Summary of the 2009 Faculty Senate Finance Report

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

1. The weak economic environment poses funding challenges for the coming year.

2. ASUJ faculty qualifications are deteriorating at the same time that the research and graduate mission is being stressed in strategic mission documents. This is of particular concern because graduate education and higher research goals both require a faculty with higher, not lower, levels of credentials.

3. Faculty numbers have held relatively constant in spite of increased enrollments over time, while professional and administrative staff have grown substantially.

4. Faculty salaries are generally not keeping pace with national, regional, or comparable state institutions.

5. The percentage of E&G revenues dedicated to instructional salaries and department operating costs continued to decline when they were already quite low in comparison to other Arkansas 4 year institutions.

6. The ASU System Financial Statements show that as of June 30, 2008 the institution had reasonable liquidity, debt, and unrestricted net assets ratios.

7. System costs and growth in upper level administrative lines have added an additional layer of significant costs.

8. The level of subsidies to athletics from E&G resources and auxiliary profits appears to be unsustainable.

9. Exclusive contracts pose problems in making efficient use of state funds.

Recommendations of the 2009 Faculty Senate Finance Committee

A primary purpose of the Faculty Senate Finance Committee report is to provide factual input into campus budgeting and other administrative processes. Given the findings above, the committee recommends the following considerations in the coming budget deliberations:

1. 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 Faculty Handbook be fully funded and functioning as described in that Board approved document.

2. Providing funding for competitive initial faculty salary offers is needed to attract qualified candidates for new positions. Numbers of new hires are not keeping up with retirements. It would be easier to find budgetary funds for new hires if existing faculty salaries were maintained at fair levels considering market and cost of living factors. Funding the formula adjustments described in the Faculty Handbook would not only benefit existing faculty, but would ease the budgetary pressures in finding adequate funds for replacement faculty.

3. Funding adequate raises to faculty and staff to recognize both cost of living and meritorious performance needs to be a first priority in the budgeting process, not a residual consideration after other funding needs are met.

4. Given that upper level administrative compensation is coming under increasing legislative scrutiny, we recommend that the Board of Trustees closely scrutinize any additions to upper level administrative lines, review administrative salaries and fringe benefits such as automobiles, housing allowances, and country club memberships to determine that they are not only reasonable in the market but in relation to the salary increases for rank and file faculty and staff.

5. To the maximum extent possible additions to administrative and professional staff need to be studied and funded as part of the regular budgeting process, rather than having positions added and upgraded on an ad hoc basis during the budget cycle.

6. ASU Foundation balances have taken more of a hit from weaknesses in the overall economy than they have benefited from capital campaign progress to date. The faculty Senate Finance committee urges that funding for academic programs should be a high priority when seeking to increase donations to the Foundation.

7. Given that some predict the weak economy is likely to be with us for an extended period, it is important to engage in a systematic process to determine basic principles and priorities for fiscal reductions other than across the board cuts in raises and increases in health care costs.

8. The finance committee encourages the Academic Budget Committee, the University Planning Council, and top level administration to explore outside the box solutions such as lesser increases in pay for those at the highest salary levels until reasonable ongoing salary increases and equity adjustments have been fully funded for rank and file faculty and staff.

9. The finance committee encourages the Academic Budget Committee, the University Planning Council, and top level administration to carefully consider the pros and cons of fee based increases in revenue relative to base tuition. We encourage careful review of the overall level of fees not just the amount of current fee increases.

10. We encourage our top level administrators and legislative liaisons to work to promote a level playing field for scholarship funding among public colleges across the state. Currently students with scholarships and high Pell grants may have a much more reasonable cost of education than those who are funding their education with loans. Providing an affordable education for all students is difficult in the current environment of intense cross-institutional competition for scholarships where some students receive a full ride while others must borrow extensively to afford a college education.

11. The institution has historically been conservative in its use of long term debt. We recommend continuing to monitor the use of long term debt so that mandatory debt service levels on building projects does not diminish the flexibility to use funds for academic and other purposes.

12. We recommend upper level financial and legal advisors at the campus and system level to carefully consider the side effects of exclusive purchase agreements with outside vendors and internal service units as well. We suggest that exceptions should be written into exclusive purchase contracts to cover instances in which the size of the purchase or the differential between the exclusive and outside prices would make the cost of using the dedicated vendor unreasonable. Further, the vendor representative should not be the party denying the outside purchase.