PRESIDENT'S LETTER

JOHN W. MOORE

JULY 1995

Dear Colleagues:

The Indiana General Assembly's recently completed session, during which the State's 1995-97 biennial budget was approved, was a noteworthy one in many respects for Indiana State University and public higher education in the Hoosier state. I would like to thank the Legislators for their support of higher education in this legislative session and extend a very special "thank you" to our eight area legislators for their strong support of Indiana State University.

What resulted from this session for Indiana State was the campus's first inflation-adjusted appropriation increase of the 1990s. This is significant because, although this budget does not replace our "lost" funds of the recent past, it indicates increased confidence in Indiana's post-secondary institutions by the Legislature. Because of this vote of confidence, Indiana State will be able to make significant progress in a number of important areas over the course of the next several years.

A major factor in our success, I believe, is the on- and off-campus cooperative and collaborative efforts that underlay much of the budgetary process.

The process began with a spirit of partnership among the state's public post-secondary institutions, the Indiana Commission for Higher Education (ICHE), and Governor Bayh's office as all worked together to develop a "reasonable" budget request that balanced the needs of the institutions with an understanding of the many demands on state resources.

Because of the efforts of a great many ISU students, faculty, staff, and alumni, the General Assembly was well-informed as to Indiana State's — and higher education's — value and contributions to Indiana. I cannot help but think this had a great deal to do with the ultimate success of our legislative program.

Taking the lead in these efforts for Indiana State was the President's Planning and Resources Committee (PPARC) and the Division of Planning and Budgets under the leadership of Vice President Marilyn F. Schultz, who was ably assisted by Dr. Tim Franklin. Among our faculty, Professors Walter Carnahan and Steven Lamb, chair and chair-elect, respectively, of the University Faculty Senate played a particularly active role. They, along with faculty from the state's other public colleges and universities, visited Indianapolis on a number of occasions to meet with legislators. Professor Sheron Dailey participated with me in our Ways and Means Committee hearing and did a tremendous job representing the commitment of the faculty to a strong and caring educational program.

Particularly meaningful to the legislators, I believe, were the contributions our students made to the process. In representing Indiana State, they were articulate, displayed a good grasp of the issues, and showed a genuine commitment to the University. Their performance reflected well on their university, and I was very proud of them.

Student Government Association President Damon McDade, SGA Vice President Alan Wildman, SGA Legislative Liaison Michelle Light, and Student Trustee Douglas Collins were active in a statewide advocacy group which visited the Capitol on several occasions and participated in the statewide Student House Ways and Means Committee hearings.

In addition, five ISU students — Mike Wagner, Brad Hiller, Marcia Setzer, Brandie Davis, and Ryan Mecham — contributed to ISU's efforts in Indianapolis through their service as governmental interns during the 1995 session. Although they served in different roles — three were legislative interns, one worked with the Indiana Healthcare Association, and one, Ryan Mecham, worked for ISU — each made a major contribution to our success. For example, McDade and Mecham joined me and Professor Dailey in our presentation to the Ways and Means Committee. Their advocacy of ISU and the assistance they provided me as I sought to make ISU's case were invaluable.

Also significant were the contributions of our alumni through Sycamores for Higher Education, an advocacy group that focused its efforts on the House Ways and Means Committee's statewide hearings. I am told by those who witnessed the hearings that the vocal support of ISU's alumni was impressive.

This level of commitment by our alumni was a source of pride as we worked with the General Assembly this session. I would like to acknowledge the efforts of Bertha Fleming of Alumni Affairs and Baycan Fideli, an ISU graduate student who served as an intern in the Office of Planning and Budgets, for their contributions to this effort.

Before using the remainder of this letter to discuss how the General Assembly's action affected Indiana State's 1995-96 budget — which was approved by the Board of Trustees at its June meeting — I want to thank everyone who contributed to making this legislative session a success for Indiana State and Hoosier higher education. Your participation, dedication, and support have paid dividends for everyone associated with the University.

The 1995-97 Biennial Budget

Operating Budget

The General Assembly's 1995-97 biennial budget included expenditure increases of 4 percent (1995-96) and 5 percent (1996-97), less adjustments, for each institution's operating budget. For Indiana State, the increase for 1995-96 amounts to $3,591,061, while the increase for 1996-97 totals $4,767,016.

The state budget calculates the appropriation increase — the state's share of the expenditure increase — by first subtracting the assumed student fee increase from the total expenditure increase. The fee assumption for this biennium is 4.5 percent. (Consistent with this assumption, ISU increased fees for 1995-96 at the 4.5 percent level.) So, of the public institutions' 4 and 5 percent expenditure increases, two revenue streams, appropriations and student fees, are considered in order to arrive at the authorized expenditure increases.

As a result, student fees are an important factor in institutional funding. Funds generated by student fee increases will equal $1,680,362 for 1995-96 and $1,755,978 for 1996-97. The remainder of the increases comes from appropriations ($1,910,699 and $3,011,038 or 3 and 4.6 percent, respectively, in each year). From these figures it is obvious that student fees represent an important source of revenue for our operating budget. However, it is imperative that we keep fee increases at the lowest level possible to ensure continued affordability and accessibility for our students. For this coming year we kept student fees to a 4.5 percent increase — the smallest percentage increase of the 1990s.

This authorized expenditure base will help us address the goals stated in our budget request: maintaining the quality of our program, increasing access for students, and keeping an Indiana State education affordable.

ISU's operating budget request had specified a 4 percent expenditure increase, less adjustments, in each year for the maintenance of programs and an additional 1 percent annually for six identified quality improvement initiatives or needs (21st Century Scholars Program, Summer Bridge Program for conditionally admitted students, Safety Management Program, Distance Education Programs, Center for Teaching and Learning, and additional compensation for faculty and staff).

Although the General Assembly did not fund specific quality improvement requests, the second-year expenditure levels provide maintenance funds slightly higher than requested which will allow us to address some of these important issues.

INDIANA STATE UNIVERSITY
1995-1997 BIENNIAL APPROPRIATION

PRICE MAINTENANCE	1995-96	1996-97
Base	4.0%	5.0%
Student Assistance (Resident Only)	2.6%	2.6%
Enrollment Adjustment	($141,538)	($126,750)
Plant Expansion		$63,396
Total Expenditure Base	**3.8%**	**4.9%**
INCOME BASE		
Student Fees	4.5%	4.5%
State Appropriation	3.0%	4.6%
TOTAL INCOME BASE	**3.8%**	**4.9%**

Capital Budget

For the first time since 1991, the General Assembly included authorization of capital projects on the state's campuses. This included bonding authority of $13.6 million for the Advanced Technology Center (ATC). These funds, together with the $4.8 million that the University already had received in federal matching grants, will permit the construction of an $18.4-million facility that will provide enhanced educational opportunities for our students and faculty and serve as an economic development resource for the Wabash Valley.

The ATC is the result of a number of on- and off-campus partnerships and the efforts of a number of people. Congressman John Myers deserves special thanks for his work to get the federal matching funds for the ATC. In addition, I would like to acknowledge the efforts of Dean Clois Kicklighter, Associate Dean Brad Lawson, Graduate School Dean Mary Ann Carroll, and the members of the School of Technology faculty in making this project a reality.

The General Assembly also approved full funding of the repair and rehabilitation formula for this biennium after several years in which funding for these needs had been deferred. For ISU, this formula generated a $4,379,700 appropriation for the biennium. These funds will enable us to maintain a viable educational environment in our older buildings and help us continue to address Americans with Disabilities Act (ADA) requirements.

Impact on Indiana State University

With the approval of the State's 1995-97 Biennial Budget we were able to finalize next year's operating budget. In June the Board of Trustees authorized an operating budget for the 1995-96 fiscal year in the amount of $98.4 million, an increase of 1.5 percent over the previous year.

Indiana State University's budget request demonstrated our desire to keep higher education affordable — and accessible — and to enhance the quality of our programs. Consequently, ISU's highest budget priorities were keeping ISU's student fees at an affordable level and strengthening several programs aimed at recruitment, retention, and service to students. Our request also reflected our continuing commitments to providing additional student financial aid and enhancing our library collections. A high priority also was given to increasing compensation for our dedicated faculty and staff.

Three revenue streams — state appropriations, student fees, and reallocations — make up the source of additional monies for these priorities. As mentioned previously, state appropriations and student fee increases made possible $3,591,061 in expenditure increases. Although these two increases were offset substantially by other downward adjustments — primarily the adjustments related to lost enrollment. An additional $1,440,000 was generated through internal reallocations such as eliminating vacant positions and reducing selected budget line-items. These reallocations were made strategically, not across the board, and are the consequence of excellent deliberations by the Vice Presidents, the Deans, and their staffs. William Crichfield, University Budget Officer, in particular, is to be commended for the many hours he diedicated to this process.

Increased Compensation for ISU Faculty and Staff

Providing compensation increases for faculty and staff was one of our top priorities for 1995-96. Consequently, faculty compensation has increased 4.5 percent overall. This includes a standard increase of 2.5 percent, compression equity adjustments of 1.82 percent, and increases for promotions and degrees of 0.18 percent.

The overall salary increase for executive/administrative/professional staff is also 4.5 percent. This includes a standard increase of 3 percent and equity adjustments of 1.5 percent.

The salary increase for support staff averaged 5 percent. This includes a standard increase of 3 percent and a fixed increment of $300 per full-time staff member. This method was chosen in the belief that the fixed increment provides a more equitable means of compensating lower salaried personnel. It should permit the salaries of these employees to more closely keep pace with increasing costs for things such as health benefits coverage that may affect them in a manner disproportionate to their salary level.

Faculty Salary Equity Adjustments

As most of you will recall, a high priority for faculty salaries during 1994-95 was to address gender and race-based salary inequities. Through extensive study and deliberation, all documented cases of gender- and race-based salary inequities were adjusted in last year's budget. This year, our priority was additional equity adjustments related to salary compaction.

SALARY INCREASES

SUPPORT STAFF (5%)	
• Standard Pool	3%
• $300 per FTE	2%
FACULTY (4.5%)	
• Standard Pool	2.5%
• Equity	1.82%
• Promotion	0.18%
ADMINISTRATIVE/PROFESSIONAL (4.5%)	
• Standard Pool	3%
• Equity	1.5%

Provost Richard H. Wells and I have obtained considerable input over the past two years regarding salary equity issues during our many meetings with the President's Planning and Resources Committee (PPARC), the Faculty Economic Benefits Committee (FEBC), the University Faculty Senate Executive Committee, department chairpersons, and the Deans Council, as well as through informal conversations with a number of individuals. A subcommittee of the FEBC also has worked closely with Dr. Jacquelyn Frost (formerly ISU's Director of Institutional Analysis) regarding a careful statistical analysis of this year's faculty salaries.

I am pleased to report that we were able to develop an analytical framework to guide our decision-making that utilizes the subcommittee's major recommendations. Many other recommendations also have been incorporated into these salary equity awards.

A great deal of time and effort have been invested again this year in consultation regarding faculty salary equity, and the procedures outlined below are grounded in those discussions.

The process used to determine the salary equity adjustments was based on an evaluation of both the statistical analysis of faculty salaries and a departmental assessment of the relative strengths and weaknesses of individuals' performance in the areas of teaching, research/creative activity, and service. It was expected that there would be a range in the salaries of those whose educational backgrounds and time in rank are similar but whose performance has differed significantly — and there was. In addition, all recommendations were based on internal factors and not on the external market. The statistical model accounted for divergent external market values among academic disciplines.

Each academic department — with the personnel committee's and chairperson's input — made equity adjustment recommendations to its dean who, in turn, forwarded his or her recommendations to Provost Wells. The Board of Trustees approved these salary equity adjustments ahead of schedule at its June meeting as part of the 1995-96 budget.

Although we originally had estimated that it would take between $450,000 and 480,000 to meet this challenge, the actual figure turned out to be $555,000. Consequently, after careful review of the situation, I have approved the use of $555,000 over the next two years to address the remaining documented faculty internal salary inequities. Faculty salary equity adjustments totaling $453,000 have been made for 1995-96, and an additional $102,000 in base salary equity adjustments will be implemented in 1996-97.

Almost 55 percent (282) of the faculty were recommended to the Board for salary equity adjustments. The 1995-96 salary equity adjustments range from $250 to $4,500 with a mean adjustment of $1,624, while the 1996-97 adjustments range from $90 to $4,500, with a mean adjustment of $392. The overall mean adjustment for the two-year period is $1,968. Faculty have been notified recently regarding salary equity adjustments for 1995-96 and 1996-97.

The equity review process was demanding and challenging. Departmental personnel committee members, chairpersons, University Faculty Senate leaders, FEBC members, Deans, administrators and staff in the Offices of Planning and Budgets and Academic Affairs, Provost Wells, and Fred Rusch, Assistant Vice President for Academic Affairs, deserve our special thanks for a difficult job done well.

I was particularly pleased with the high degree of agreement between the recomendations of the department chairpersons and the Deans regarding which faculty salaries were internally inequitable. More than 90 percent of the cases recommended by the departments were also recommended by the Deans. Furthermore, faculty added by the Deans were almost always departmental chairpersons and/or departmental personnel committee members.

During the past two years, we have learned a great deal about our salary structure, and, in the process, I believe we have developed a collegial, consultative, and iterative salary review process that should serve us well as we prepare next year to make performance-based salary adjustments that recognize and reward faculty excellence.

Executive, Administrative, and Professional Classification Program

For the past year, we have devoted a great deal of time and effort to the review of monthly, non-faculty positions. As part of this study, titles are being reviewed and a uniform set of titles will be determined for each pay level. This review addressed salary structure and equity adjustments related to a number of variables explained below. Known as the Executive, Administrative, and Professional Classification Program, this initiative encompasses approximately 300 operating and auxiliary positions which are paid on the monthly payroll. The program includes all executive, administrative, and professional employees through the level of vice president, but excludes contract coaches.

Classification — As a result of the information provided on position analysis questionnaires (PAQs), positions were assigned to a pay level. Eleven pay levels were recommended by our consultants and approved by the vice presidents. Sixty-four benchmark positions common to institutions of higher education were selected for purposes of comparison. Through this process, average salaries were identified to determine the pay levels for ISU's new classification program. Once this analysis was completed, the vice presidents and the consultants conducted further reviews and made recommendations for my review and approval.

Equity — Adjustments made for salary equity focused on complexity of the position, present salary level in relationship to the pay level salary range, and years of service in current position. Other factors considered included performance, gender, race, and length of service to the University.

Similar to the faculty equity study, adjustments were recommended by the Vice Presidents over a two-year period and total $384,140. Of this amount $196,390 covered adjustments retroactive to July 1, 1994. Monies for this purpose had been set aside from the administrative/ professional salary pool in the 1994-95 budget. A total of 132 individuals were proposed for salary adjustments for 1994-95. Additional adjustments were recommended for 124 individuals for 1995-96, totaling $187,750. For each year, the adjustments ranged from $250 to $4,500. For 1994-95, the mean adjustment was $1,488 and for 1995-96, $1514.

Under the leadership of Vice President Robert Schafer, Fred Arnold, and the staff of the Human Resources Office, our external consultants, a Job Evaluation Team, and the University Vice Presidents worked through this complex and difficult project. I would like to thank them and acknowledge a job well done.

Support Staff Salary Equity Study

A review of the salary structure of support staff based on several equity variables is planned for the upcoming year with adjustments to be budgeted as part of the support staff salary pool for 1996-97. As indicated by our approach to the 1995-96 compensation increases for support staff, the purpose will be to provide progress toward salary equity for ISU's support staff.

Together, we faced a number of challenges during the past year, and, by working together, we enjoyed a good measure of success. We can be proud of our achievements and confident that we have established a good foundation upon which to achieve further progress in the year ahead.

I hope all of you have a safe and enjoyable summer. I am looking forward to working with you in the coming year.

Sincerely,

John W. Moore

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