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BULLETIN

To the Faculty and Staff of Southern Illinois University at Edwardsville

Vol. 25, No. 11
June 22, 1994

MEMO TO: Faculty and Staff

FROM: Nancy Belck

Nancy Belck

SUBJECT: Salary Increases and the University's Four-Year Budget Plan

As you know, the University has been operating under a four-year budget plan for FY93-96. The most important assumption of that plan was that there would be no new state funds available to the University. Accordingly, the plan called for tuition increases to fund enhancements in instructional equipment, academic computing, and the library, and to add faculty positions to achieve an appropriate faculty-to-student ratio. It also called for internal reallocations to fund a two-percent salary increase for each of the four years, to make sick leave payouts to employees who retire or resign, and to create a fund for major repairs to the campus.

Much of the four-year plan has been accomplished. It is now time to consider whether to extend the two-percent salary increase, funded by internal reallocation, to FY95. The University did reallocate approximately \$2 million for FY93 and FY94 to provide a two-percent salary increase for faculty and staff. Under the original plan, an additional \$2 million would be reallocated over FY95 and FY96.

In the past six months, I have received a great deal of advice, formally and informally, about this matter. After careful consideration and discussion, I have decided **not to proceed with the internal salary increase reallocation for FY95**. This decision is based, in part, on the expectation that the Legislature will fund the recommendation from the Governor and the Board of Higher Education for a 3.5-percent salary increase for FY95. Also, the following two considerations make internal reallocation inadvisable.

First, the reallocations for the increase would place an undue burden on our staff, since the four-year plan called for no reductions in instructional effort or in support lines. Given these constraints, reductions could occur only in research, public service, and support staff. As part of the PQP process, the Provost has already trimmed public service expenditures significantly, and our research expenditures have historically been modest. Accordingly, under the plan, the only significant remaining source of reallocation is from the administrative, professional, and civil service staff. Given the key roles our staff contribute and the several initiatives currently underway at the University, it would be unwise to make the reductions in staff necessary to fund the two-percent increase.

(over)

PRESIDENT'S OFFICE

JUN 22 1994

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Second, the University has budgetary responsibilities **not** addressed by the four-year plan totalling some \$20 million. These include **unfunded mandates** such as sick leave, medicare payments, unemployment compensation and environmental issues (\$2 million). Other costs are associated with **inflation** for supplies, services, utilities and library materials (\$3.5 million). Lastly, **unfunded needs** include salary increases less than inflation, O & M costs for new buildings, and new program requests (\$14.5 million). To the extent that we can responsibly reallocate funds, they must be used for the above items

The decision not to reallocate funds for a two-percent salary increase may be a disappointment to you. Please understand this decision is made reluctantly, and only because proceeding with the required level of reallocation is not in the best interests of the University, even though it might be in the best interest of some individuals. However, **I remain hopeful that the Legislature will fund the Governor's and IBHE's recommendation for a 3.5-percent salary increase for FY95.**