

Faculty Senate
12-9-03



Senior Associate Vice Chancellor for Financial Services

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To: Dr. William Shelton, Chancellor
From: Charles M. Hawkins
CC: Sherrilyn Johnson, Dr. Garrie Moore, Ian Baer
Date: December 3, 2003
Re: SCT Banner Fee and Campus Initiated Tuition Proposals

In accordance with our Student Fee Plan, the Chancellor's Executive Council was informed of proposed student fee changes for 2004-2005 and campus initiated tuition increases for fiscal years 2004 to 2007. On November 18th, after review of the proposals, the Council members approved the rate adjustments and requested these be forwarded to the Board of Trustees for their approval on December 12, 2003.

The Student Government Association (SGA) met on December 1, 2003 to review the proposed rate changes for a time-limited fee for the implementation of SCT Banner and the Campus Initiated Tuition proposal for all students and the additional proposal for the Brody School of Medicine. The process of consultation with students is a requirement of UNC Board of Governors' policy regarding student fees and campus initiated tuition increases.

As you know, our plan includes a pro-active approach to discuss tuition and fee changes with the Student Government Association. Various meetings were held with student representatives, including open forum discussions on November 21st and November 22nd which included the SCT Banner fee and Campus Initiated Tuition request. At the SGA Senate meeting on December 1st, presentations were made to the SGA Body regarding Banner and Campus Initiated Tuition. After numerous questions and comments about the proposals, the SGA overwhelmingly approved a 10-year SCT Banner fee of \$50.

In a separate vote on the Campus Initiated Tuition proposal, though the students understand the need for the funds and the potential impact on the quality of education, they did not believe that funding should be provided through tuition increases, but preferably through the state appropriation process. As a result, they strongly defeated this proposal.

I was very impressed with the thoughtful questions and comments from the SGA body regarding both proposals and their understanding of the impact to the Institution. The students concerns focused on the affordability to ECU students, their belief that State Appropriations should be increased by the State to improve the quality of education in North Carolina, the impact on Non-resident students, and the importance for the School of Medicine tuition to remain the lowest in the country to maintain a high number of applications.

The SGA understands that due to the critical needs of the University that we will continue to move forward with the request for the increase in the Campus Initiated Tuition increases, however they strongly oppose the proposal since it has a negative financial impact on their constituents.

I again commend Ian Baer (SGA President), Ben Wyche, (House Speaker), the SGA Executive Council and SGA Senators for their leadership and involvement in this important process.

In addition, Bob Thompson and I have discussed the Campus Initiated Tuition proposal with the Faculty/Senate Budget Committee and will be reporting the proposal to the full Faculty/Senate on December 9th.

If you have any questions about these events, please let me know.

East Carolina University – Brody School of Medicine 2004-2007 Campus Based Tuition Proposal

1. Financial Aid

In accordance with the UNC Board of Governors guideline that qualifying needy students are held harmless from the proposed campus-based tuition increase, the Brody School of Medicine at East Carolina University will set aside from the projected tuition increase revenues, sufficient funds to offset the associated increase in need-based financial aid. The existing methodologies used for determining students in need of financial aid will be used to determine the students in need of this assistance. Resources used by the Brody School of Medicine may include funds generated by the approved tuition increase or from any additional funds made available to the institution from other grant or scholarship programs – other than the UNC need-based grant program. Assuming that no other resources are applied, it is estimated that fifteen percent (15%) of the additional campus-based tuition increase revenues will be devoted to this critical purpose. In the event that the fifteen percent (15%) allocation is insufficient to meet this need, the school will reallocate other funds in order to meet the dollar-for-dollar increase in need-based financial aid. The school is mindful of its mission to educate primary care physicians. Because primary care physicians are much less likely to earn the incomes of sub-specialty physicians, it is imperative that the School ensure that the need-based financial aid is available so that the campus-based tuition increase does not become a disincentive for a medical student to select a career in primary care medicine.

2. Academic Excellence

Eighty-five percent (85%) of the campus-based tuition increase funds are intended to maintain and improve the academic excellence offered to its students. A portion of these new revenues will be used to implement a **Teaching Faculty Recruitment/Retention** Initiative. The funds dedicated for this purpose will be used to enhance faculty **diversity** through the recruitment and retention of faculty from diverse backgrounds. The increase in diversity will enhance the educational experience of the students, and a more diverse school faculty will enhance the school's effectiveness for community service. A portion of these funds will be used to enhance the school's ability to retain productive and successful faculty who may be the target of recruitment efforts by other schools. Some of these funds will be used to maintain critical educational activities. Recent budget cuts threaten the ability of basic science departments to continue doctoral graduate student degree programs. Some of these funds will be used to ensure the viability of the doctoral graduate student degree programs.

3. Discussions with Medical Students

In meetings with Dean Johnson, medical student representatives identified three issues of concern as provided below:

1. After all the planned increases, the students desire for ECU to remain as the least expensive school for tuition and fees for in-state first year students among US medical schools. While a guarantee cannot be made that ECU will remain the lowest cost school for tuition and fees among all US medical schools, we can validate that ECU will remain as one of the least expensive.
2. The students are requesting that financial aid be made available to offset new licensure requirements for medical students. The US Medical Licensing Examination (USMLE) has recently added the requirement that all US medical students must be tested for proficiency in clinical skills. This requirement, known as "Step 2B," mandates that medical students **MUST** be tested in regional testing sites for this part of licensing examination. This action is controversial, as it penalizes students from institutions, such as ECU, which have established clinical skills examination education and assessment programs. Instead of being able to be tested on site, students must bear the expense of traveling to the regional testing site (Atlanta, GA). Students are asking if funding can be made available to offset the costs of travel to the regional testing site. Brody School of Medicine administration is exploring possibilities of providing financial assistance to address this student concern.
3. The students desire that the current "full scholarships" offered by the medical school (through the Medical Foundation) will remain "full" scholarships after the tuition rate hikes. Brody School of Medicine administration is working with the Medical Foundation staff to resolve this issue.

East Carolina University								
Brody School of Medicine Critical Funding Needs for Campus-Initiated Tuition Increase								
FY 2004-2007								
			2004-2005		2005-2006		2006-2007	
			Amount	%	Amount	%	Amount	%
Calculation of Base Budget Impact:								
2nd, 3rd, 4th Year Medical Students (223 x \$700)			\$156,100					
1st Year Medical Students (74 x \$1,200)			90,000					
1st Year Medical Students (74 x \$700)					\$51,800			
1st Year Medical Students (74 x \$700)							\$51,800	
Net Additional Resources Provided			\$246,100		\$51,800		\$51,800	
Proposed Uses of Additional Resources:								
Student Financial Aid			36,915	15%	\$7,770	15%	\$7,770	15%
Academic Excellence:								
To retain and attract highly qualified FT faculty and other critical academic purposes			209,185	85%	44,030	85%	44,030	85%
Total Proposed Uses of Additional Resources			\$246,100	100%	\$51,800	100%	\$51,800	100%

East Carolina University
2004-2007 Campus Based Tuition Proposal

● **Need-based Financial Aid**

In compliance with the Board of Governors guidelines that qualifying needy students are held harmless from the campus-based tuition increase proposed for 2004-2007, East Carolina University will set aside from its projected additional tuition revenues a sufficient portion to offset, dollar-for-dollar, the associated increase in student financial need. For this purpose, a student's financial need will be defined as the difference between the student's cost of tuition, fees, food, lodging, commuting expenses, and books and supplies and the expected family contribution calculated under the Federal Methodology. Such offsetting awards shall be calculated for all students who have completed aid applications on or before an institutionally determined deadline of June 1. Resources used by the campus for this purpose may include funds generated by the approved tuition increase or from any additional funds made available to the institution from other grant or scholarship programs other than the UNC need-based grant program. As the attached schedule indicates, assuming no other resources are applied, it is estimated that 30% of the additional revenue for 2004-2007 would be devoted to this important purpose.

2. Academic Advising

During spring semester, 2002 East Carolina University decided to transform its academic advising and support system to better address the problem of student retention. A review of the national literature cited poor academic advising as a primary factor in students not returning to college. Previously, the university embraced the faculty advising model; however, the ECU sophomore survey data showed consistently that students were not pleased with their academic advising experience.

In January 2003, ECU employed new professional advisers to advise undecided and reconsidering students, the populations most at-risk. Because of the positive student responses, the university has made the commitment to expand the professional advising model to all the academic schools and colleges. The College of Human Ecology, College of Education, College of Fine Arts and Communication and the School of Nursing had previously implemented a professional advising model using faculty positions to resource the centers. With the reorganization of the Office of Undergraduate Studies, funds were made available to start advising centers in the remaining academic colleges and schools which could address the advising needs of new students. Continuing students remain with faculty advisers because the number of professional advising positions in the centers is inadequate to meet the needs of all general college students. In the beginning stages of this advising model, some advisers already have in excess of 650 advisees.

Additional funding for advising positions is required to bring the university in line with the targeted ratios of 1:400 for advising intended majors/per adviser and 1:300 for advising undecided and reconsidering students/per adviser. It is imperative that all students be given the benefit of a substantive and effective relationship with a professional advisor who will help them with their developmental needs as well as provide accurate prescriptive advising. (The proposed budget to expand the advising model is attached.)

3. Faculty/Not-teaching EPA Personnel Compensation Competitiveness

The Board of Governors of the University of North Carolina has set the target for raising faculty and non-teaching EPA personnel salaries at the 80th percentile mark of national norms in order to ensure that the university will be competitive in recruiting and retaining the high quality of personnel needed to fulfill its educational mission to the state. This is an ambitious target for East Carolina University (ECU) to reach given its current funding level and recent state budget trends.

● According to AAUP data compiled for the Office of the President and CUPA (College and University Personnel Association) data commissioned by ECU, ECU average faculty salary rate is currently at the 50-55th percentile. This means that faculty salaries in most disciplines are at or near the mean and median national salaries for their disciplines. Comparable data for non-teaching EPA personnel finds their average salaries in the 45-50th percentile range or below the mean and median for their national comparison peers. These percentiles for current faculty and non-teaching EPA salaries at ECU is obviously well below the 80th percentile mark. Based on analyses of the materials prepared by the Office of the President, ECU estimates

that an additional \$14,000,000 is needed to bring its faculty and non-teaching EPA personnel into line with the stated target with the bulk of these funds going to faculty salaries.

Failure to address the salary issue will have serious consequences for the recruitment and retention of high quality personnel over the next few years. As has been well documented, the nation will face a shortage of new professors in many disciplines over the remainder of this decade as the current professorate drawn heavily from the post-WWII baby-boomer generation retires. In addition, fewer new doctorates are being turned out in many disciplines and, in those disciplines not experiencing declining enrollments, fewer of those graduating are turning to university teaching for careers largely due to lower compensation levels. For example, in the field of accounting only 103 doctorates were awarded nationally in 1999 compared to 196 in 1994. When these situations are coupled with the growing enrollment facing universities due to the increasing numbers of high school graduates and the expansion of distance learning opportunities for adults, higher education nationally is facing increasing competition for the recruitment and retention of the best young faculty. At ECU, enrollment is projected to increase to almost 25,000 by 2007. While market forces may address some of these shortages over time, it is unlikely that they will provide an increased supply of new professors for almost ten years.

If the salary issue is not addressed the following challenges will be worsened for ECU.

- ECU will face increased competition in its recruitment of the best new faculty members. Institutions that can pay more, have better benefit packages, assist more readily in spousal or partner job placement, or have more identifiable compensation "ladders" will attract the better candidates.
- Similarly, ECU will lose a growing portion of its senior assistant professors and junior associate professors to other institutions that will recruit them away. This is a serious issue as these individuals are the ones on which a university depends on to build for the future. These are the individuals whose career records have demonstrated their ability to deliver on their academic promise, but who are also comparatively less expensive for other institutions to recruit than full professors.
- The benefit package offered by the university and the state is comparatively poor in comparison to national norms, especially with the high and increasing cost of family medical insurance coverage. This situation enables someone to move to another institution with a modest increase in salary, (but a significantly better benefit package) and to come out considerably better than the salary increase alone would indicate. This year's health insurance increase for staff with family coverage reduced their annual take home pay by \$745.
- The lack of salary increases and the parallel need to increase the salary offers to incoming new professors has meant that ECU has experienced considerable salary compression (for example, the average associate professor salary of \$48,815 in physical therapy is less than the average assistant professor salary of \$49,833). This also creates additional incentive for faculty (and administrators) with good records to seek employment elsewhere. Leaving ECU becomes the only viable means of increasing their standard of living.
- While every university experiences some turnover in personnel, replacing experienced people is costly to the University as it will impact the quality of ECU services and academic programs. It will decrease the campus experiential base upon which one develops new degree and research programs. It will increase the administrative effort associated with the search process. It will also be financially costly, as the institution will have to spend an inordinate amount of money in personnel searches as opposed to spending those operating dollars in direct instructional or research support. Each year, ECU hires approximately 150 new faculty and the typical costs associated with each new hire from recruiting to hiring is \$4,000 to \$5,000. If ECU had to increase these hires to compensate for lost faculty of even 50 additional faculty per year, the additional costs per year would total \$200,000 to \$250,000.
- This decline in salary competitiveness will also make it harder for the institution to advance the quality of the academic programs offered to students, as the best senior assistant professors and junior associate professor will be recruited away. The university will have to depend on an increasing proportion of new assistant professors and fixed term faculty as those in the middle ranks leave and those in the senior ranks retire. A high quality curriculum needs a balance of new, junior, and senior professors to provide diverse intellectual perspectives and experiences.
- Moreover, ECU has committed itself to the development of a range of new academic programs designed to be reflective of contemporary changes in higher education and to meet regional needs. The ability to fulfill that commitment is dependent on the ability to recruit and retain outstanding faculty. A "revolving door" for faculty will make that very difficult to accomplish.

The proposed allocation of campus based tuition dollars devoted to the salary competitiveness and compression issues will help address these problems by enabling ECU to be more competitive in its recruitment and retention efforts.

SPA Compensation

The university's ability to maintain competitive salaries for its SPA employees has been a major concern over the past several years. This concern has intensified recently due to the lack of legislative salary increases and increases in health insurance premiums. Despite longevity, more than 50% of ECU's SPA employees are at or below the mid-point salary for their classification. In addition, the increased cost of health insurance for these employees has actually reduced their net take home pay substantially over the past several years to the point where the lowest paid classifications are making just above the poverty line. In addition, a number of them have even foregone health insurance coverage for their families because of the increased costs. This overall situation has led to great difficulty in recruiting and retaining employees. A pool of funds is required to resolve market competitiveness, address higher skills required for technical jobs and inequities.

The data in Table 2 shows the turnover rates for ECU employees broken down by pay grade. Typically, if the percentage of turnover is less than 10% per annum it would not be considered an area for concern. For ECU, however, there are 12 pay grades with over a 15% voluntary turnover rate. The majority of these high turnover rates occur in the higher level pay grades, which tend to be more difficult to recruit qualified candidates as replacements. These turnover rates have hidden costs associated with them. The typical cost associated with recruiting for a professional level position is approximately 16% of the salary for the position.

Tables 3, 4, & 5 further break down the volume of turnover in the SPA employee population by years of service. The vast majority of the turnovers in SPA employees take place within the first 5 years of employment. Unless this pattern is broken the university will spend an inordinate amount of money recruiting and training its new employees. It will also lose the expertise necessary to maintain smooth efficient operations.

The turnover rates for our newer employees are a concern given the lack of any significant salary adjustments over the past five years. With our aging workforce, the ability to recruit and retain a qualified workforce will be critical to further the mission of this university.

There has also been an increased concern with salary inequities for SPA employees throughout campus. In light of some of these concerns, a salary equity study was initiated during the summer of 2003. This study compared the salaries of every SPA employee on campus with the average salaries of other SPA employees working throughout the State and the UNC System. This proposal is based on results of that analysis. (The study is attached to the overall proposal.) It is also supported by a comparative analysis of employee turnover rates.

As Table 1 indicates, there are a relatively large number of ECU employees with salaries more than 20% below the average salary of their university peers and in state government in general. *Given the large number of employees falling 15% or more below the campus, UNC and State-wide averages, the perceived salary inequities outlined in this study may warrant more in depth review. After a more in-depth review, there may be a need for some form of corrective action taken via a compensation equity plan.*

TABLE 1. Salary Averages Comparisons

Number of ECU employees falling into salary ranges above or below the salary means of comparable positions at ECU, state-wide, UNC System and UNC Peers.	ECU Mean Comp.	Overall State Mean Comp.	UNC System Mean Comp.	UNC Peers Mean Comp.
# of ECU employees 20% or more above	47	45	50	29
# of ECU employees 15 – 20% above	77	72	86	63
# of ECU employees 10% - 15% above	166	145	143	117
# of ECU employees 5% - 10% above	297	229	205	179
# of employees 0% - 5% above	515	370	335	317
# of ECU employees 0% - 5% below	507	518	456	440
# of ECU employees 5% - 10% below	404	455	417	429
# of ECU employees 10% - 15% below	294	364	254	299
# of ECU employees 15% - 20% below	103	136	102	173
# of ECU employees 20% or more below	39	9	36	37
	2449	2343	2084	2083

The total of ECU employees falling into various comparison ranges varies from comparison group due to a lack of comparable positions in some of the comparison groups.

(These need to have % added to them to document the issue. Raw numbers hide the pattern.)

Table 2. Separation Rates for ECU SPA Employees from 07/01/02 to 06/30/03

Salary Grade	Employee Total	Number of Voluntary Separations	All Separations	Voluntary Turnover Rate	All Turnover Rate
50	171	17	20	9.94%	11.70%
51	4	0	1	0	25%
52	9	0	0	0	0
53	26	2	3	7.69%	11.54%
54	40	1	1	2.5%	2.5%
55	29	2	2	6.9%	6.9%
56	35	0	1	0	2.86%
57	511	35	49	6.85%	8.61%
58	34	7	11	20.59%	32.35%
59	316	62	76	19.62%	24.05%
60	36	5	6	13.89%	16.67%
61	109	13	17	11.93%	15.60%
62	17	2	4	11.77%	23.53%
63	125	15	23	12%	18.40%
64	122	14	16	11.48%	13.12%
65	64	6	8	9.38%	12.50%
66	57	18	21	31.58%	36.84%
67	68	10	11	14.73%	16.18%
68	69	16	18	23.19%	26.09%
69	43	7	8	16.28%	18.61%
70	63	10	13	15.87%	20.64%
71	21	0	0	0	0
72	47	13	17	27.66%	36.17%
73	6	2	2	33.33%	33.33%
74	28	3	4	10.71%	14.29%
75	8	1	1	12.50%	12.50%
76	18	1	2	5.56%	11.11%
77	35	6	7	17.14%	20%
78	11	0	0	0	0
79	11	3	4	27.27%	36.36%
80	5	0	0	0	0
81	2	0	0	0	0
82	4	1	1	25%	25%
83	6	1	2	16.67%	33.33%
Totals	2150	273	349	13.01%	16.36%

Retirements, dismissals & deaths are only counted in the "All" separations column.

Table 3. ECU SPA Turnover Volume By Months of Service

Aggregate Service Time	Voluntary Separations	Total Separations
Less than 12 months	43	54
12 – 23 months	64	68
24 – 35	44	45
36 – 47 months	28	31
48 – 59 months	20	21
60 – 71 months	14	16
72 – 83 months	6	8
84 – 95 months	7	8
96 – 107 months	5	10
108 – 119 months	3	5
120 – 131 months	5	8
132 – 143 months	5	7
144 – 155 months	4	4
156 – 167 months	7	7
168 – 179 months	1	1
180 – 191 months	3	4
192 – 203 months	4	6
204 – 215 months	1	2
216 – 227 months	2	3
228 – 239 months	1	2
240 – 251 months	1	2
252 – 263 months	0	3
264 – 275 months	2	2
276 – 287 months	0	2
288 – 299 months	0	2
300 months and over	4	24
Totals	274	345

Table 4. Separations with less than 10 years of service		
Aggregate Service Time	Voluntary Separations	Total Separations
Less than 12 months	43	54
12 – 23 months	64	68
24 – 35	44	45
36 – 47 months	28	31
48 – 59 months	20	21
60 – 71 months	14	16
72 – 83 months	6	8
84 – 95 months	7	8
96 – 107 months	5	10
108 – 119 months	3	5
Totals	234	266

Table 5. Separations with less than 5 years of service		
Aggregate Service Time	Voluntary Separations	Total Separations
Less than 12 months	43	54
12 – 23 months	64	68
24 – 35	44	45
36 – 47 months	28	31
48 – 59 months	20	21
Totals	199	219

East Carolina University									
Critical Funding Needs for Campus-Initiated Tuition Increase									
FY 2004-2007									
		2004-2005		2005-2006		2006-2007			
		Amount	%	Amount	%	Amount	%		
Calculation of Base Budget Impact:									
Annual Average FTE Enrollment	18,096			19,000			20,000		
Proposed Annual Tuition Increase	\$300			\$300			\$300		
Total Net Revenue	\$5,428,800			\$5,700,000			\$6,000,000		
Net Additional Resources Provided		\$5,428,800		\$5,700,000			\$6,000,000		
Proposed Uses of Additional Resources:									
Student Financial Aid		\$1,628,640	30%	\$1,710,000	30%		\$1,800,000	30%	
Faculty Compensation Competitiveness									
To retain and attract highly qualified FT faculty		2,300,000	42%	3,000,000	53%		3,300,000	54%	
Academic Advising Services:									
Add full-time advising positions 13.5	413,748								
Related Fringe Benefit Costs	119,664								
Related start-up and operating expenses	157,000	690,412	13%	0	0%		0	0%	
Compensation Competitiveness:									
To retain and attract highly qualified Non-Teaching EPA employees		400,000	7%	500,000	9%		450,000	8%	
To retain and attract highly qualified SPA employees		409,748	8%	490,000	9%		450,000	8%	
Total Proposed Uses of Additional Resources		\$5,428,800	100%	\$5,700,000	100%		\$6,000,000	100%	