

**ASU Faculty Senate Finance Committee Report 2008**  
**To Be Presented: February 1, 2008**

**Committee Members:**

**Bill Rowe (Chair), Richard Burns, Dan Cline, Mark Foster**  
**Byron Flugstad, Shivan Haran, Richard Segall, Louella Moore (Data Analysis)**

The Faculty Senate Finance Committee studies long term trends in Arkansas State University spending with emphasis on the Jonesboro campus. The committee views this report as a digest of key trends of interest to faculty and other constituents and is presented as a service to ASU and to Arkansas taxpayers. The committee does not compile statistical or accounting data directly, but makes use of publicly available reports such as those provided through ASU's division of Institutional Research and its Finance office along with public sources of information provided by the Southern Regional Educational Board (SREB)<sup>1</sup>, the Arkansas Department of Higher Education (ADHE), and the Arkansas Division of Legislative Audit on their respective websites. This report is organized as follows: 1) Trends in faculty composition and qualifications, 2) Relative staffing changes between faculty and other categories, 3) Faculty salary trends, 4) Academic spending patterns, 5) Trends in auxiliary spending, 6) Tuition and enrollment, and 7) General financial condition of the university.

**Section 1. Faculty Composition and Qualifications**

In an increasingly complex world, the best jobs go to those with the ability to handle advanced analytical tasks. If students are to be adequately prepared to compete in a high tech, global environment it is important that they be trained by faculty whose credentials are indicative of extensive preparation in the subject matter for the assigned teaching area. It is troubling that as of 2006, 53% of the total instructional staff for public 4-year colleges in SREB states were made up of part time faculty and teaching assistants. In 2 year public schools for the same time period, part time and teaching assistants made up 68% of the faculty.<sup>2</sup>

Illustration 1 shows the trends in full time vs. part time faculty for ASUJ.<sup>3</sup> Illustration 2 shows the level of qualifications for the full time faculty in 1993, 2002, and 2006. The % of ASUJ's doctorally qualified full time faculty decreased somewhat from 1993 to 2002, but increased to approximately 2 out of 3 full time faculty members having a doctorate or other terminal qualification in 2006. It should be noted that this chart does not include teaching assistants or courses taught by faculty in high school concurrent

---

<sup>1</sup> SREB Institutions come from 16 states -- Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

<sup>2</sup> SREB Fact Book 2007, p. 151.

<sup>3</sup> This data comes from the Common Data Set available on the website for Institutional Research. This report excludes graduate teaching assistants and clinical faculty from its definition of part time faculty. Thus, the actual number of part time faculty would be higher if those were included

enrollment courses. If these were included the ratio of full time to part time faculty would have been lower. Illustration 1 shows that the level of full time to part time faculty, excluding TA's and concurrent enrollment faculty, has held roughly steady.

*Illustration 1  
Full Time vs. Part Time Faculty (Excluding TA's)*

	Fall 2002		Fall 2006	
<b>Full Time</b>	446	72.6%	456	73.7%
<b>Part Time</b>	168	27.4%	163	26.3%
<b>TOTAL</b>	614	100.0%	619	100.0%

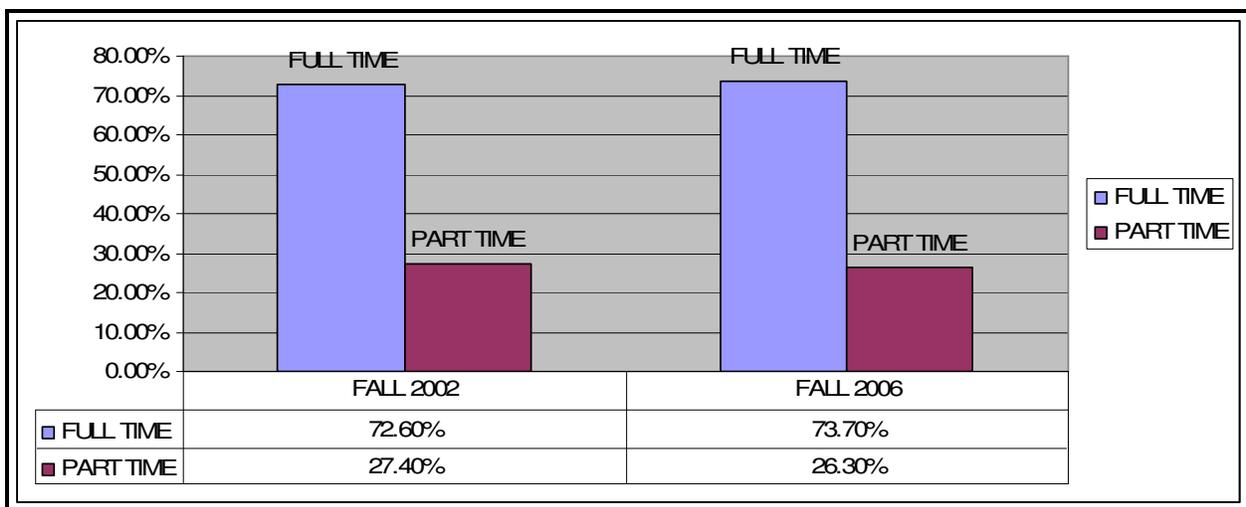


Illustration 2 shows the number of persons with doctoral or other terminal degrees compared to those with masters degrees over time. While the number of persons with doctorate degrees has increased slightly from 2002 to 2006, when compared to the number of full time faculty with doctorate degrees in 1993 the level of faculty qualifications has actually fallen. The committee notes that this is especially troubling given the trend toward more students taking freshman and sophomore courses at junior colleges. With the increased emphasis on the ASUJ campus on upper level and graduate coursework, one would expect that the faculty credential should be greater, not lower, than those in 1993.

*Illustration 2  
Full Time Faculty Credentials*

	Fall 1993		Fall 2002		Fall 2006	
<b>Doctorate</b>	281	71.3%	276	63.9%	305	66.9%
<b>Masters</b>	100	25.4%	140	32.4%	151	33.1%
<b>Less than Masters</b>	13	3.3%	16	3.7%	0	0.0%
<b>TOTAL</b>	394	100.0%	432	100.0%	456	100.0%

Illustration 2 Full Time Faculty Credentials Continued

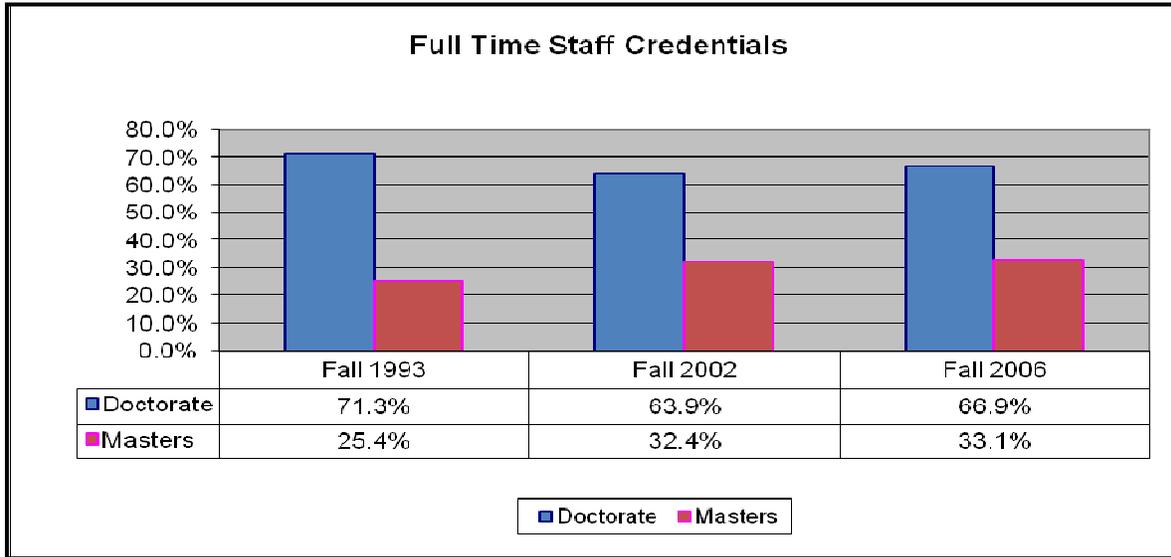
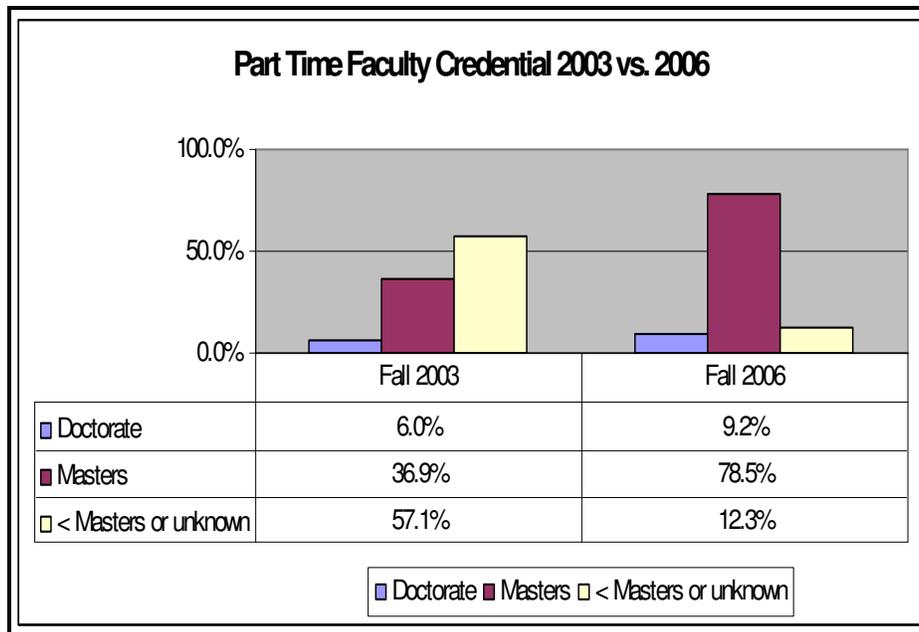


Illustration 3  
Part Time Faculty Credentials

	Fall 2003		Fall 2006	
<b>Doctorate</b>	10	6.0%	15	9.2%
<b>Masters</b>	62	36.9%	128	78.5%
<b>&lt; Masters or unknown</b>	96	57.1%	20	12.3%
<b>TOTAL</b>	168	100.0%	163	100.0%



## Section 2. Relative Staffing Changes

Illustration 4 shows the relative changes in number of employees between faculty and other staffing categories. The number of full time faculty compared to other employee categories has remained relative constant. Craft and Maintenance workers have decline on a relative basis. The percentage of employees in the Administrative and Professional Category has more than double in total and as a percentage. Some may be due to upgrades of staff from clerical/technical, but the total number of Administrative, Professional, Clerical & Technical workers has also increased as shown in the subtotal at the bottom of Illustration 4. The graphic highlights the gradual decrease in faculty over time and the marked increase in the administrative and professional employees.

*Illustration 4  
Employees by Category Over Time*

	1994		1998		2002		2006	
<b>Full Time Faculty</b>	394	34.8%	422	34.1%	432	33.1%	456	33.3%
<b>Administrative/Professional</b>	142	12.6%	253	20.5%	313	23.9%	396	28.9%
<b>Clerical/Technical</b>	305	27.0%	254	20.5%	287	22.0%	244	17.8%
<b>Craft/Maintenance</b>	290	25.6%	308	24.9%	275	21.0%	274	20.0%
<b>TOTAL EMPLOYEES</b>	1131	100.0%	1237	100.0%	1307	100.0%	1370	100.0%
<b>Total Admin/Prof/Cler/Tech</b>	447	39.5%	507	41.0%	600	45.9%	640	46.7%

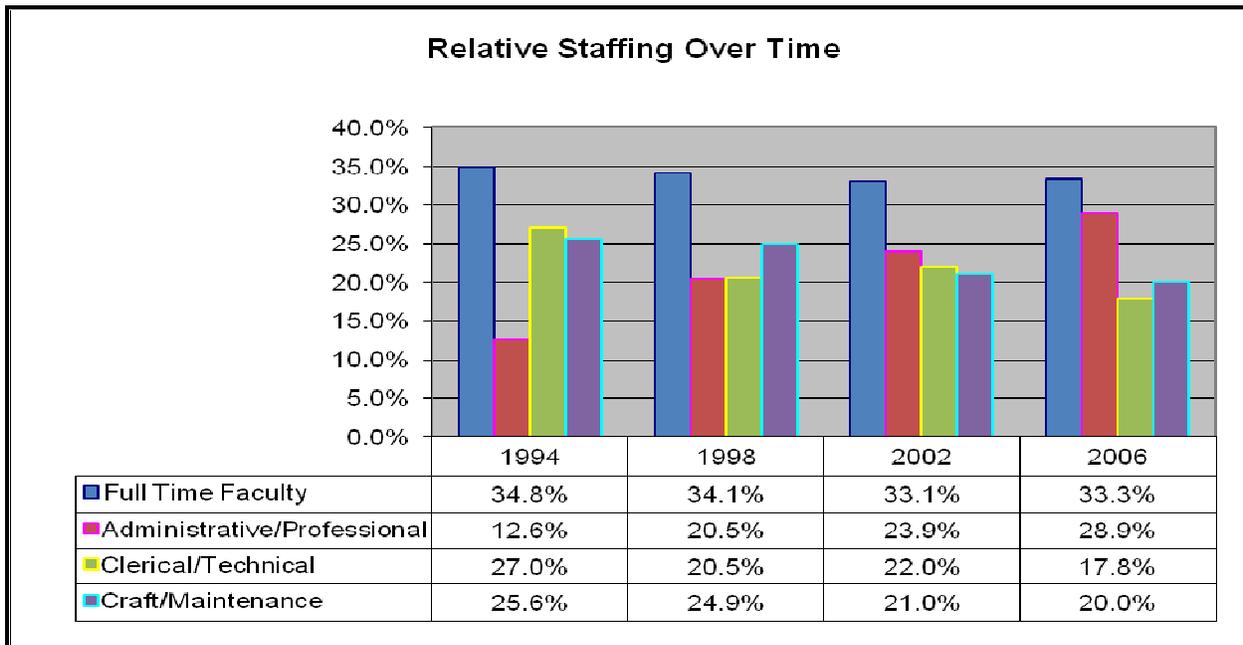
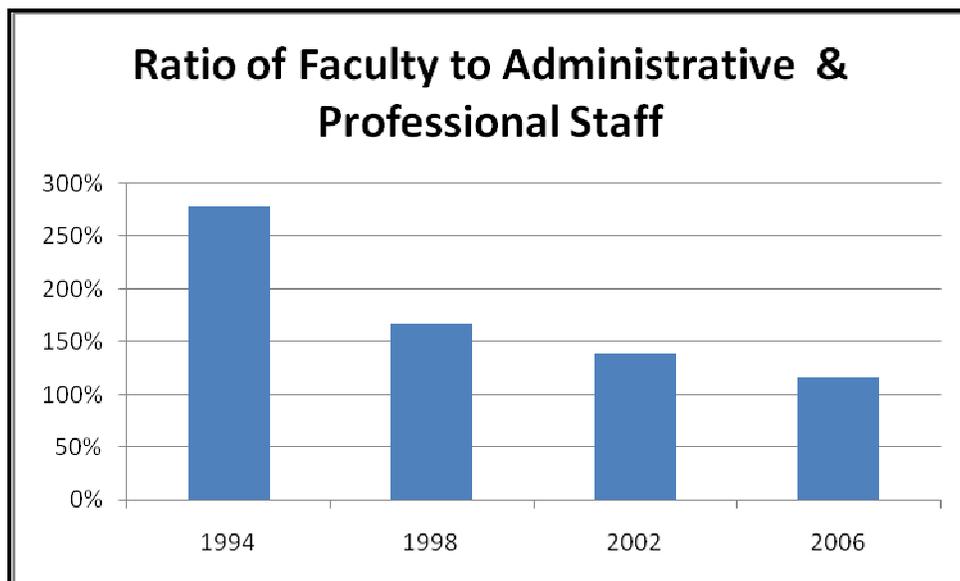


Illustration 4 Continued



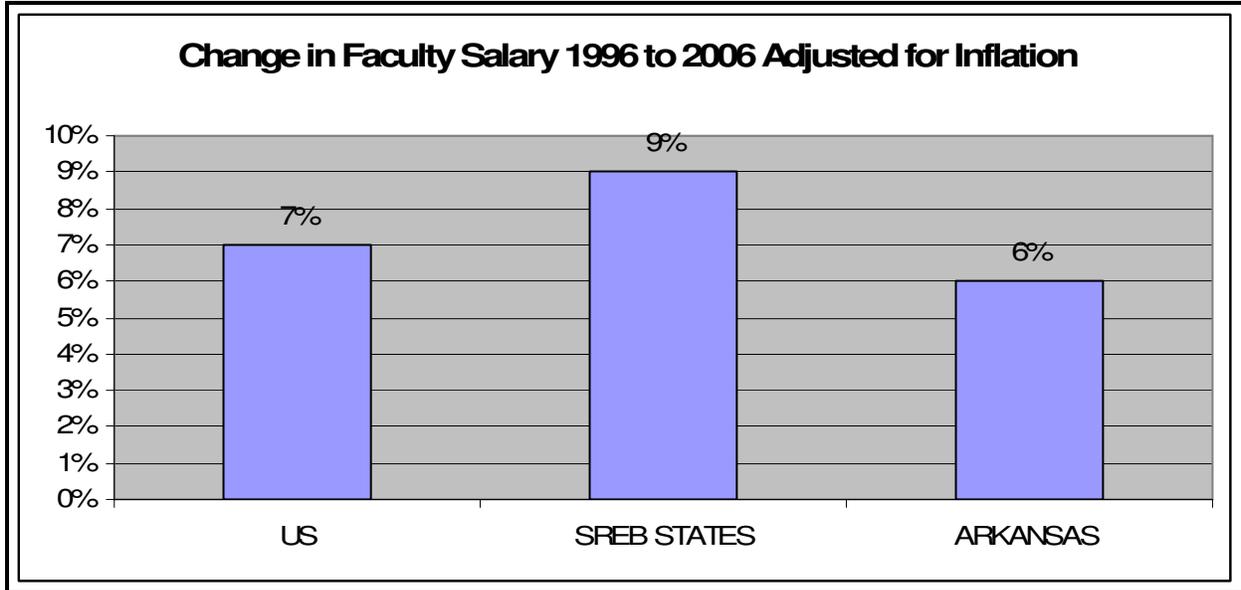
### Section 3. Faculty Salary Trends

The SREB reports that faculty salary growth trails that of the average American worker. The average wage for all workers in 2006 was \$38,000 which was a 36% increase over wages in 1976 adjusted for inflation. The average wage for public four year college faculty in the U.S. as a whole was \$69,800 but this represented only a 10% increase in real wages adjusted for inflation compared to wages in 1976. The average wage increase adjusted for inflation for public four year colleges in the SREB states was 15% from 1976 to 2006, but the average salary of \$66,000 was still \$3,800 below the average overall U.S. wage in four year public colleges.<sup>4</sup> Salaries in public four year colleges in the SREB states were at 95% of overall U.S. faculty compensation levels at the end of 2006 compared to 93% in 1996. On the other hand, public two-year colleges faculty salaries in the SREB regional dropped from 87% to 85% of national levels. From 1996 to 2006 Arkansas average salaries for public four year colleges and universities stood at an average of \$56,600 which was at 80% of the national and 86% of the SREB level of average faculty salaries. Illustration 5 shows that in the decade from 1996 to 2006, inflation adjusted 4-year public salaries in Arkansas increased 6% compared to 7% nationwide and a 9% average for all SREB states.<sup>5</sup>

<sup>4</sup> SREB Fact Book 2007, p. 155.

<sup>5</sup> SREB Fact Book 2007, p. 157.

*Illustration 5*  
*Inflation Adjusted Salary Changes*



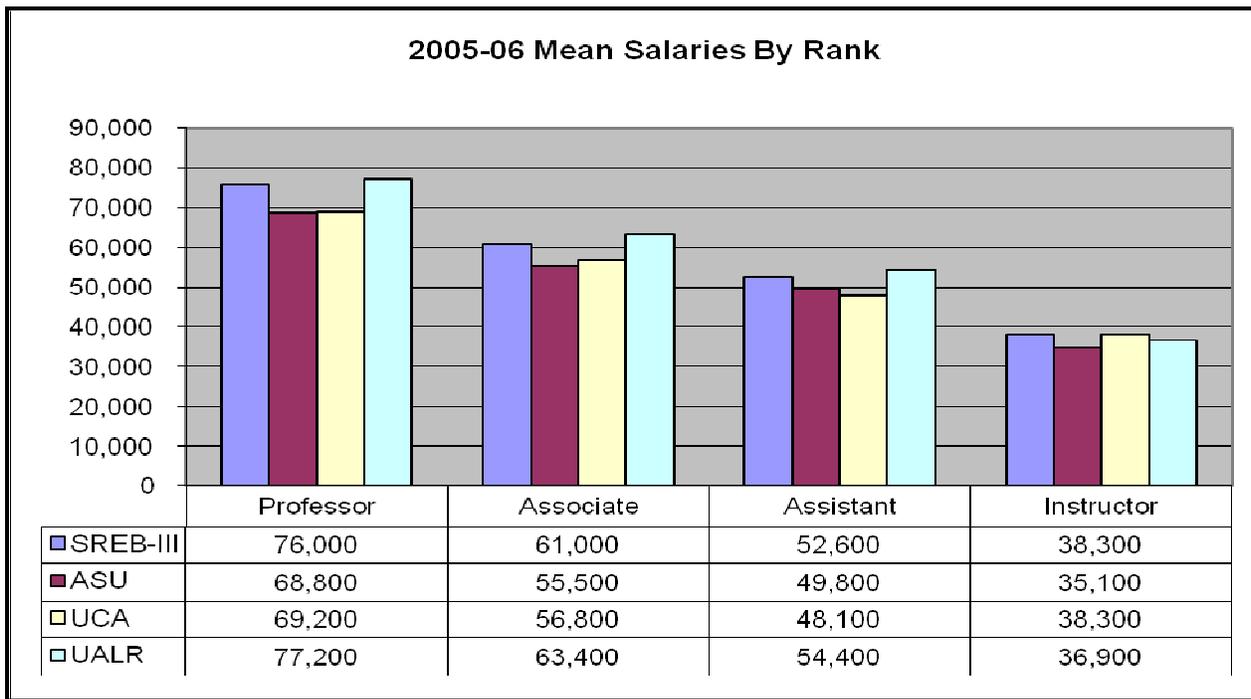
The SREB Fact Book 2007 notes that average base salaries for administrators at public four-year colleges in SREB states also surpassed the national averages in the categories for chancellor/president (SREB average of \$244,800; \$17,900 more than national) and for chief academic officers (SREB average of \$173,600; \$2,900 above national) and chief business officers (SREB average of \$152,000; \$3,000 above national).<sup>6</sup> Two year SREB CEO salaries were slightly below the national average.

Illustration 6 compares salary levels for ASUJ full time faculty at various ranks to SREB and other Arkansas institutions in the SREB III category. This shows that ASUJ average salaries by rank are below those of UCA and UALR at the Full, Associate, and Instructor ranks. Average salaries are \$4600 below UALR, but \$1700 ahead of UCA at the Assistant level. UALR Salaries were ahead of ASUJ and UCA at the Full, Associate, and Assistant Levels. UCA was at the SREB average for Instructors, while ASUJ and UALR were lower than SREB average for category III institutions for instructor level faculty. Arkansas salaries have not kept up with National or SREB Salaries. Further, ASUJ salaries have not kept up with peer institutions even within the state for most ranks.

<sup>6</sup> SREB Fact Book 2007, p. 159.

*Illustration 6*  
*Comparison of ASU Salaries to SREB and Other Arkansas Institutions*

	Professor	Associate	Assistant	Instructor
<b>SREB-III</b>	76,000	61,000	52,600	38,300
<b>ASU</b>	68,800	55,500	49,800	35,100
<b>% SREB III</b>	90.5%	91.0%	94.7%	91.6%
<b>UCA</b>	69,200	56,800	48,100	38,300
<b>% SREB III</b>	91.1%	93.1%	91.4%	100.0%
<b>UALR</b>	77,200	63,400	54,400	36,900
<b>% SREB III</b>	101.6%	103.9%	103.4%	96.3%



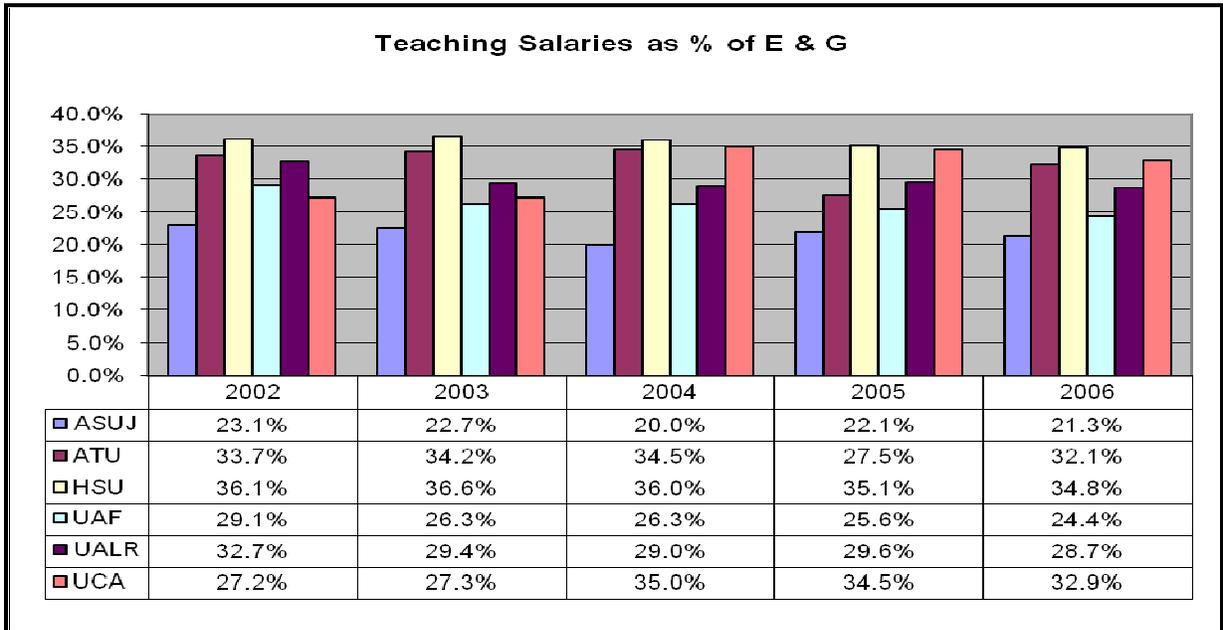
#### Section 4. Academic Spending Patterns

Spending patterns can be a gauge of what an institution values. This section of the report looks at the percent of institutional resources spent for instructional salaries as reported in the ADHE Fact Book 2007. Illustration 7 shows the amount of Unrestricted E&G Expenditures for Teaching Salaries and Department Operating Expenditures across selected Arkansas Institutions. This table shows that ASU devotes the lowest percentage of its overall E&G budget to Teaching Salaries of any of the six largest 4-year public universities.

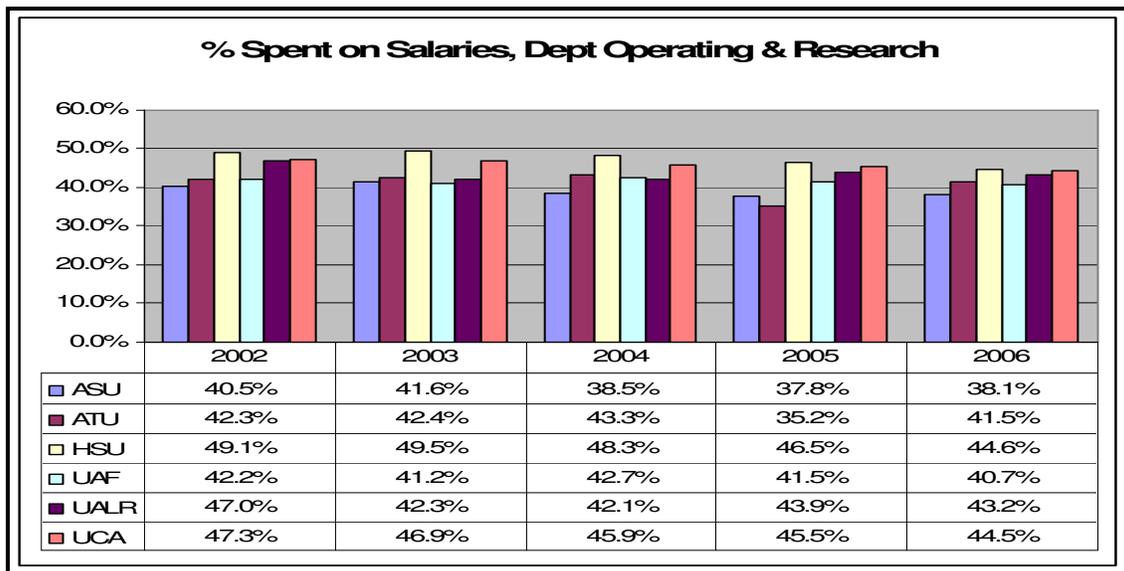
Illustration 8 shows the relative spending on the total of Teaching Salaries, Departmental Operating Expenses, and Research. Because fringe benefits may be partly reflected in the Departmental budget, and because teaching salaries are allocated to Research when faculty are on release time, Illustration 8 is an alternative measure of the relative Education & General Expenditures for the teaching and research mission of

the institution which shows the percentage spent on the total of Teaching Salaries, Departmental Operating Expenses, and Research. The conclusion is essentially the same; for 2006, ASU spent a lower percentage of its resources on the teaching mission than the other comparable 4-year public institutions and for but one other year studied.

*Illustration 7  
Relative Spending on Teaching Salaries – ASU vs. Other Arkansas Institutions*

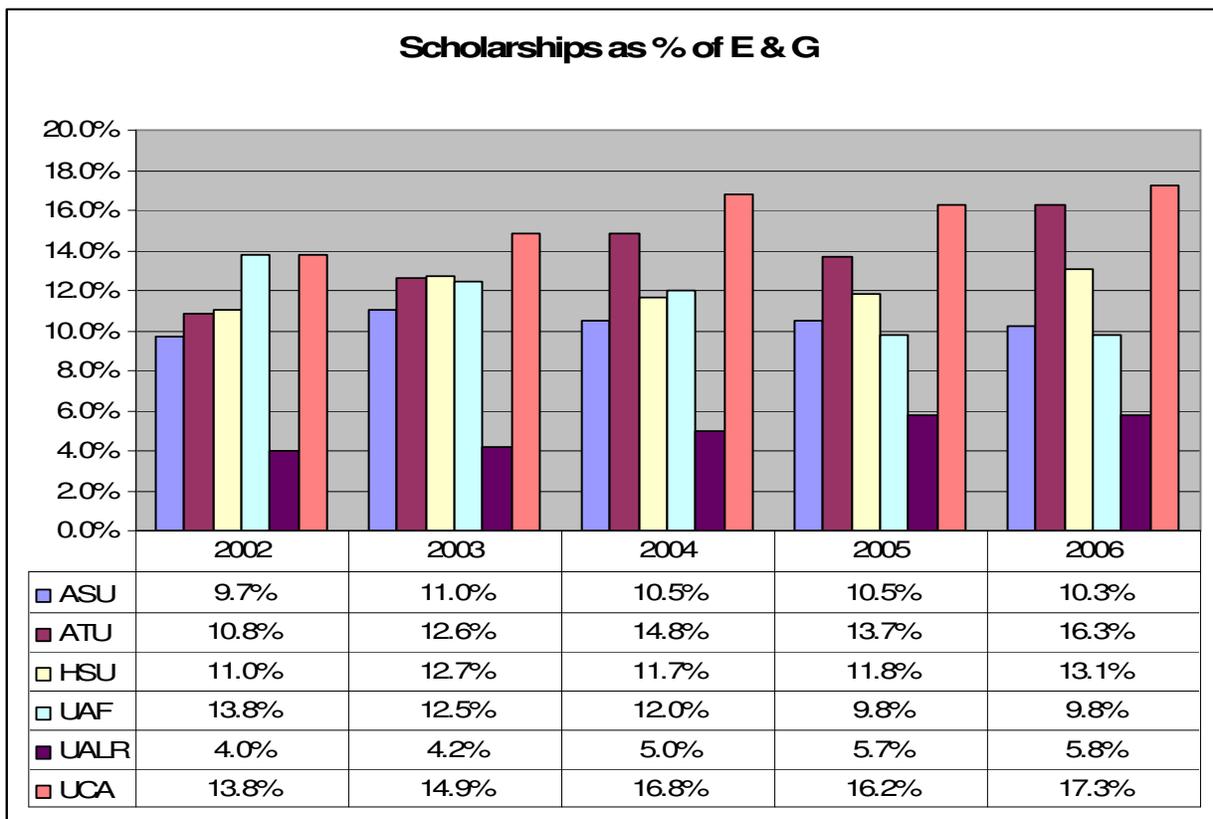


*Illustration 8  
Spending on Teaching Salaries, Dept Operating Expenses, & Research*



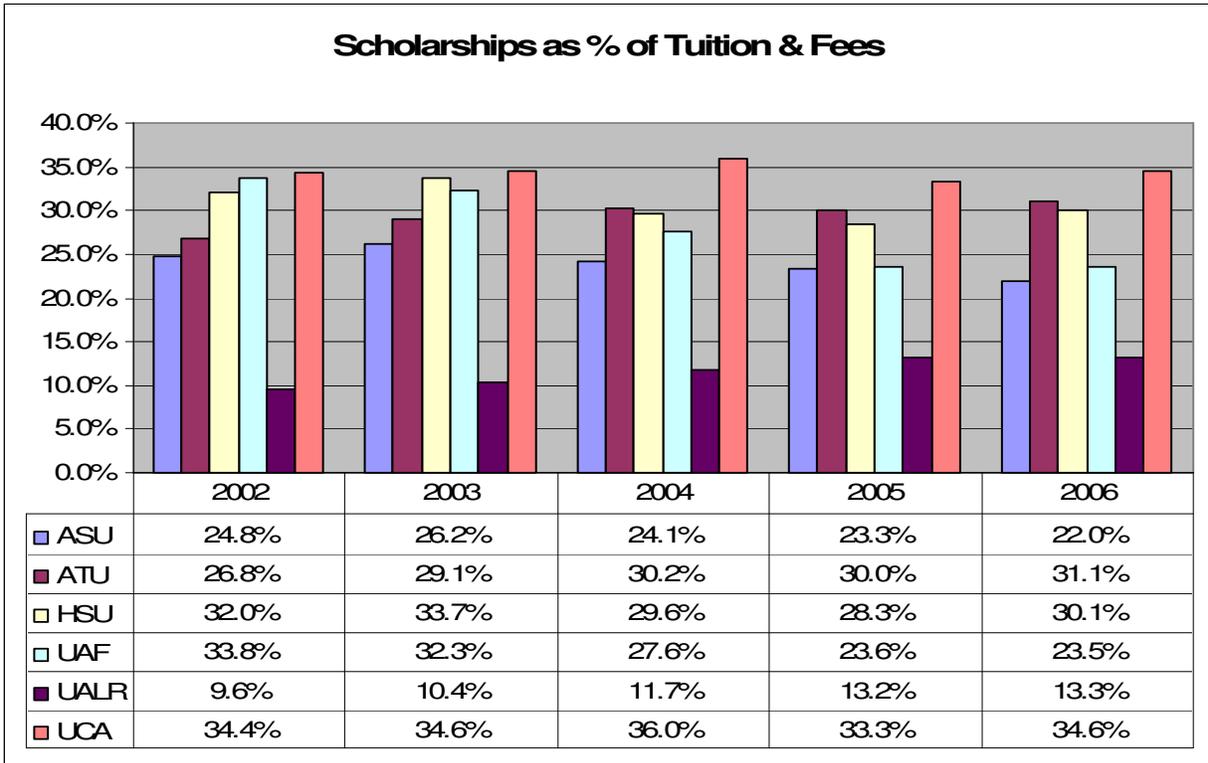
Scholarships are one of the means that public institutions use to compete for students. Illustration 9 shows the relative spending for Scholarships and Fellowships for selected Arkansas public universities. In recent years many Arkansas universities have become very aggressive in the use of scholarship funds to attract students. Illustration 9 shows that UCA and ATU allocated 17.3% and 16.3% of their E&G expenditures to Scholarships and Fellowships in 2006. Illustration 10 computes the Scholarship and Fellowship spending as a percentage of total Tuition and Fees for fiscal years 2002 through 2006. According to an AP article Scholarship and Fellowship spending for the 2007 school year was 31.7% of UCA's and 30.2% of ATU's tuition and fee income which exceeded the 30% cap passed by the Arkansas legislature in 2005 to prevent universities from using scholarships to unfairly compete for students which then increase their base for future funding.<sup>7</sup> It is not clear that there have been any repercussions from exceeding the 30% cap.

*Illustration 9*  
*Spending on Scholarships and Fellowships as % of E & G*



<sup>7</sup> UCA, Ark. Tech exceed caps on scholarships, JONESBORO SUN, November 12, 2007, p. A7.

*Illustration 10*  
*Spending on Scholarships and Fellowships as % of Tuition and Fees*



### Section 5. Auxiliary Spending Patterns

Auxiliary enterprises are nonacademic, business-like activities for which colleges and institutions charge a fee. These profit centers have the potential to provide profits which can supplement campus activities beyond the resources provided by state appropriations and tuition. Illustration 11 provides information on net inflows from 10 categories of auxiliary enterprises for the fiscal year 2005-06.<sup>8</sup> These figures show that while ASU netted approximately \$1.6M from other auxiliary operations, it lost approximately \$3.5M on athletics activities. Although all of the largest 4 year public institutions with the exception of Fayetteville spent at least 3/4 Million dollars more than they took in, ASUJ's net spending on athletics was more than double that of any of the other schools studied.

<sup>8</sup> This information is adapted from Tables 5.1A,B,C,E,G,&J in the ADHE Fact Book 2007.

*Illustration 11*  
*Auxiliary Profits & Loss Fiscal Year 2005-06*

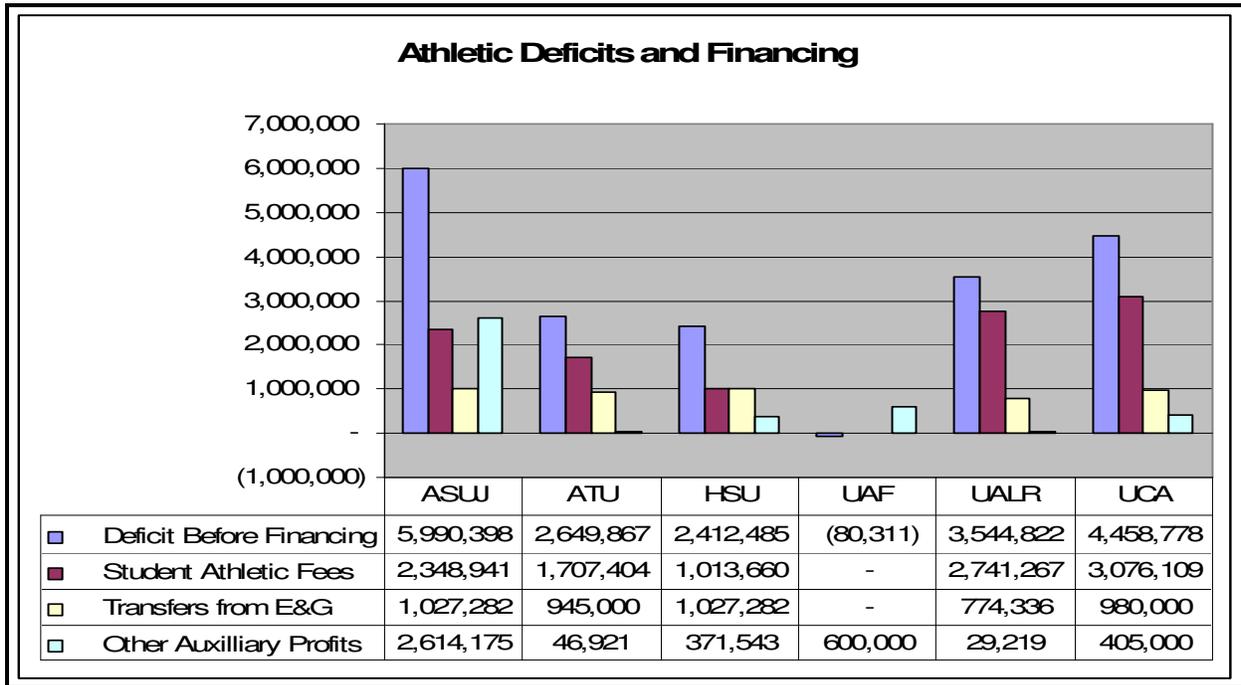
	<b>ASUJ</b>	<b>ATU</b>	<b>HSU</b>	<b>UAF</b>	<b>UALR</b>	<b>UCA</b>
<b>Resident Halls</b>	872,157	187,205	256,262	3,233,299	504,464	(399,715)
<b>Married Student Housing</b>	317,740	-	-	136,509	-	-
<b>Faculty Housing</b>	111,802	-	1,496	-	-	-
<b>Food Service</b>	53,277	206,121	233,592	-	163,032	831,128
<b>College Union</b>	(379,939)	-	(42,766)	(1,224,651)	(1,520,810)	(31,624)
<b>Bookstore</b>	176,982	46,168	78,171	84,675	438,990	179,839
<b>Student Org. &amp; Publications</b>	(36,443)	(78,028)	(39,848)	122,876	65,803	-
<b>Student Health Service</b>	-	(137,340)	(38,750)	152,371	-	885,266
<b>Other Auxiliary</b>	542,565	(12,181)	(268,052)	638,746	136,310	(241,218)
<b>TOTAL PROFIT BEFORE ATHLETICS</b>	1,658,141	211,945	180,105	3,143,825	(212,211)	1,223,676
<b>Athletics before transfers</b>	(3,483,557)	(926,968)	(1,399,455)	1,787,453	(775,698)	(977,735)
<b>Net</b>	(1,825,416)	(715,023)	(1,219,350)	4,931,278	(987,909)	245,941

Illustrations 12A-C give further details on athletic spending for fiscal year 2005-06. These figures are taken from Table 6.10A from the ADHE Fact Book 2007. The deficits reported in the Illustration 12 series are higher than those reported in the auxiliary profits section of the same Fact Book. The 2007 Fact Book does not reconcile the two sets of figures, but the difference appears to be primarily from the handling of student fees as an ordinary revenue. However, given the greater detail available in Table 6.10A from the ADHE Fact Book, the committee believes the presentation in Illustration 12 gives the more complete picture. In this presentation student fees are considered financing rather than ordinary revenues of the athletic department.

Illustration 12A shows that before student athletic fees, transfers from E&G, and transfers from current and prior year auxiliary profits, the net cost of ASUJ athletic programs was nearly \$6 Million. This compares to an essentially break even program at UAF. Net cost at UCA was roughly \$4.5M, net costs at UALR were \$3.5M, \$2.6M at ATU, and \$2.4M at HSU. Although a prior ASU Senate Finance Committee noted that ASUJ's athletic fees were the highest in the state during fiscal year 2002, from 2004 to 2006 UALR and UCA have exceeded ASUJ in total student athletic fees. The ASUJ operating losses in fiscal year 2005-06 were covered by \$2.3M in student athletic fees, \$1M in transfers from E&G, and \$2.6M in transfers from auxiliary profits. An interesting observation on the UAF situation is that even in a program that is sufficiently profitable that student athletic fees are not needed, still UAF transferred in \$600,000 of auxiliary profits rather than providing a subsidy to the educational mission. Illustration 12B

shows how the per student impact of the excess cost of athletic programs compared to ticket sales and other revenues.

*Illustration 12A  
Athletic Deficits and How They Were Funded Fiscal Year 2005-06*



*Illustration 12B  
Athletic Deficits and How They Were Funded Fiscal Year 2005-06*

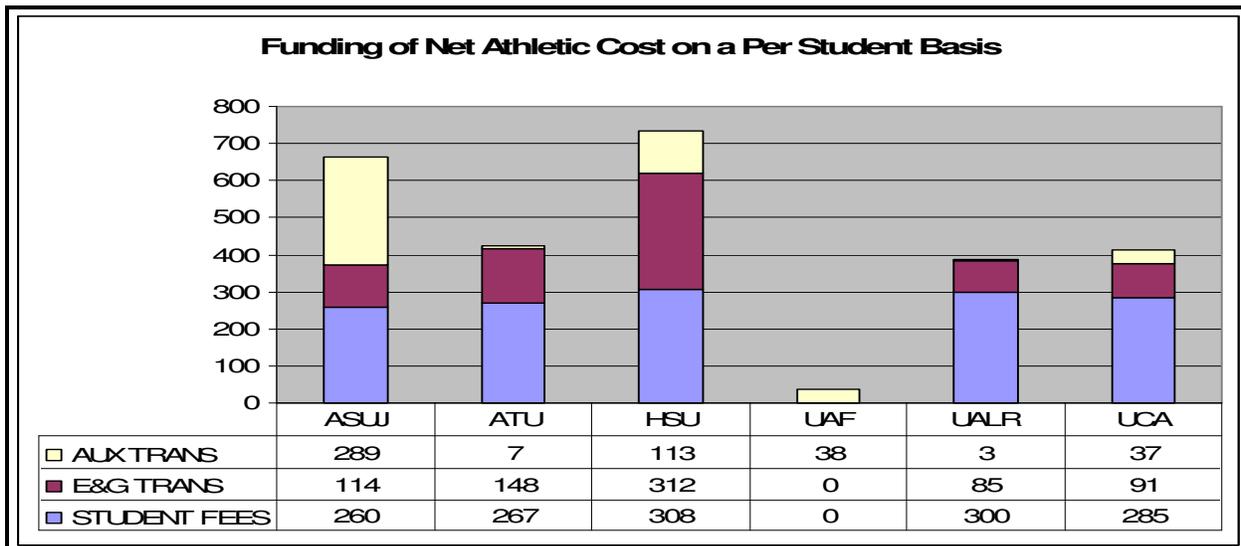


Illustration 12B above shows that ASUJ's E&G transfers are the same as those for HSU and just slightly more than the total dollar amount transferred by HSU, the per unit amount is higher at these school because of the lower number of students even though they are in less prestigious conferences. The illustration also shows that while ASUJ does not have the highest students fees per FTE, ASUJ far exceeds the other schools in its transfers of auxiliary profits into the athletic program. The committee includes the auxiliary profit transfers as an indirect cost to students because the profits existing largely from charges to students for housing and food service. Also, transfer of these profits to athletics rather than the academic function results in being forced to either reduce academic budgets or raise tuition.

*Illustration 12 C*  
*Details of Athletic Deficits and Funding*

	ASUJ	ATU	HSU	UAF	UALR	UCA
<b>Ticket Sales Media less Game Guar/Conc</b>	1,406,620	137,689	17,534	19,032,959	577,154	330,379
<b>Other Income Foundation/Club/Private Gifts</b>	1,144,502	15,809	30,183	4,806,332	565,956	9,167
	502,438	36,375	51,509	3,821,942	71,604	91,603
<b>Salaries/Fringe/Help</b>	(3,553,144)	(1,008,056)	(787,998)	(13,057,316)	(2,238,365)	(1,477,835)
<b>Athletic Schol. &amp; Med</b>	(2,738,923)	(982,362)	(1,159,860)	(4,795,663)	(1,287,277)	(1,384,080)
<b>Travel</b>	(1,464,216)	(315,126)	(175,239)	(4,890,318)	(624,160)	(645,038)
<b>M&amp;O Facilities Equip</b>	(1,506,758)	(417,310)	(477,089)	(10,951,004)	(884,790)	(965,843)
<b>Debt Service &amp; Other Transfers Out &amp; Borrowing</b>	-	(134,086)	(21,390)	(5,485,990)	-	(440,708)
	-	-	7,264	(475,662)	-	-
<b>Deficit before Financing</b>	<u>(5,990,398)</u>	<u>(2,649,867)</u>	<u>(2,412,485)</u>	<u>80,311</u>	<u>(3,544,822)</u>	<u>(4,458,778)</u>
<b>ATHLETIC FINANCING:</b>	<b>ASUJ</b>	<b>ATU</b>	<b>HSU</b>	<b>UAF</b>	<b>UALR</b>	<b>UCA</b>
<b>Student Athletic Fees</b>	2,348,941	1,707,404	1,013,660	-	2,741,267	3,076,109
<b>Transfers from E&amp;G</b>	1,027,282	945,000	1,027,282	-	774,336	980,000
<b>Other Aux. Profits</b>	2,614,175	46,921	371,543	600,000	29,219	405,000
<b>Total Financing</b>	<u>5,990,398</u>	<u>2,699,325</u>	<u>2,412,485</u>	<u>600,000</u>	<u>3,544,822</u>	<u>4,461,109</u>
<b>Balance (deficit less financing)</b>	<u>-</u>	<u>49,458</u>	<u>-</u>	<u>680,311</u>	<u>-</u>	<u>2,331</u>

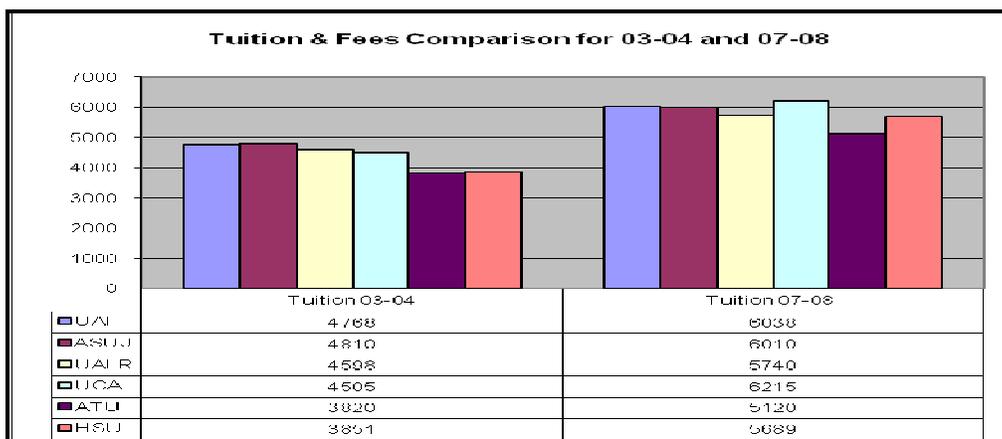
## Section 6. Tuition and Enrollment

Illustration 13 shows tuition levels for fiscal years 2003-4 and 2007-8 for the six largest public universities in Arkansas as reported in the ADHE Fact Book 2007. This shows that while ASUJ had the highest reported tuition level for undergraduate tuition in 2003-04, the level of increase has moderated so that ASUJ's tuition is now third highest in the state. UCA's level of increase was 38% over the 5 year period compared to 25% for ASUJ and UALR; UCA now has the highest reported level of undergraduate tuition and fees.

Illustration 13  
Tuition and Mandatory Fees as Reported in ADHE Fact Book 2007

<b>Undergraduate:</b>	<b>Tuition 03-04</b>	<b>Tuition 07-08</b>	<b>% Change</b>
<b>UAF</b>	4768	6038	27%
<b>ASUJ</b>	4810	6010	25%
<b>UALR</b>	4598	5740	25%
<b>UCA</b>	4505	6215	38%
<b>ATU</b>	3820	5120	34%
<b>HSU</b>	3851	5689	48%
<b>Graduate:</b>	<b>Tuition 03-04</b>	<b>Tuition 07-08</b>	<b>% Change</b>
<b>UAF</b>	11518	14492	26%
<b>ASUJ</b>	10720	**13390	25%
<b>UALR</b>	10538	13232	26%
<b>UCA</b>	7817	11045	41%
<b>ATU</b>	7360	9710	32%
<b>HSU</b>	7231	10309	43%

\*\*This was as reported by the Factbook. The current amount is lower because ASUJ's Board of Trustees passed a decrease in graduate fees in JUNE 2007 to approximately twice the undergraduate rate.

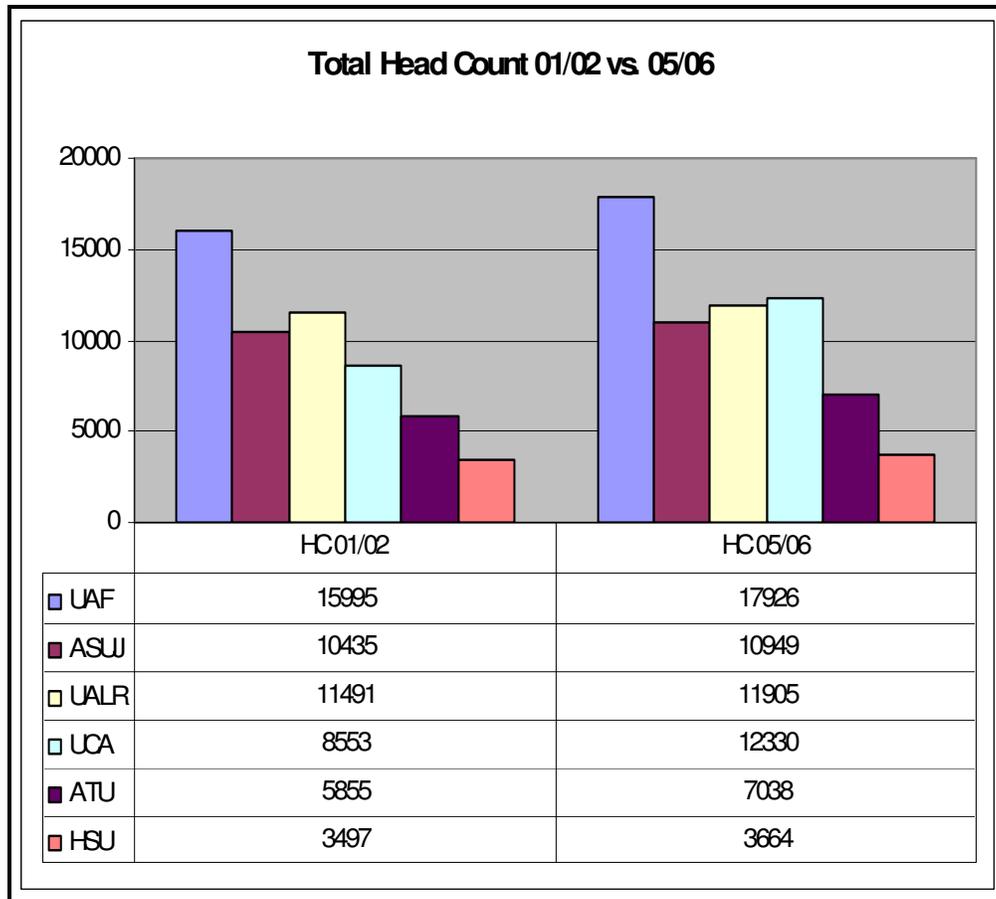


Illustrations 14 & 15 show changes in FTEs and head counts for the six largest Arkansas colleges for fiscal years 2002 through 2006. Illustration 14 shows that total student growth was below 5% for ASUJ, UALR, and HSU. UAF experienced 12%

growth in headcount. Headcount increase for ATU was 20% and UCA's growth was 44%.

Illustration 14  
Change in Headcounts from FY 2002 to 2006

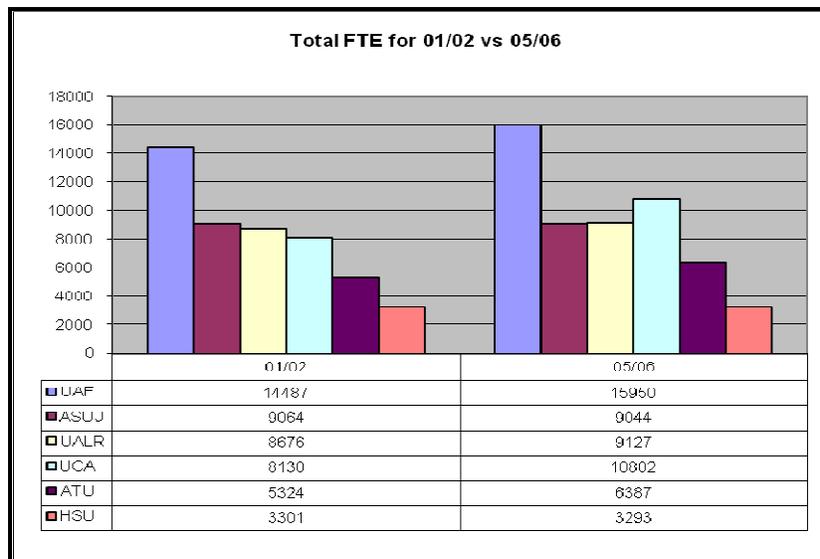
	HC 01/02	HC 05/06	DIFF	%Change
<b>UAF</b>	15995	17926	1931	12.1%
<b>ASUJ</b>	10435	10949	514	4.9%
<b>UALR</b>	11491	11905	414	3.6%
<b>UCA</b>	8553	12330	3777	44.2%
<b>ATU</b>	5855	7038	1183	20.2%
<b>HSU</b>	3497	3664	167	4.8%



Looking at growth in terms of Full Time Equivalent students, ASUJ and HSU actually had a modest decrease in spite of ASUJ's 35.5% increase in graduate enrollment. UCA had the highest growth in undergraduate and overall FTE's.

Illustration 15  
FTE Changes from FY 02 to 06

UAF	FTE 01/02	FTE 05/06	Diff.	% Change
<b>Undergraduate</b>	12176	13131	955	7.8%
<b>Graduate</b>	2311	2819	508	22.0%
<b>Total</b>	14487	15950	1463	10.1%
ASUJ	FTE 01/02	FTE 05/06	Diff.	% Change
<b>Undergraduate</b>	8361	8093	-268	-3.2%
<b>Graduate</b>	702	951	249	35.5%
<b>Total</b>	9064	9044	-20	-0.2%
UALR				
<b>Undergraduate</b>	7176	7268	92	1.3%
<b>Graduate</b>	1499	1859	360	24.0%
<b>Total</b>	8676	9127	451	5.2%
UCA				
<b>Undergraduate</b>	7247	9685	2438	33.6%
<b>Graduate</b>	883	1118	235	26.6%
<b>Total</b>	8130	10802	2672	32.9%
ATU				
<b>Undergraduate</b>	4916	5981	1065	21.7%
<b>Graduate</b>	409	406	-3	-0.7%
<b>Total</b>	5324	6387	1063	20.0%
HSU				
<b>Undergraduate</b>	3050	2923	-127	-4.2%
<b>Graduate</b>	251	371	120	47.8%
<b>Total</b>	3301	3293	-8	-0.2%



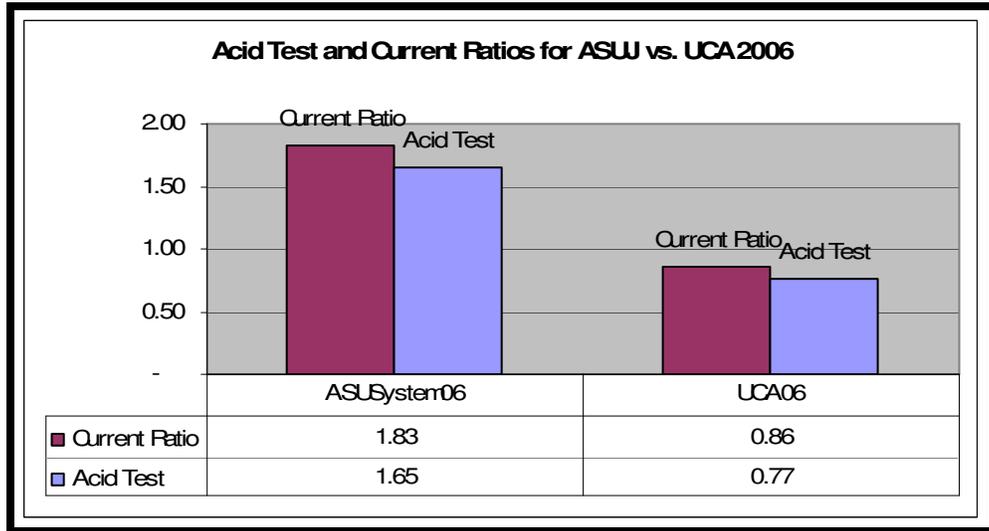
## **Section 7. General Financial Condition of ASU System**

Illustrations 16A-D show key financial ratios from the audited FY 2006 ASU System financial statements compared to those of UCA. The acid test in Illustration 16A consists of liquid assets divided by total current liabilities. Cash, cash equivalents, accounts receivable and unrestricted short and long term investments were considered liquid. The current ratio consists of total current assets divided by current liabilities. Although there is no set requirement, an acid test ratio of 1.0 and a current ratio of 2.0 is considered a rule of thumb as a desirable target. The ASU Systems is well over 1.0 for its acid test and close to 2.0 for the current ratio. UCA is well below this level.

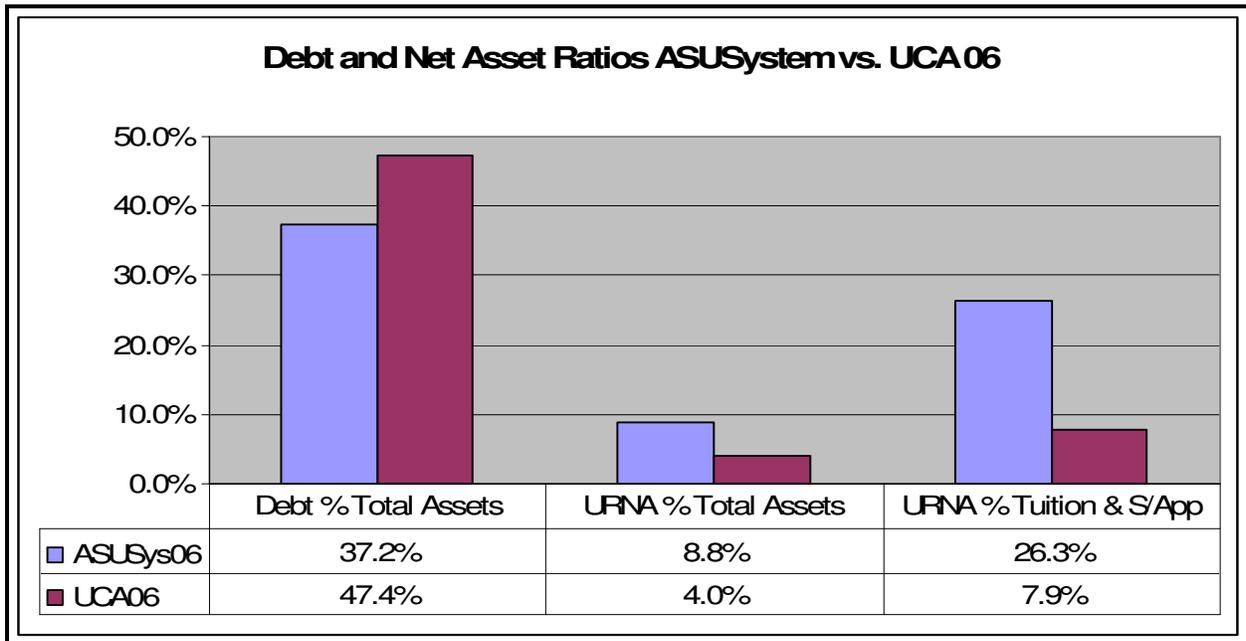
Illustration 16B shows Debt and Net Asset Ratios for the ASU System vs. UCA for FY06. UCA had higher long term debt as a percent of total assets. UCA had lower net assets compared to total revenue generated from tuition and fees net of scholarships plus moneys from state appropriations. The general meaning of this ratio is what % of a year's revenues the organization has in reserves. The ASU System had approximately 3 months reserves compared to only 1 month for UCA. These differences are not merely the result of a size differential between UCA as a stand alone campus and the overall ASU System; the use of ratios instead of total dollar amounts adjusts for the inherent difference in size. These results seem to suggest that the UCA approach to offering substantial scholarships to beef up enrollment has not translated into a better overall financial situation.

Illustration 16C shows ratio for the ASU Foundation. The ASU Foundation holds donations. The total Foundation net assets (formerly called fund balances) are broken into the sub-categories unrestricted, temporarily restricted, and permanently restricted. The temporarily restricted category shows both donations restricted by purpose, such as for equipment, and by department even when the money can be spent for any departmental use. The true amount of discretion foundation money available thus lies somewhere between the unrestricted foundation net assets and the total of unrestricted and temporarily restricted. Both unrestricted and temporarily restricted balances are quite low. The ratios seem to indicate the ASU System financial status is relatively stable, though the small size of the unrestricted foundation balances are of concern. Even though the overall foundation net assets are higher than for UCA, the overall size is quite low. The updated data in the detailed calculation sheet in Illustration 16D show that the discretionary ASU Foundation balances in unrestricted and temporarily restricted were slightly lower in 2007 than in 2006.

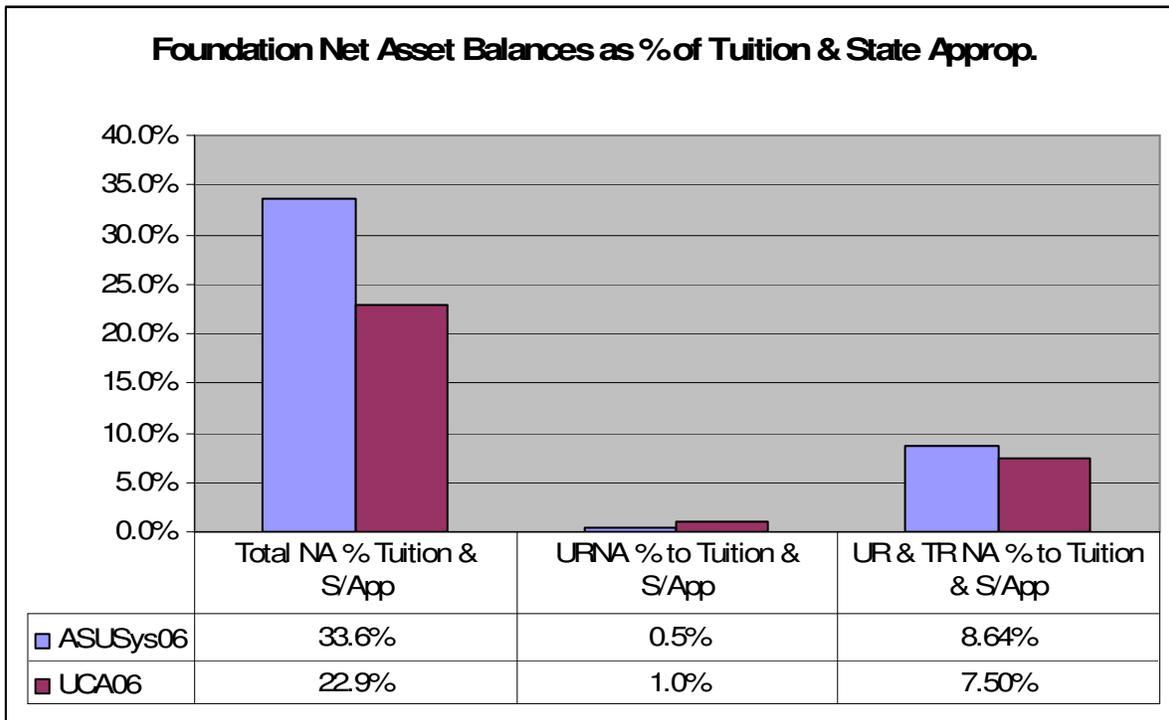
*Illustration 16A*  
*Liquidity Ratios for ASU System vs. UCA*



*Illustration 16B*  
*Debt and Unrestricted Net Asset Ratios for ASU System vs. UCA*



*Illustration 16C*  
*Foundation Net Assets as a Percent of a Year's Tuition and State Appropriations*



*Illustration 16D*  
*Details of Inputs Used in Financial Ratio Calculations With 07 Update for ASUSystem*

<b>Inputs :</b>	<b>ASUSystem07</b>	<b>ASUSystem06</b>	<b>UCA06</b>
Cash, Equivalents ST Inv Receivables & Notes	39,604,072	32,138,429	7,559,885
Current Assets	44,075,908	35,630,816	8,448,608
Current Liabilities	18,862,204	19,465,753	9,871,286
Bonds, Notes and Leases	161,252,087	127,336,888	78,016,553
Total Assets	382,315,235	341,893,008	164,660,273
Unrestricted Fund Balance	31,806,387	30,018,383	6,575,134
Tuition & Fees Net of Schol. + State Approp	121,695,729	113,929,555	83,608,547
Foundation Fund Balance	41,288,129	38,269,656	19,172,801
Foundation Unrestricted Net Assets	178,157	580,593	874,211
Foundation Temp. Restricted Net Assets	7,896,739	9,263,042	5,399,597
<b>Outputs :</b>	<b>ASUSystem07</b>	<b>ASUSystem06</b>	<b>UCA06</b>
Acid Test	2.10	1.65	0.77
Current Ratio	2.34	1.83	0.86
Bonded Debt, Notes & Leases to Total Assets	42.2%	37.2%	47.4%
Unrestricted Fund Balance to Total Assets	8.3%	8.8%	4.0%
Unrestr. Fund Balance to Tuition & State Approp.	26.1%	26.3%	7.9%
Found. Fund Balance to Tuition & State Approp.	33.9%	33.6%	22.9%
Found. Unrest. FB to Tuition & State Approp.	0.1%	0.5%	1.0%
Found. Unrest. & Temp Rest. To Tuition & State Approp.	6.64%	8.64%	7.50%

## Summary of the 2008 Faculty Senate Finance Report

The committee highlights the items below as the most significant findings of their study:

1. ASUJ faculty qualifications are deteriorating at the same time that the research and graduate mission is being stressed in strategic mission documents. Graduate education and higher research goals both require a faculty with higher, not lower, levels of credentials.
2. The number of faculty employees has only increased slightly while professional and administrative staff have grown substantially over time.
3. Faculty salaries are not keeping pace with national, regional, or comparable state institutions. This threatens the institution's ability to retain the type of faculty needed to meet the institution's mission and goals.
4. The institutional spending on teaching as a % of E&G is the lowest in the state. This shows a lack of institutional priority for the teaching function.
5. Spending on athletics at most 4-year public institutions in the state transfers amounts away from the academic mission in a manner that faculty find unconscionable. While student athletic fees at ASUJ are comparable to many other 4-year schools in Arkansas, ASUJ's use of auxiliary profits as a means of financing its athletic programs is unsustainable in the long run.
6. ASUJ's charges for tuition are comparable to that of other 4 year public institutions in the state.
7. ASUJ overall headcount and FTE's have held roughly steady. However, the undergraduate FTE enrollment has actually declined.
8. The headcount and FTE's at institutions across the state are influenced by scholarship policy. The percentage of tuition and fees allocated to scholarships at ASUJ is in the middle ground; but HSU's, UCA's, and ATU's highly competitive (some might say predatory) scholarship strategies are increasing their enrollment numbers. Legislative caps have had little effect so far.
9. Though UCA has increased numbers of students significantly through its generous scholarship policies and pays slightly higher teaching salaries, the ASU System appears to have better liquidity, less debt, and higher levels of unrestricted net assets than UCA.
10. Though the ASU System generally had higher levels of foundation assets than UCA relative to tuition and state appropriations in FY06, ASU foundation assets levels are still quite low given the university's mission and goals of increasing its research and academic profile.

## **Recommendations of the 2008 Faculty Senate Finance Committee**

One purpose of the Faculty Senate Finance Committee report is to provide factual input into campus budgeting processes. Given the findings above, the committee recommends the following priorities in the coming budget deliberations:

1. It is essential that more resources be allocated to teaching salaries.
  - a. Given that faculty salaries have not kept pace at the national, regional, or state level, it is extremely important that the equity review process outlined in the officially recognized Faculty Handbook be fully functioning and fully funded.
  - b. Providing funding for competitive initial faculty salary offers is needed to attract qualified candidates for new positions.
2. Additions to administrative and professional staff need to be funded as part of the regular budgeting process, rather than having positions added ad hoc. Administrative and professional staff lines should be carefully scrutinized in the budgeting process to determine whether some functions can be streamlined with salary savings redirected to the academic mission.
3. Athletic funding, including the choice of conference, needs to be a matter that is addressed openly with genuine input from faculty and other campus constituents. The academic mission is impacted by athletics; this is too important and too costly an endeavor to be decided by the Board of Trustees in isolation from campus input.
4. ASU Foundation balances need to be increased significantly. Further, ASUJ relative spending on faculty salaries, department budgets, and research is the lowest in the state. Therefore, funding for academic programs should be the number one priority when seeking to increase donations to the Foundation.