

**ASU Faculty Senate Finance Committee Report
Presented March 5, 2004**

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The Faculty Senate Finance Committee (the committee) is charged to study long term trends in the Arkansas State University (ASU) spending. The Committee views their report as a service to the ASU academic community and to Arkansas taxpayers. The committee has attempted to provide at least a ten year data trend where relevant. The committee does not compile statistics directly, but makes use of data provided by the university either through public documents or by request of the committee. In some cases the most recent year of available data was fiscal year 2002 and in other cases data was available through Fall 2003. This report focuses on three main areas: (1) Trends in faculty qualifications, positions, and salary levels, (2) Relative spending on selected cost categories, (3) Comparison of 2003/2004 tuition and mandatory fees to other institutions, and (4) Other issues impacting future funding and educational quality.

1. Trends in Faculty Qualifications and Salaries

Faculty Composition

In an increasingly complex world, it is more important than ever that students at Arkansas State University are trained by faculty with high credentials indicative of extensive preparation in the subject matter for the assigned teaching area. Illustration 1 shows that among full time ASU faculty, the percentage with Doctoral degrees has declined from 71% in 1993 to 64% in 2002 while the number of full time faculty teaching with masters and bachelors degrees has increased. Dependence on faculty whose highest degree is not the Doctorate or other approved terminal degree has increased from roughly one fourth to nearly one third of the full time faculty. Further, Illustration 2 shows that qualifications among part time faculty are much lower than among the full time teaching staff, with only 6% of the part time faculty having a Doctoral degree. In Fall 2003, 96 part time faculty (57% of the total 168 part time faculty) had academic credentials less than a Masters degree.

Illustration 1

Comparison of Faculty Qualifications of Full Time ASU Faculty 1993 vs. 2002

	<u>Doctoral</u>	<u>%</u>	<u>Masters</u>	<u>%</u>	<u>Less than Masters</u>	<u>%</u>	<u>Total</u>
1993	281	71.3%	100	25.4%	13	3.3%	394
2002	276	63.9%	140	32.4%	16	3.7%	432

DATA SOURCE: 2002/2003 Faculty Staff Handbook Table 42
ASU Office of Institutional Research & Planning

Illustration 2

Faculty Qualifications of Full Time vs. Part Time Faculty Fall 2003

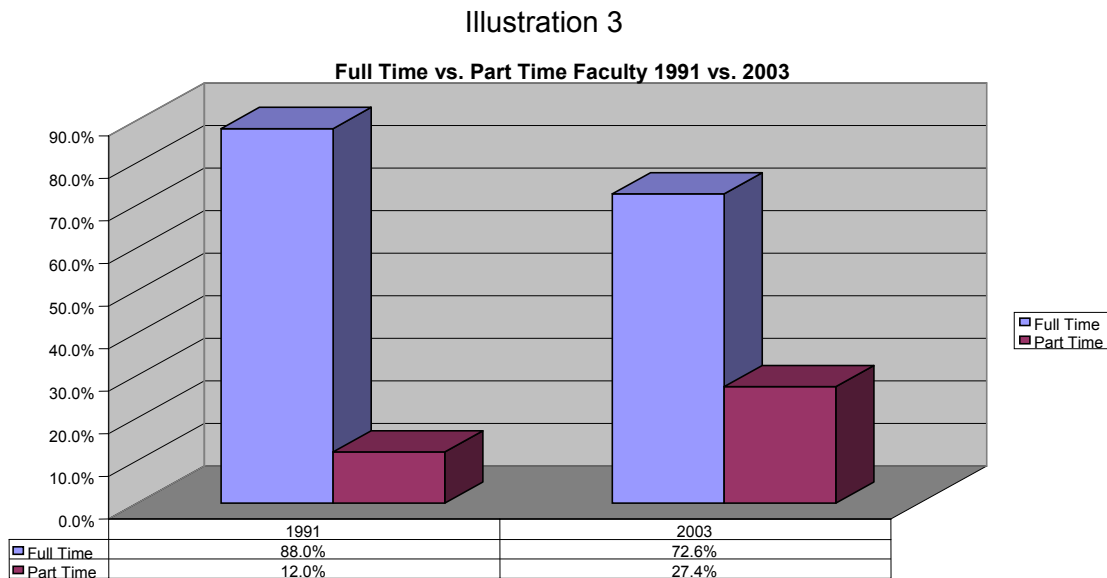
	<u>Full Time</u>		<u>Part Time</u>		<u>Total</u>	
Doctorate	276	61.9%	10	6.0%	286	46.6%
Masters	136	30.5%	62	36.9%	198	32.2%
Bachelors	<u>34</u>	7.6%	<u>96</u>	57.1%	<u>130</u>	<u>21.2%</u>
TOTAL	446		168		614	100.0%

DATA SOURCE: ASU Common Data Set 2003-2004, p. 23,
ASU Office of Institutional Research & Planning

The Faculty Senate Finance Committee requested additional information about the teaching areas for the 130 faculty with less than a masters degree. We received the following additional information about the teaching responsibilities of the 130 faculty:

21	Not paid with institutional funds. Includes 5 in Military Science teaching MS or PE; 9 high school teachers doing general ed classes to high school students for college credit; remaining 7 in equestrian courses and dance/voice/instrumental lessons.
26	Licensed nurses or other health professionals.
29	General education instructors at various sites such as Paragould, Marked Tree, and elsewhere within Regional Programs offerings.
9	In education college, primarily teaching PE and intramurals.
7	Voice and instrumental lessons.
10	Teaching basic skills courses in University College.
28	Various lower level or basic skills courses.
130	TOTAL FACULTY WITH LESS THAN MASTERS DEGREE

Illustration 3 depicts the overall trend toward greater reliance on part time compared to full time faculty from 1991 to 2003. In 1991 88% of the faculty were full-time compared to only 12% part-timers. In Fall 2003, fully one fourth of ASU faculty were part-time workers. Taken together, Illustrations 1 through 3 indicate a significant and troubling erosion in the teaching credentials of ASU faculty.

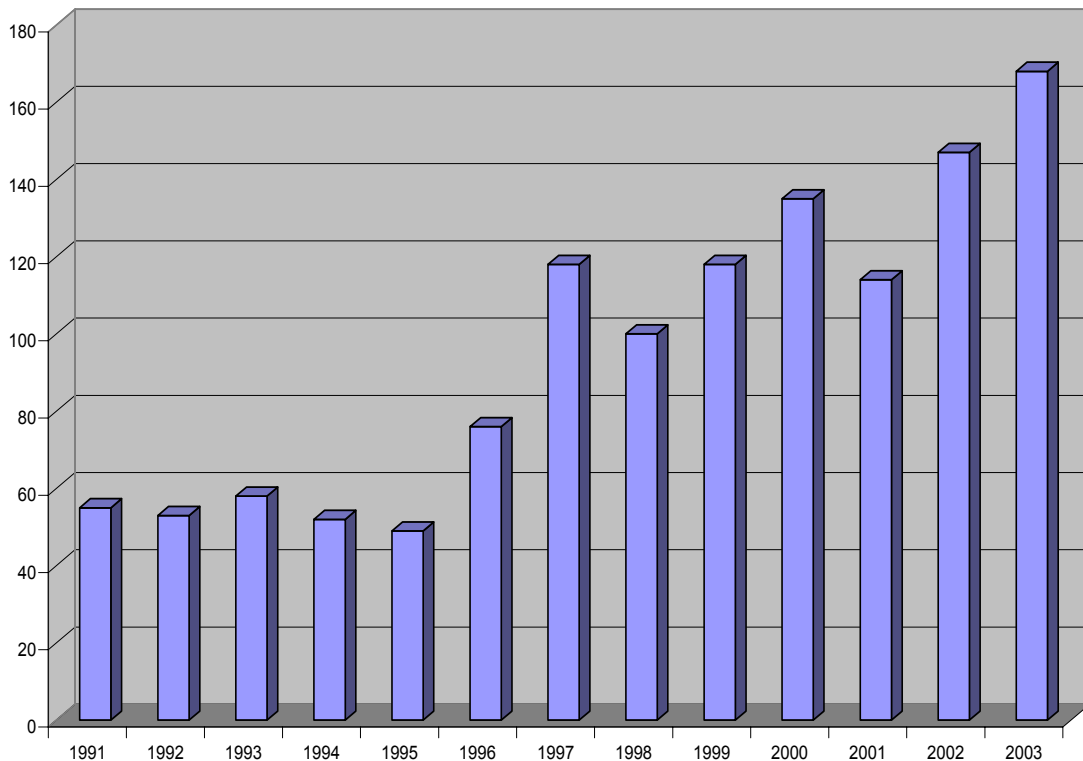


SOURCE: 2003 Data from ASU Common Data Set 2003-2004
ASU Office of Institutional Research & Planning

Illustration 4 demonstrates that this trend is not simply due to the selection of two points in time, but appears to be a trend that began roughly at the same point in time as the commitment by ASU administration and the Department of Higher Education toward expanding offerings through partnership sites.

Illustration 4

Number of Part Time Faculty 1991 to 2003



SOURCE: Various Faculty/Staff Data Books and ASU Common Data Sets

The Committee's Conclusions Compared to Official ASU Brochure

The Committee's data comes from official reports filed by the university with various government agencies. However, University data selected for release to public, while technically accurate, is often at odds with the Committee's sense of true staffing trends. The ASU campus information brochure available at <http://irp.astate.edu/PDF/pocket/Campusgd03.pdf> lists the number of tenure-track faculty as 70.1% and those with Doctoral or Terminal degrees as 82.3% and 87.1% respectively. This brochure is a tri-fold brochure presumably intended for prospective students and other constituents to inform them of basic facts about our faculty, student qualifications, degree programs, and other campus issues. The person casually looking at the brochure is very likely to think these statistics are saying we have over 80% of our faculty with the highest level of credentials. Casual readers of these public relations brochures are not likely to multiply out 70.1% times 82.3% and reach the conclusion that only 58% of the full time faculty have a doctoral or other terminal degree. When considering both full and part time faculty, our data shows that the overall percentage of faculty members with the doctoral degree is less than 47%. As faculty members whose salaries is paid by attracting students, the Finance Committee members understand the importance of putting one's best foot forward for the benefit of positive public relations. On the other hand, in order to deliver a quality education for the students it attracts, the university must take a serious look at directing its resources toward providing a faculty base with the kinds of credentials necessary to help our students be competitive in the global marketplace. Further, the committee is concerned as to

why 13% of the tenure track faculty do not have either a Doctorate or other terminal degree given that these have been a requirement for tenure at the University for many years.

Relative Staffing Changes

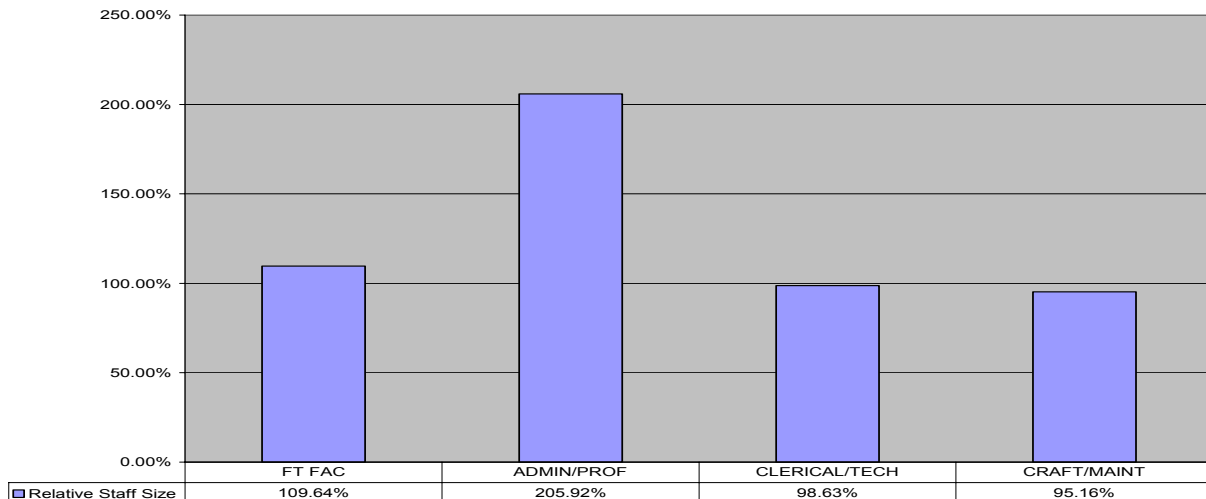
Illustration 5 shows changes in staffing categories at ASU for the decade from 1993 to 2002. This table shows that full time faculty have increased by less than 10% over the decade. Full time administrative and professional staff have increased by more than 100%, or in other words have more than doubled. Full time clerical, technical, craft and maintenance workers have been relatively steady with a slight decline. Illustration 6 shows the relative size of the staff in 2002 compared to 1993 for the four categories in graphic format.

Illustration 5
Relative Staffing Changes from 1993 to 2002

	FT FAC	ADMIN/PROF	CLERICAL/TECH	CRAFT/MAINT
1993	394	152	291	289
1994	394	142	305	290
1995	404	136	311	285
1996	405	209	260	278
1997	435	214	255	307
1998	422	253	254	308
1999	422	273	262	316
2000	431	292	276	274
2001	429	305	277	266
2002	432	313	287	275
% Incr or Decr	9.64%	105.92%	-1.37%	-4.84%

Source: 2002/2003 Faculty/Staff Data Books Tables 75 through 82

Illustration 6
Relative Staff Size for 2002 Compared to 1993



Source: 2002/2003 Faculty/Staff Data Books Tables 75 through 82

The Committee's Conclusions Compared to Strategic Planning Assumptions of the University

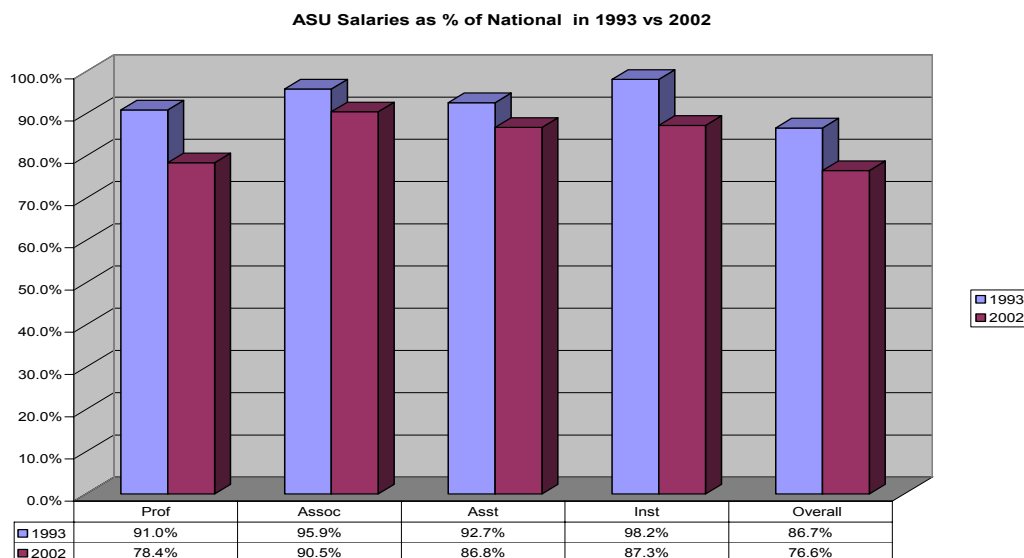
A Powerpoint Presentation file appears on the Strategic Planning pages of the Institutional Research website entitled "The Past Decade of Providing Educational Opportunities and Quality

Instruction, A Review of 1992/1993 to the Present" which is located at the following addresses : http://irp.astate.edu/HTM/strategic_planning.htm and http://irp.astate.edu/HTM/asu_pres_files/frame.htm. In this presentation the statement is made that the percent of paid employees at ASU-Jonesboro in academic positions has increased from 38.5% in 1993 to 46.8% in 2003 while the proportion of administrative and auxiliary positions has declined from 61.5% in 1993 to 53.2% in 2003. In order to arrive at this calculation academic positions are defined as full- and part-time faculty, librarians, graduate/teaching assistants, etc. This statistic completely distorts the common sense facts that administrative positions are increasing much more rapidly than full time equivalent academic positions. The February 5th front page story in the Herald noted that the Student Affairs area alone has grown from 60 to 165 employees in only 7 years. The definition of academic positions used in these calculations implies that one additional full-time, high level administrator should be hired for every part time person or graduate assistant who teaches one class.

Faculty Salaries

Illustration 7 below compares the level of ASU faculty salaries in 1993 vs. 2002 to average national salaries as reported by a survey by the College and University Personnel Association (CUPA). In 1993 the overall level of salary at ASU was 86.7% of the national level. In 2002 the average ASU salary level had fallen to 76.6% of the national mean. However, a word of caution is in order. The overall average is a weighted average which is affected by the number of faculty at the lower paying ranks. Thus, we have the anomalous result of the average being lower than the amount for any of the individual ranks. Still, even when considering the individual ranks rather than the overall, pay is generally 10% – 20% below national average. Illustration 8 compares ASU faculty salaries with the average for the West South Central Region AAUP region (Arkansas, Louisiana, Oklahoma, & Texas). While average salaries at ASU were 101.3% of those at other institutions in the region in 1993, the level had fallen to 92% of regional salaries in 2002. Illustrations 9 & 10 show additional details for ASU vs. regional salary in 1993 vs. 2002. These graphics show that Assistant Professor fared below regional peers in both 2002 and 2003, while all other groups went from slightly above average to below average pay over the ten year time frame with a gap of approximately \$3000 at the Full Professor and Assistant Professor levels. Illustrations 7 through 10 suggest that ASU has difficulty providing adequate pay to attract the highest quality new faculty and is in danger of losing experienced faculty because ASU is neither regionally nor nationally competitive in rewarding its best faculty members for their increases in skills, productivity, and experience.

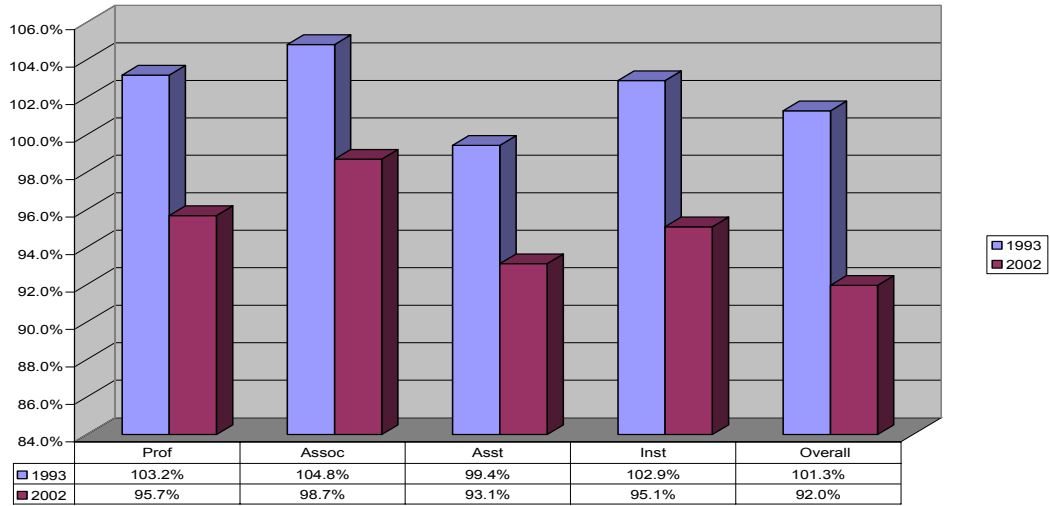
Illustration 7



Graph prepared from data in 2002/2003 Faculty & State Data Book Table 66,
ASU Office of Institutional Research & Planning

Illustration 8

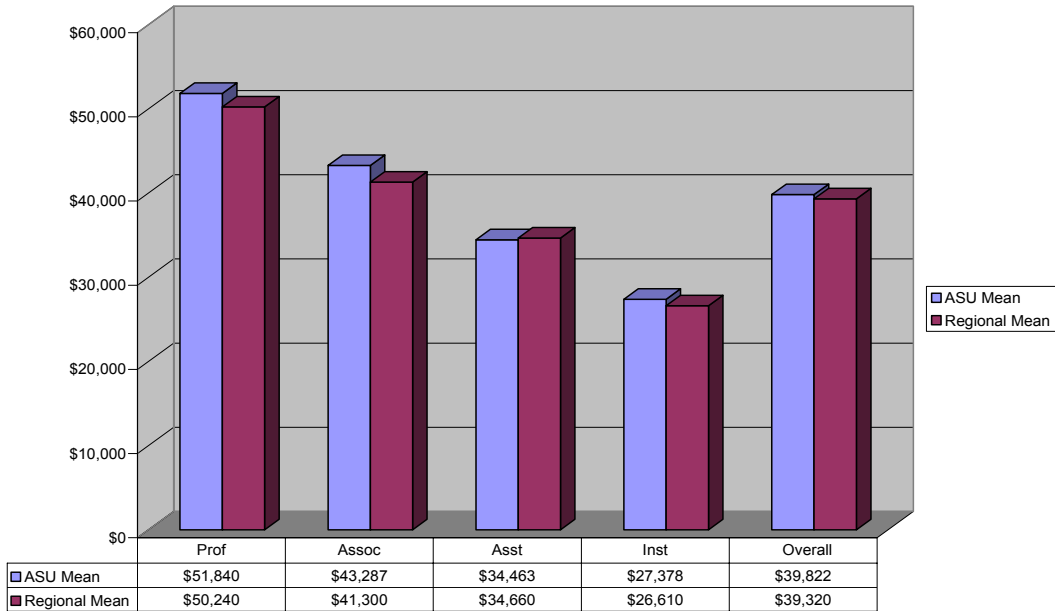
Comparison of ASU Salaries as a % of Regional Salaries in 1993 vs 2002



Graph prepared from data in 2002/2003 Faculty & State Data Book Table 66, ASU Office of Institutional Research & Planning

Illustration 9

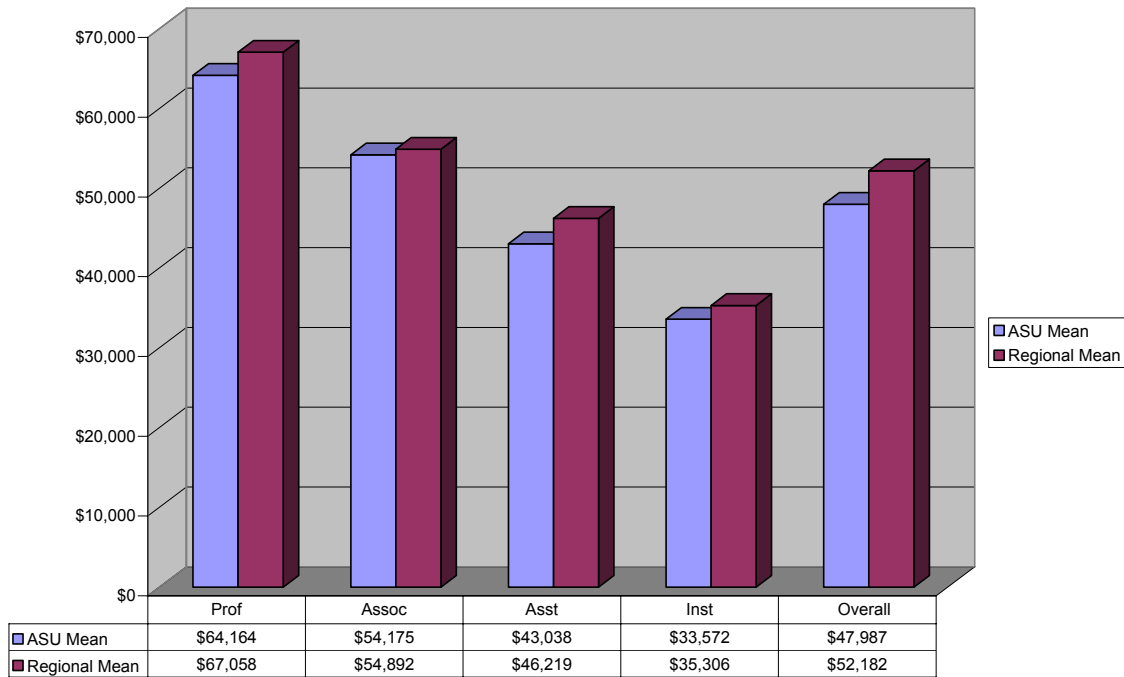
ASU vs. Regional Mean Salary in 1993



Graph prepared from data in 2002/2003 Faculty & State Data Book Table 66, ASU Office of Institutional Research & Planning

Illustration 10

ASU vs Regional Salaries in 2002

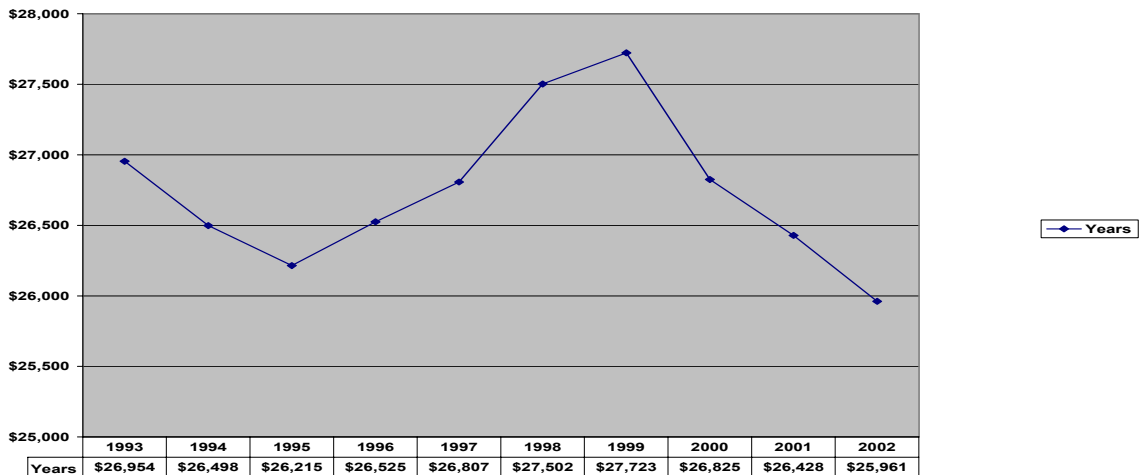


Graph prepared from data in 2002/2003 Faculty & State Data Book Table 66, ASU Office of Institutional Research & Planning

Illustration 11 below shows the trend in ASU Salaries from 1993 to 2002 after adjustment for inflation using the Consumer Price Index (CPI). This shows that while some progress was made in 1998 and 1999, the general trend is a continuing loss in purchasing power for faculty salaries. On average, faculty at ASU faculty have lost approximately 4% of their purchasing power from 1993 to 2002.

Illustration 11

ASU CPI Deflated Salary for 1993 - 2002



Graph prepared from data in 2002/2003 Faculty & State Data Book Table 6, ASU Office of Institutional Research & Planning

2. Proportion of ASU Resources Spend on Selected Cost Categories

Teaching Salaries, Instruction/Research, and Library Spending

This section of the report looks at the proportion of the 2002 budget devoted to academic priorities and how this has changed in the last decade. The data in this section is not based on budgeted data which are subject to change but on actual expenditures as reported to the Arkansas Department of Higher Education. Illustration 12 shows the percentage of the Educational and General expenditures that were devoted to (A) Teaching Salaries (excluding benefits), (B) Total Instruction & Research, and (C) Libraries for fiscal year 2002 by Arkansas 4-year Institutions. Total Instruction and Research includes teaching salaries plus department operating expenses and cost of off-campus/non-credit instruction. Illustration 12 lists the percentage spending for the 8 institutions from highest to lowest. The most significant finding in Illustration 12 is that **in fiscal year 2002 ASU-Jonesboro devoted the lowest percentage of total E&G Expenditures to each for the three categories (Teaching Salaries, Instruction & Research, and Libraries) among the eight Arkansas 4-year institutions.**

Illustrations 13, 14, & 15 show how the relative spending in the same three categories has changed in the decade from 1992 to 2002. This clearly shows that ASU Jonesboro has not always allocated the smallest percentage in the state to the teaching salaries, instruction & research, and libraries, but has made recent choices that put the university in this position.

Illustration 12

<u>TEACHING SALARIES</u>		<u>INSTRUCTION/RESEARCH</u>		<u>LIBRARIES</u>	
UAM	29.1%	UALR	46.5%	UAF	4.0%
SAUM	28.7%	UAF	44.6%	UAM	3.9%
HSU	28.1%	SAUM	43.9%	HSU	3.8%
UCA	27.2%	UCA	49.4%	SAUM	3.7%
ATU	27.0%	HSU	49.2%	ATU	3.4%
UALR	25.1%	ATU	44.4%	UALR	3.4%
UAF	24.0%	UAM	43.8%	UCA	3.3%
ASUJ	21.4%	ASUJ	38.8%	ASUJ	2.5%

Proportion of E & G Spent by Arkansas 4-Year Institutions in 2002
Highest to Lowest in Each Category

Source: Reports to Arkansas Department of Higher Education, Fact Book

A logical follow-up question is given that ASU devoted the lowest percentage of its budget to instruction, research, and libraries in 2002 relative to other Arkansas 4-year institutions, where does it spend more than other institutions? ASU Jonesboro is above average in the categories of Institutional Support and Non-Mandatory transfers. Institutional Support Expenditures are defined as:

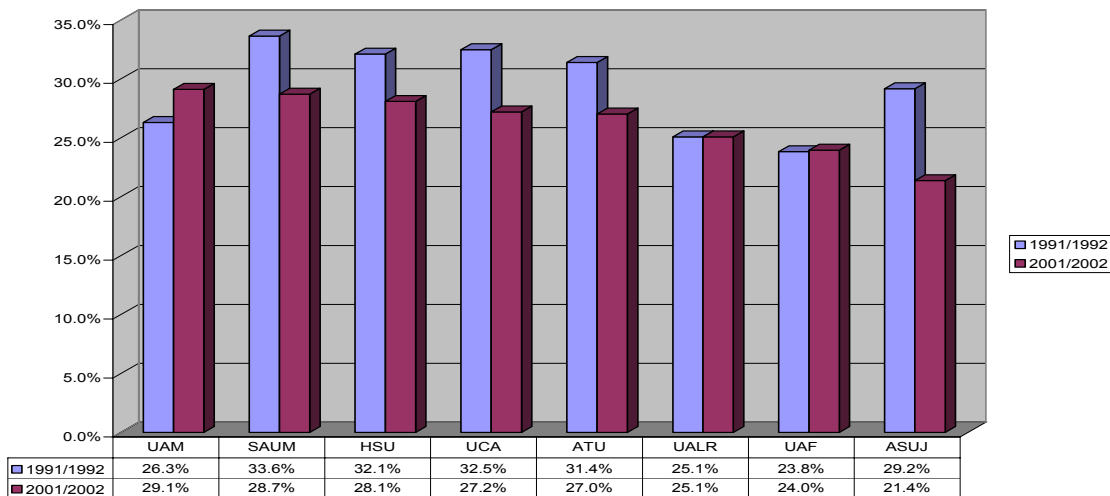
Expenditures for: Central executive-level activities concerned with management and long-range planning; fiscal operations; administrative data processing; space management; employee personnel records; logistical activities that provide procurement, store rooms, safety, security, printing and transportation services to the institution; support services to faculty and staff that are not operated as auxiliary enterprises; and

activities related to public, government, and alumni relations. Expenditures for physical plant operations are excluded. Source: ASU, Federal & State Report Definitions, Prepared by Management Systems & Planning, p. MSP/5-95-50.

ASU-Jonesboro spends 14.8% of its E&G funds for Institutional Support compared to 10.3% for UA-Fayetteville, 9.6% for UALR, 7.6% for UCA, and 13.1% for Arkansas Tech. Henderson State spends 14.75% and UA-Monticello allocates 15.15% to Institutional Support. ASU-Jonesboro made non-mandatory transfers of 4.78% of its E&G expenditures in 2002 compared to UAF with 2.36%, UALR at 6.48%, 2.67% for UCA, and 2.84% for ATU. A third area is ASU-J's Self-Insurance program. For purposes of reports to the Arkansas Department of Higher Education, 6.12% of the ASU-Jonesboro E&G spending was devoted to the Self-Insurance category. Only two other institutions report non-zero amounts in this category. These were UCA and Arkansas Tech with .05% and 1.57% devoted to self-insurance.

Illustration 13

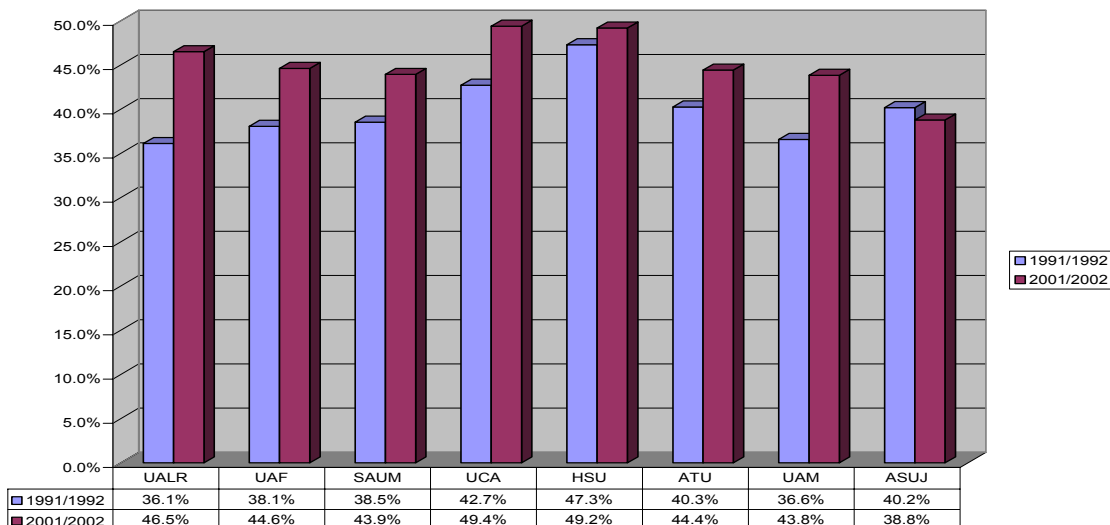
% E&G Spent on Teaching Salaries by Arkansas 4-Year Institutions



Source: Reports to Arkansas Department of Higher Education, Fact Book

Illustration 14

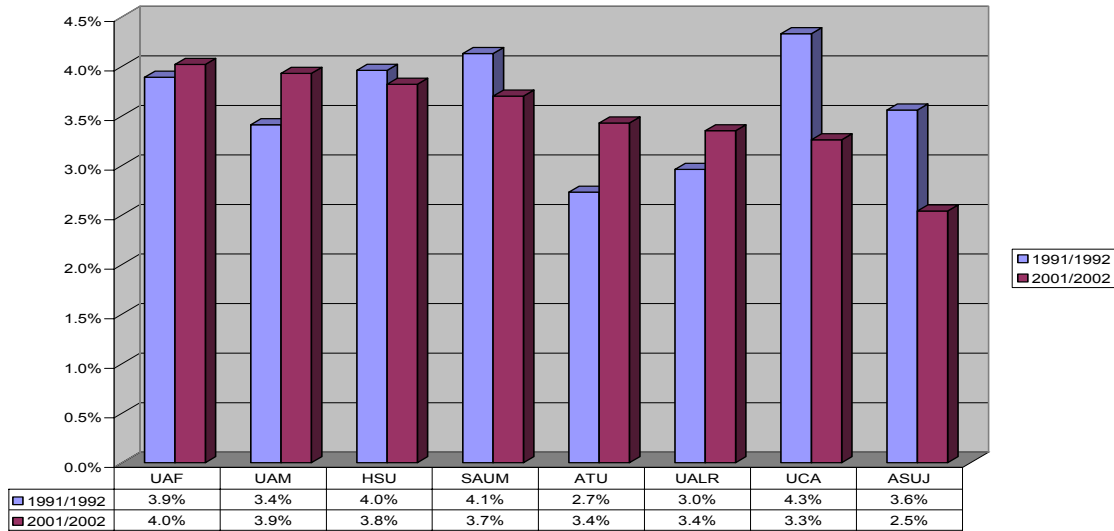
% E&G Spent on Instruction & Research for Arkansas 4-Year Institutions



Source: Reports to Arkansas Department of Higher Education, Fact Book

Illustration 15

% E&G Spent on Libraries for Arkansas 4-Year Institutions



Source: Reports to Arkansas Department of Higher Education, Fact Book

Athletic Expenditures in Fiscal Year 2001-02

Students and faculty alike have expressed concern in prior years that if athletic programs do not pay for themselves, the result is fewer resources available to enhance the academic programs that are the primary mission of the university. Illustration 16 shows that the cost of athletics programs exceeded the direct revenues generated by more than \$5.4 Million. The \$5.4 Million difference was made up by charging students \$2.4 Million in activity fees, transferring \$750,000 of state Educational and General funds, and using \$2.3 of auxiliary profits. Illustration 17 shows the relative amounts for other 4 year schools in Arkansas for 2001-02 and shows that ASU-J has the highest athletic loss of any school in the state. Illustration 18 shows the change in total expenditures at ASU-Jonesboro for instruction compared to total athletic expenditures and athletic salaries for the years 1993 vs. 2002. Illustration 19 highlights the % change in the three categories.

Illustration 16

Athletic Spending at ASU-J for Fiscal Year 2001-02

REVENUES:		
Ticket Sales	827,657	
Media/GameGuarantees	840,498	
Concessions/Program	71,858	
Clubs/Gifts/Other Income	<u>1,169,600</u>	
DIRECT REVENUE		2,909,613
EXPENDITURES:		<u>-8,353,200</u>
NET LOSS		-5,443,587
How the loss was financed:		
Student Activity Fee		2,395,635
Other Auxiliary Profits		2,283,511
Transfers from E & G		750,000
Transfers from other funds		<u>14,441</u>
		5,443,587

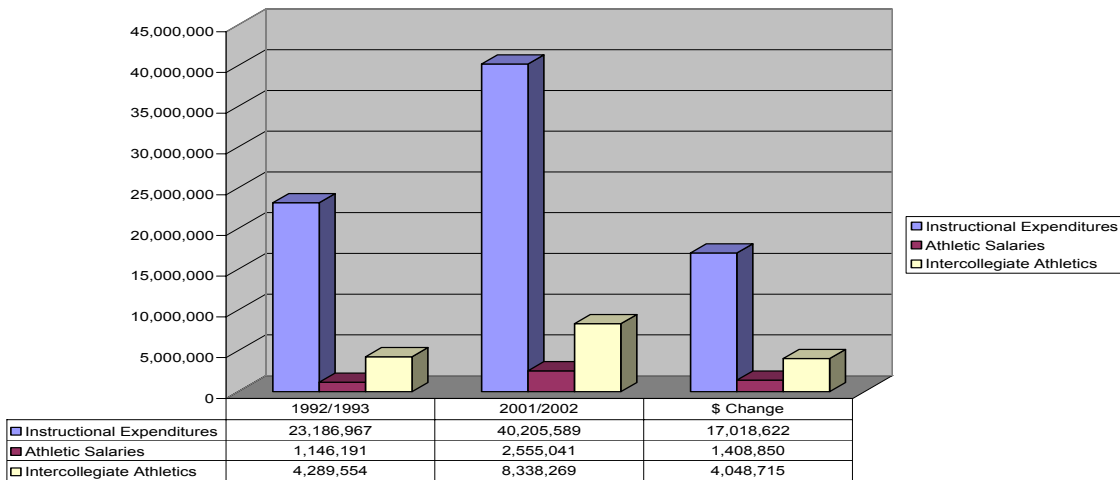
Source: ADHE Fact Book, Table 69A

Illustration 17
Relative Athletic Spending in Arkansas 4-Year Institutions FY 2001-02

	Direct Revenues	Expenditures	Loss
UAF	35,249,201	32,804,947	+2,444,254
ASUJ	2,909,613	8,353,200	-5,443,587
UALR	1,184,407	4,132,337	-2,947,930
UAPB	1,685,840	3,890,284	-2,204,444
UCA	203,232	3,196,074	-2,992,842
ATU	153,162	2,087,586	-1,934,424
HSU	106,117	1,843,535	-1,737,418

Illustration 18

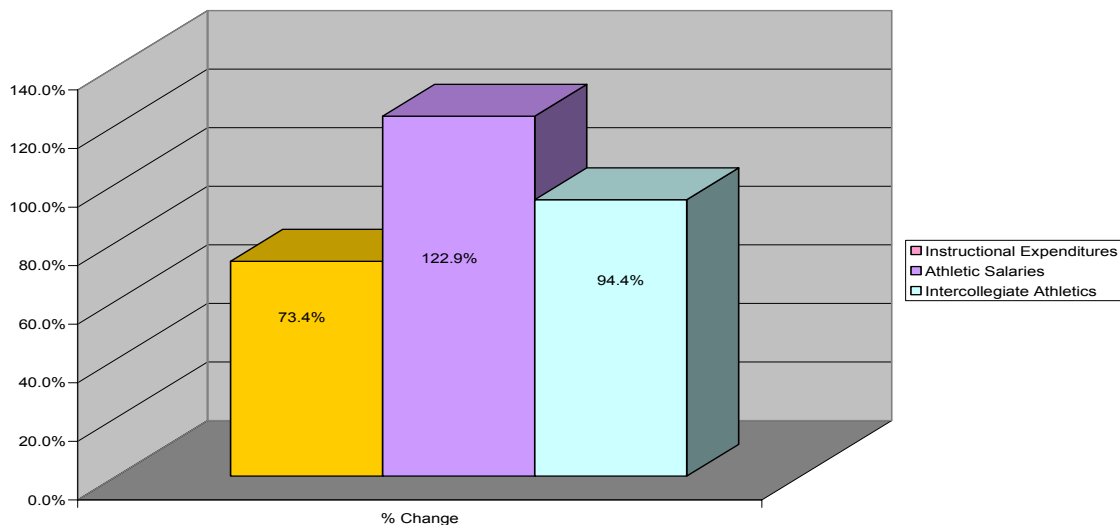
Comparison of Dollar Change in Resources Dedicated to Instruction Compared to Athletics



Source: ADHE Factbook, December 2003

Illustration 19

% Change 1992-03 vs 2001-02 for Instructional vs. Athletics Salaries & Total Athletic Spending



Source: ADHE Factbook, December 2003

3. Tuition & Fees

Illustration 20 compares annual undergraduate tuition and mandatory fees for Arkansas State University—Jonesboro relative to other 4-year institutions in the state based on a 15 hour credit load. ASU-Jonesboro's tuition and fees for 2003/2004 were second highest in the state behind UA-Fayetteville. Illustration 21 shows a similar comparison for a 12 hour graduate load. In-state graduate tuition and fees were lower than those of UAF, UALR, and UCA. Out-of-state graduate tuition and were more than \$3000 less expensive than UAF, but higher than other 4 year institutions in the state.

Illustration 20
Comparison of 2003/2004 Annual Undergraduate Tuition & Fees

	In State Undergraduate		Out of State Undergraduate	
	Annual Cost	+/- ASUJ	Annual Cost	+/- ASUJ
ASU-J	4810	*****	10720	*****
ATU	3820	-990	7132	-3588
HSU	3870	-940	7250	-3470
SAU-M	3550	-1260	5240	-5480
UALR	4568	-243	10508	-213
UAF	4868	58	11618	898
UAM	3385	-1425	6805	-3915
UAPB	3724	-1086	7474	-3246
UCA	4505	-305	7817	-2093

Source: Analysis Prepared by Office of Institutional Research & Planning, September 2003

Illustration 21
Comparison of 2003/2004 Annual Graduate Tuition & Fees

	In State Graduate		Out of State Graduate	
	Annual Cost	+/- ASUJ	Annual Cost	+/- ASUJ
ASU-J	4654	*****	10462	*****
ATU	3766	-888	7270	-3192
HSU	4327	-327	8215	-2247
SAU-M	3966	-688	5526	-4936
UALR	4878	224	9726	-736
UAF	6145	1491	13489	3027
UAM	3468	-1186	7356	-3106
UAPB	3567	-1087	7407	-3055
UCA	4983	329	9351	-1111

Source: Analysis Prepared by Office of Institutional Research & Planning, September 2003

4. OTHER ISSUES

Legislative Priorities

Resources available to ASU are impacted by the operating environment. Key issues that will impact the ASU situation are the Arkansas economy, legislative priorities, and enrollment trends in Arkansas high schools. The Arkansas economy has been in recession for much of the last two years. Only limited increases in Arkansas revenue streams are expected in the next two years. Supreme court mandates to better fund public education below the college level and issues in health care are key priorities for the Arkansas legislature. Funding for 2 year colleges seems to be a higher priority than for the 4 year public institutions.

Enrollment

While ASU's headcount has been 3rd highest in the state for many years, enrollment growth is essentially stagnant with little movement from a 10,500 head count in spite of significant increases in enrollment at instructional sites other than Jonesboro (1279 increase for Fall 2003). Enrollment at Jonesboro facilities has declined from 9888 students in Fall 1993 to 9289 in Fall 2003, a 6% decrease. Over that time period female enrollment increased slightly (6.1% increase), minority enrollment was up significantly (19.4% increase), and nontraditional student enrollment was steady. Numbers of international students have declined significantly in the last decade (332 graduate and undergraduate students in 1993 vs. 178 in 2003 a 46% decline).

The number of individuals attending Arkansas public 4-year institutions increased by 18.9% from 1993 to 2003, a difference of 12,084 students. However, the increase for public 2-year institutions was 75.8% from 1993 to 2003, a difference of 19,114 students. The numbers attending private 2 and 4 year colleges increased by 2,629 students which was an increase of 24.8%. While the Arkansas college going rate of 59% is slightly above the Southern Regional Education Board average of 55%, it is still below the 62% national average.

The number of high school graduates in Arkansas is expected to decline by .7% by 2011/2012 compared to an 8.3% increase in other SREB states and a 6.8% increase for the nation as a whole. Hispanics high school graduates on the other hand are expected to increase by 827% compared to an increase of 103% for SREB states and 82.6% for the U.S. as a whole. African American high school graduates are projected to increase by 10.5% for the U.S. and increase 7.4% for SREB institutions, but decline by 6.8% in Arkansas.

Quality of Facilities

Students responding to a recent survey reported to the December 9th Strategic Planning Committee meeting indicated dissatisfaction with the quality of academic buildings. While the Fowler Center includes some classroom space, the Education/Communication building (1983) and Lab Science West (1987) are the only major classroom buildings which are less than 25 years old. Four major classroom buildings were built in the 1930s and one in the 1950s. Having adequate facilities affects the quality of the educational experience for current students and makes it difficult to attract future students.

Quality of Instruction

The recent visit of the Higher Learning Commission confirmed that ASU has a dedicated faculty intent on providing a high quality of education. However, the trends in salary levels threaten the university's ability to retain qualified faculty. The decrease in credentials of full time and part time faculty is not unrelated to salary levels. Approved salary levels for new hires are often inadequate to attract an adequate pool of applicants with appropriate credentials. Further, the

erosion in teaching credentials for courses taught at sites other than the Jonesboro campus including those in high schools raises concerns about the impact on educational quality. While faculty are not insensitive to the need to make education as accessible as possible to encourage Arkansas citizens to pursue a higher education, it is important that faculty maintain a significant role in determining the credentials of part time faculty and faculty at remote sites.