000	11	3
125,000 to 149,000	11	2
100,000 to 124,000	33	
Total	61	7

\*Excluded from analysis: ASU System President \$285,000 and General Counsel, \$196,829 (both received salary increases since May 1, 2011)

On March 28, 2012, the University Planning Committee attended a called meeting of Chancellor Howard. At that meeting, draft budget plans were discussed. The draft budget listed faculty salary monies at the top of the list – a first in the memory of several Finance Committee members. Also unprecedented was an additional 1% COLA for faculty. Illustration 17 below summarizes the proposed salary increases. For faculty salary increases, about \$1.4 M is allocated for promotions, equity, and the 2% and 1% COLAs.

**Illustration 17  
Proposed Existing Faculty Salary Changes According to UPC Budget Priorities  
(Draft Presented by Chancellor Howard March 28, 2012)**

Type of Personnel	Proposed Amount	Totals	% Total Amount
2% COLA for Faculty	770,000		
1% COLA for Faculty	385,000		
Faculty Promotions	70,000		
Faculty Equity Pool	<u>165,000</u>		
Total Faculty		1,390,000	51.1%
2% COLA Non-Classified	358,385		
Non-Classified Equity Pool	<u>228,023</u>		
Total Non-Classified		<u>586,408</u>	<u>15.2%</u>
Total Faculty and Non-classified		1,976,408	66.3%

**PART 4 - What Next?**

In February, 2012, the Senate Finance Committee requested financial information from ASU Finance Office and Academic Affairs Offices. Both units responded favorably to meet with the committee to determine what information would be requested. The committee decided our needs would best be met by working with Finance. Subsequently, on March 19, committee representatives met with the budget director Donna McMillan of Finance to discuss the

committee's domains of potentially requested information. The committee desired information from Finances in phases. Information domains included contract and compensation, transfer of funds, operating budget ("supplies and services"), and others. Later that afternoon, the committee submitted phase I requests. Phase I formal request consisted of three reports concerning contract and compensation information in excel file report format and are summarized as follows:

Report I: Contract Salary Changes for Budgeted Lines for FY02-FY12. Detailed line-by-line history of contract salary changes of personnel budget lines (and changes in personnel for that line) with explanatory notes indicating increase due to raise, equity raise, promotion, and when relevant, funding sources. The requested report should follow the accounting page divisions of the ASU Budget (both Education & General and Auxiliary) with appropriate headings (e.g., department of chemistry). Summary columns would indicate changes for 10-years, 5-years, and changes since May 1, 2011. Line-item maximum information was also requested.

Report II: Employee Salary Changes for Budgeted Lines. Same as above but for individual personnel in budget lines.

Report III: Total Compensation of Employees. Same as above but total amount paid to each employee.

The Vice Chancellor for Finance and Administration responded to the request and indicated the information we requested is available. However, the office couldn't comply due to the upcoming FY-13 budget preparations. We would have to wait for the office to work with us until the budget is finalized. The VCFA said they could make available worksheet data in pdf format for our perusal and we could extract whatever information we wished.

## **Concerns and Recommendations**

These are challenging times for higher education finance as highlighted in the Overview section of this report. Challenging times require a careful consideration of spending priorities and strong fiscal accountability to the public. While the financial statements of ASUJ suggest evidence of a careful budgeting process that will allow it to continue to pay its bills as they come due, finding the very best use of the resources available is a challenging value judgment. Members of the Faculty Senate Finance Committee are concerned that while Intramural Athletics, an increased focus on research, and higher levels of student support may be appropriate goals, expanded funding in these areas seems to be coming at the expense of support for faculty salaries and institutional maintenance priorities that are essential for maintaining a quality learning environment.

The Faculty Senate Finance Committee expresses concern that there is an appearance that the key to financial success for the university is economizing on faculty resources. Yet the examination of the faculty salary picture suggests that the university has already been rather frugal on salaries even before the expansion into the economies of scale of privatized distance learning.

The Faculty Senate Finance Committee expresses appreciation that the ASUJ finances have been managed in such a way that layoffs have been avoided so far in the economic recession as layoffs would further destabilize the Arkansas economy. While recognizing that increases in distance learning and international student enrollment have been key factors in the financial stability of the institution in the last two years, we also suggest that these must be monitored, kept to manageable proportions, and carefully overseen to ensure that educational quality continues to be a priority with academics and administration alike.

Prior year Finance Committee reports have shown faculty lines have grown much more slowly than additional staff positions, with the student faculty ratio being 19:1 but the student to staff ratio being 9:1. The Finance Committee does not feel it is within their purview to indicate what expanding roles might have been avoided in prior year budgeting procedures. Still, the Committee notes that while ASUJ is taking on more public/corporate ventures, the corporate model has historically been one of finding and using technology to capitalize on cash savings in non-core functions. Technology at the university has tended to add to institutional overhead rather than decrease the use of human capital. The primary focus for decreasing costs at the institution seems to be through economies of scale and low salaries for the teaching function. Distance learning is certainly in demand by students, but it is an open question whether these new economies produce the same quality of product as face to face instruction. New functions for the university beyond the traditional teaching mission can be appropriate, but must be closely monitored to assure they do not jeopardize the university's ability to pay fair salaries to existing faculty and staff within existing functional areas.

The Senate Finance Committee will continue to monitor budget and expenditures for the coming years if the Senate so desires. The Committee re-iterates the Budget priorities previously submitted to and approved by the Faculty Senate which include a priority for adjusting faculty salaries to market.

# Appendix A – January 20, 2011 Faculty Senate Finance Committee Statement on Budget Priorities

## Faculty Finance Committee’s Recommendation on Budget Priorities Pertaining to Faculty Compensation for Fiscal 2012 Arkansas State University – Jonesboro

President Beverly Gilbert asked the Senate Finance Committee recommend funding priorities pertaining to Faculty Salaries. Below there are three short-term and one long-term priority for the Senate to consider sending to the University Executive Committee:

### Short-Term Priorities

Priority 1. Funding. Establish a process where faculty salary adjustments “come off the top” of the annual university budget.

Priority 2. Faculty Salary Equity. Complete the equity adjustment process by compensating approved salary increases initiated in Fiscal 2011. Continue the Salary Equity process as stated in the Faculty Handbook.

Priority 3. Faculty Salaries. For the upcoming year, provide faculty salary Increases to address Cost of Leaving (base raises) before merit increases.

### Long-Term Priority

Priority 1. Establish a five-year plan to address average faculty salary to meet the SREB averages for the current university classification.

Louella Moore, chair

Lynn Howerton, member

Richard Segall, member

January 19, 2011

[Adopted by ASU Faculty Senate January 21, 2011]

## **Appendix B – April 1, 2011 Letter to Interim Vice Chancellor/Provost Glen Jones**

April 1, 2011  
Dr. Glen Jones  
Interim Vice Chancellor for Academic Affairs and Research  
Arkansas State University-Jonesboro (ASU-J)  
PO Box 179  
State University, AR 72467

Dear Dr. Jones:

As noted in the current ASU Faculty Handbook of Policies and Procedures the ASU-J Faculty Senate Finance Committee is charged with monitoring faculty financial status both within the university and relative to other universities in the state, region and nation. This committee recently completed a thorough examination of the 2009-2010 ASU-J budget as it pertains to the charge. The findings of the committee are presented in the enclosed report entitled Arkansas State University-Jonesboro (ASU-J) Faculty Senate Finance Committee Report dated March 4, 2011.

These findings paint a most distressing and dismal picture specific to ASU-J faculty salaries when compared to our peer institutions. Specifically, average ASU-J faculty salaries at all ranks (i.e., Professor, Associate Professor, Assistant Professor, and Instructor) for 2009-2010 rank well below the averages of faculty salaries at both the University of Central Arkansas (UCA) and the University of Arkansas at Little Rock (UALR). Across all ranks our faculty earns an average of \$2,375 less than UCA faculty and \$6,275 less than UALR faculty. At the Associate Professor rank ASU-J faculty earn an average of \$2,900 less than UCA faculty and \$7,800 less than UALR faculty. At the Professor rank ASU-J faculty earn an average of \$700 less than UCA faculty and \$10,900 less than UALR faculty. Furthermore, when one compares the average 2009-2010 ASU-J faculty salary to the average 2009-2010 SREB faculty salary the average ASU-J faculty salary at all ranks is \$6,975 less than the SREB average. The discrepancy appears to be especially significant at the higher ranks where the average ASU-J Professor salary is \$9,000 less than the SREB

average for Professors and where the average ASU-J Associate Professor salary is \$7,900 less than the SREB average for Associate Professors. To make matters worse the gap between ASU-J faculty salaries and average SREB faculty salaries at all ranks over the past 10 years shows a widening trend. Due to inadequate salaries in recent years faculty perceive their professional worth is not being compensated adequately. We are doing “more-and –more” with “less-and –less.” This influences faculty morale. Many of our faculty are currently experiencing significant financial difficulty in terms of meeting cost-of-living expenses. Indeed, the outlook looks bleak.

Priority 7 of the ASU-J Strategic Plan draft dated March 7, 2011 is to “Continually improve our institutional efficacy and alignment of resources with our priorities” including enhanced recruitment and retention initiatives of faculty. To retain and attract faculty ASU-J needs to make significant efforts addressing the salary gap. Faculty continue to “factor in” salary when contemplating staying at ASU-J. Salaries are not high enough to retain faculty. More problematic is the perception that faculty do not anticipate any meaningful relief. How can ASU-J possibly attract, reward and retain quality faculty when they are not adequately financially compensated for their teaching, scholarship/research, and professional service? What detrimental effect does this continual practice have on our academic programs and on our students? Why would the second largest institution of higher education in the State of Arkansas pay their faculty considerably less than their smaller peer institutions (i.e., UCA and UALR)? Given that the most vital part of any university is the faculty what message is the institution conveying?

Priority 1 of the ASU-J Strategic Plan draft is to “Refine ASU’s mission and identity as an emerging global research institution.” How can this top priority ever be accomplished when the faculty, who are clearly the leaders in such endeavors, are so grossly undercompensated when compared to their peers? It is important to note that while some faculty, especially those in the sciences may be in a position to enhance their annual salaries through external grant funding this is not the case for many who are in other professional fields where such opportunities are limited. Furthermore, faculty whose primary role is directed towards educating future teachers and other practitioners may also be restricted in acquiring this type of support.

The current ASU-J administration has acknowledged the existence of inadequate salaries and expressed a willingness to address these inadequacies. The Faculty Senate is hopeful that these issues will be placed as high priorities and addressed immediately.

On behalf of the ASU Faculty Association and ASU Faculty Senate we urge the ASU-J administration, system, and Board of Trustees to carefully examine the committee’s current report and especially the longitudinal data which clearly shows a significant problematic pattern of inadequate faculty salaries. We also request for you address the Faculty Senate Finance Committee’s Recommendation on Budget Priorities Pertaining to Faculty Compensation for Fiscal 2012 (revised January 20, 2011) which is attached to the report. The latter document outlines both key short-term and long-term priorities. Short-term priorities include: (a) the establishment of a funding process where faculty salary adjustments “come off the top” of the annual university planning budget, (b) completing the equity adjustment process by compensating approved salary increases initiated in Fiscal 2011 and adhering to the salary equity process as stated in the faculty handbook, and (c) for the upcoming year provide faculty salary increases to address cost of living adjustments before merit increases. Finally, the long-term priority calls for establishing a five-year plan to address average faculty salary to meet SREB averages for the current university classification.

In the best interest of academics and the future vitality of the university we strongly recommend that the above funding priorities pertaining to faculty salaries be adopted and implemented with integrity. Please feel free to contact me at your convince regarding these matters. The ASU Faculty Association and Faculty Senate stand ready to collaborate with all entities to bring our faculty salaries up to a level of financial compensation that is at least equal to our peers.

Sincerely yours,

Beverly Boals Gilbert, Ed.D.  
Professor of Early Childhood Education  
Chair of the ASU Faculty Senate  
President of the ASU Faculty Association

Cc Dr. Daniel Howard, Interim Chancellor of Arkansas State University-Jonesboro  
Dr. Charles Welch, President of Arkansas State University.

[The motion was passed by the ASU Senate April 1, 2011]

## Appendix C – ASU-J and ASU-System Highest Contracted Salaries 2011-2012

Salary	Position	Salary	Position	Salary	Position
285,000	*President	136,074	Director	109,892	Dept Chair
239,127	*Chancellor	135,603	Coach	109,235	Director
213,612	Exec Director	130,000	Assoc Vice Chan	108,121	Dept Chair
212,400	*Ex VC/Provost	130,000	Assoc Vice Pres	108,006	Professor
206,064	Vice Chan	125,684	Dept Chair	107,161	Exec Director
196,829	*Gen Counsel	125,265	*Assoc Vice Chan	107,100	Assist Prof
180,014	Vice President	125,181	Dean	106,947	Dept Chair
179,864	Clinical Coord	125,000	*Assoc Vice Chan	105,000	Assist Prof
173,400	Dean	124,899	Professor	105,000	Assist Prof
170,746	Resrch Professor	122,483	Professor	105,000	Assist Prof
169,883	*Vice Chan	122,387	Assoc Dean	104,741	Assoc Dean
169,310	*Vice Chan	121,415	Dept Chair	103,530	Assoc Dean
163,200	Dean	120,901	Dean	103,334	Professor
162,294	Dean	117,307	Assoc Vice Chan	101,745	Professor
162,294	Dean	115,597	Disting Professor	101,594	Assoc Prof
157,657	Disting Professor	115,525	Dept Chair	101,157	Professor
153,919	Vice President	115,000	Assoc Dean	100,731	Professor
151,660	*Head Coach	114,599	Professor	100,000	Assoc Director
150,000	Vice President	113,686	Assist Vice Chan	100,000	Director
147,179	Director	111,046	Director		
136,855	Professor	110,082	Dept Chair		
136,074	Director	110,000	Dean		

\*received equity