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PRESIDENT'S LETTER

JOHN W. MOORE

AUGUST 1993

Dear Colleagues:

The Indiana State University Board of Trustees passed the University's budget for the 1993-94 fiscal year (July 1-June 30) on July 16. This was about two months later than usual because of the state's delay in passing a biennial budget.

While this situation made for some uncertainty throughout the spring and early summer, I want to thank all of you for the patience and perseverance you displayed and the assistance and encouragement you offered during the budget process.

Ultimately, what resulted from the state budget for ISU was an appropriation of \$63.27 million for this fiscal year and \$63.09 million for next year. What this means is that ISU has had no increase in its state appropriation for the last two years. (In the 1991-93 biennium, appropriations were \$64.3 million and \$63.5 million, respectively.) It also means that if changes are not made to the state budget in the next legislative session, we will experience another decrease next year.

Although it is small consolation, several other of Indiana's state universities have experienced similar drops in state funding. In fact, only those campuses which experienced enrollment growth during the previous biennium received additional funds from the state for their operating budgets.

As for capital budgets, none of Indiana's state universities received funds for new building projects. In addition, state appropriations for the upkeep of property and buildings, commonly referred to as R&R funds, were awarded at one-half of the formula-generated amount. In recent weeks, however, two-thirds of these funds have been frozen by the Governor as he attempts to balance the state budget.

In light of all this, the great challenge for Indiana State is to continue to honor the commitment it has to the citizens of this state to provide quality education. At the same time, we also must strive to maintain a work environment conducive to keeping and attracting the finest faculty and staff.

Last fall, as a means of helping ISU meet these challenges, I initiated a planning process for the University with the establishment of the President's Planning and Resources Council (PPARC). This body, which includes representation from all segments of the campus community, serves in an advisory role on subjects of the University's strategic and operational planning processes.

The PPARC met regularly throughout the past year to analyze a host of information bearing on the University's present and future, ascertain what the campus's areas of priority ought to be, and make the campus community aware of the substance of budget discussions at the state level, among other things.

As a way of bringing others into our discussion of campus planning, we organized open forums for faculty, staff, and students and held an all-day conference on a Saturday to which we invited faculty, staff, trustees, and community leaders. These meetings provided input into our planning process from a wide array of viewpoints and perspectives — an important consideration given the fact that we must operate in an environment of diminishing resources.

From these discussions emerged a sense of consensus on what ISU's major goals should be

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as well as the financial guidelines that would best help us set priorities and meet these goals.

Consequently, we have established as Indiana State University's major goals:

- To hold as our central priority the support of the University's educational mission
- To increase quality and productivity through prudent use of scarce resources
- To increase access and retention
- To keep an ISU education affordable
- To maintain a stimulating, up-to-date, and supportive environment for learning, working, and living
- To enhance ISU's position in an increasingly competitive marketplace.

The steps to achieve these goals emerged from our meetings and are summarized in the President's Program Guidelines. These are as follow:

- Pursue excellence in teaching and learning
- Support opportunities for the advancement of learning through scholarly endeavors
- Increase faculty and student participation in the University's public service mission
- Strengthen retention services
- Enhance the quality of out-of-class campus life
- Support cultural and ethnic diversification
- Maintain and enhance the campus grounds and physical plant and ensure that the campus is safe and secure
- Implement staff development programs aimed at improving service to students and our other constituents
- Continue implementing planning, budgeting, and resource allocation procedures
- Support public affairs and development functions as investments in Indiana State University's public image and long-term financial development.

Financial concerns to be observed for 1993-94 are summarized in the President's Financial Guidelines. These include:

- The budget must balance
- Allocate resources so that Indiana State University fulfills its educational mission and related responsibilities
- Maintain affordability for students.
- Allocate faculty positions:
 - To meet current program needs
 - To ensure flexibility to meet changing conditions
 - To ensure effective, efficient, and equitable use of human resources.
 - To protect employment security of

tenured faculty.

- Budget sufficient resources to meet fixed cost obligations and to protect against unexpected claims against University resources
- Pursue a responsible compensation policy
- Support activities intended to increase and diversify University resources
- Avoid pursuing costly new initiatives to ensure stability and reliability of essential services.

As the PPARC met throughout the spring and studied and analyzed these goals and guidelines, the state budget deliberations were in progress. As budget proposals were put forward in the Legislature, we analyzed them to see how they would affect the University budget. By doing this, we enhanced our preparedness for any and all budget eventualities. As a result, by the time the State passed a biennial budget, we had a very good idea of what that budget would mean for us.

One thing we knew virtually from the start of the process was that no matter which proposal was being considered by the state Legislature, the only new financial resources for the University would come from three possible sources: funds from increased enrollment, fee increases, and reallocation from existing University expenditures.

After considerable discussion regarding our goals and the President's Program and Financial Guidelines, the ISU Board of Trustees passed a budget which included a student fee increase. In-state undergraduate and graduate fees were raised by \$85 per semester and \$7 per credit hour, respectively. These figures represent 6.9 per cent and 6.7 per cent increases. Non-resident fees were raised by \$140 per semester and \$10 per credit hour, respectively, or by 8 per cent and 7.7 per cent. These increases were agreed to reluctantly as the Trustees strove to balance the need for additional revenues with the desire to maintain the affordability of an ISU education.

Other areas of campus were called upon to make sacrifices to improve our educational programs and to compensate faculty and staff. Additional funds to meet campus priorities were identified through a campuswide reallocation of \$1.25 million from within the existing University budget.

This reallocation meant, in many instances, fewer faculty and staff positions; in others, it meant less money for equipment and supplies.

The additional dollars generated from fee increases, the enrollment increase in fall '92, and internal reallocation were used to provide a 2 per cent salary increase on returning faculty and staff

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positions, as well as an additional 1 per cent to meet the increases in fringe benefit expenses which result from a salary increase and future retirement needs.

While this increase in no way compensates for the fact that, for the last several years, faculty and staff have not received increases sufficient to offset inflation, it was felt that we must do everything possible to try to keep our salaries competitive with other universities and to try to offset inflation.

Other areas which received increases were:

Operating Supplies. A 4 per cent increase in the supply budget was given to offset the inflationary increases of the last several years and to begin to replace funding which was reduced in the last two biennia.

Unavoidables. A 9 per cent increase in the utilities budget was included to provide resources to pay for unexpected expenses or increases in areas such as utility costs and insurance.

Operating Equipment. A 5 per cent overall increase in the equipment budget was provided, with the actual increase going for academic units.

Library Acquisitions. A 10 per cent increase in the library acquisitions budget was provided to enhance the library's capability to keep up with the double-digit inflationary costs of books and periodicals.

Program Enhancements. A total of \$150,000 was set aside for program enhancements to be determined through our planning process.

Master of Science Degree Program for Nurse Practitioners. This program was included in the state's funding formula for the University. It is the only such program in the state and is designed to provide training of nurses for primary care in underserved areas of the state. The Legislature considers this to be an important program to help meet health care needs, particularly in rural areas.

Student Assistance. An additional \$390,605 was set aside for student assistance to offset increased fees.

Recruitment. Funding was added to enhance student recruitment to maintain and increase enrollment.

Retention. A new director of Academic Services was added to provide a consolidated approach to student academic services and advisement.

Graduate Student Assistantships. The budget for graduate student assistantships was increased by \$100,000.

Office of Student Financial Aid. Additional funding was included to augment staffing in the Office of Student Financial Aid in order to provide improved service to students.

These increases, while not large, will allow the University to move ahead in certain strategic areas to enhance our students' educational experience. They also will help position Indiana State University to meet the challenges of the 21st century.

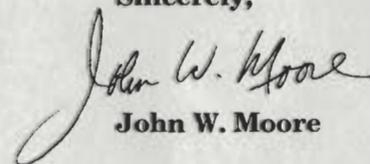
The open discussions and planning process that led to the identification of these areas will continue this fall so that, as we begin the planning process for next year's budget, we will be thoroughly prepared to make whatever decisions and actions the situation calls for.

We know that next year's budget will be even more difficult to prepare, as next year will mark the third consecutive year of reduced state appropriations for the University. (Students have been asked to pay more in fees to offset these declining state appropriations.) We have worked hard to become more efficient, to reallocate resources, and to do more with less. It will not be long before we will be forced to do less with less.

The years ahead will be challenging ones for American higher education as we seek to enhance our current level of quality and broaden the scope of services we are able to offer our various constituencies.

At Indiana State University, we will meet this challenge through open discussion, campuswide communication, and shared decision making. I anticipate and appreciate your contributions to this process.

Sincerely,



John W. Moore