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Reports on state tax legislation; state appropriations for universities, colleges and community colleges; legislation affecting education beyond the high school.

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THE INCONSISTENCIES OF STATE SUPPORT FOR HIGHER EDUCATION 2169-2174 by Franklin G. Matsler

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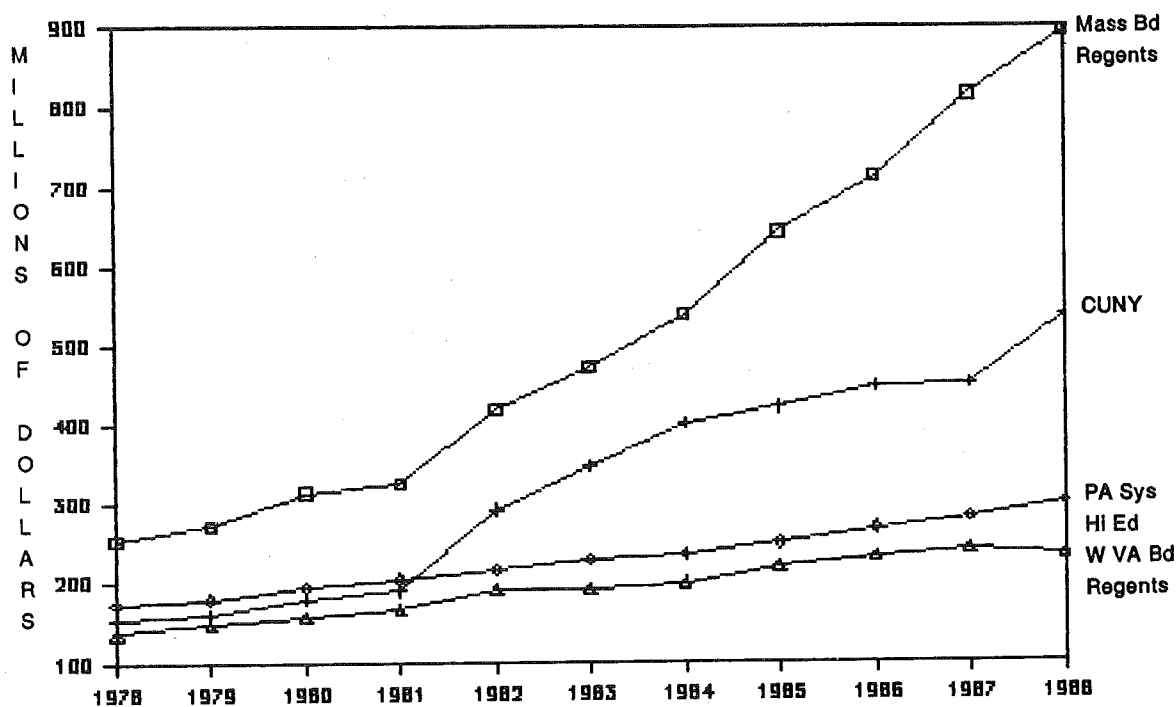


Figure 1. Appropriations of state tax funds for operating expenses of higher education in four systems, Fiscal years 1978 through 1988.

Table 1. MULTI-CAMPUS UNIVERSITIES WHICH RECEIVED \$100,000,000 OR MORE STATE TAX FUNDS APPROPRIATED FOR ANNUAL OPERATING EXPENSES, FISCAL YEARS, 1977-78, 1986-87, AND 1987-88, WITH PERCENTAGES OF GAIN OVER THE MOST RECENT TWO AND TEN YEARS. (In thousands of dollars)

Institutions	Year 1977-78	Year 1985-86	Year 1987-88	2-yr gain Percent	10-yr gain Percent
(1)	(2)	(3)	(4)	(5)	(6)
U of California	752,645	1,646,741	1,897,343	15	152
U of Texas	359,276	785,279	792,864	1	121
U of Illinois	254,055	461,046	467,255	1	84
U of Minnesota	185,866	327,683	390,891	19	110
U of Maryland	126,684	285,397	345,395	21	173
Louisiana State U	130,482	311,353	293,133	- 6	125
Ohio State U*	136,732	257,322	285,348	11	109
Indiana U	127,214	239,998	272,706	14	114
U of Michigan	136,264	236,845	267,148	13	96
Texas A&M U	119,376	260,326	263,144	1	120
U of Missouri**	136,014	240,247	262,509	9	93
U of Tennessee	94,737	221,728	259,845	17	174
U of Massachusetts***	109,211	233,006	258,596	11	137
U of Hawaii	109,642	208,636	254,672	22	132
Rutgers, St U of NJ**	94,808	194,743	238,292	22	151
U of Kentucky	87,024	177,975	211,512	19	143
Pennsylvania State U	106,759	171,638	196,411	14	84
Purdue U	89,100	165,938	191,253	15	115
U of Alabama***	88,594	202,440	185,295	- 8	109
U of Connecticut***	82,010	149,740	179,982	20	119
U of Nebraska	101,010	161,960	176,241	9	74
U of Arkansas	90,764	181,994	168,361	- 7	85
U of Colorado	66,630	146,716	159,473	9	139
Southern Illinois U	97,820	156,815	158,313	1	62
U of Iowa	96,763	134,047	151,955	13	57
U of South Carolina	59,109	134,327	146,014	9	147
Arizona State U	59,173	136,754	143,881	5	143
U of Kansas	77,812	135,682	142,681	5	83
U of Virginia	52,844	118,627	140,396	18	166
U of Alaska	64,714	167,830	137,802	-18	113
U of Cincinnati	55,035	108,513	124,507	15	126
U of Houston	56,583	105,683	109,770	4	94
U of Oklahoma	51,125	119,743	107,676	-10	111
U of New Mexico	46,118	103,907	107,545	4	133
U of Pittsburgh	60,449	94,656	107,331	13	78
West Virginia U***	66,381	104,928	105,897	1	60
AuburnU***	49,693	116,471	105,851	- 9	113
Oklahoma State U	47,433	111,830	100,561	-10	112
Totals	4,525,949	9,118,564	9,907,849		
Weighted average percentages of gain				9	119

*An estimated sum has been added to each figure for the branch campuses at Mansfield, Lima, Marion and Newark.

**Beginning in FY1987, a sum for social security is included in the institutional figures. Formerly this figure was reported separately, therefore, the percentages of gain are somewhat overstated.

***Figures do not include some fringe benefits and/or collective bargaining which were reported as a lump sum for all of the institutions in the state.

THE INCONSISTENCIES OF STATE SUPPORT FOR HIGHER EDUCATION

Grapevine has divided the public systems of senior institutions into three categories for purposes of compiling data relating to computing the increases in state appropriations over a period of time. They include: (1) the multi-campus university systems, where the main campus (usually the land-grant institution in that particular state) has within its system several branch campuses; or, in a number of cases, instead of branch campuses, large institutions with the same name except for their locations; (2) the comprehensive university and four-year college systems into which many institutions have developed from normal schools of the pre-World War II era; and (3) the statewide "superboard" systems where the governance and coordination functions are assumed by one, single board. Not all public senior institutions have been included in this particular compilation, but the listing is adequate to make some preliminary analyses, and to speculate a little as to why differences in state support appear among the various states and systems.

Figure 1 (Page 2169) graphically shows the dollar amounts appropriated over a ten-year period for systems in four states. Based on ten-year gains from FY1978 to FY1988, the two highest gainers and two of the lowest gainers were selected (from Table 2, Page 2172). In the graph, the upward turn of the lines in the year 1981 indicates an era of relative prosperity for the City University of New York and for the Massachusetts statewide system. On the other hand, the Pennsylvania System of Higher Education (14 comprehensive institutions) and the state-wide system in West Virginia showed little gain over the entire ten-year period.

Table 1 (Page 2171) lists the state systems which are classified as "multi-campus universities." Most of the institutions which are a part of a "consolidated system" (Table 2, page 2173) are members of the American Association of State Colleges and Universities (AASCU). The state-wide "superboard systems" may have all categories of institutions, including the community colleges in some instances; and, while most of the senior campuses are the flagship institutions, some of the campuses which had originally existed as branch campuses have become as big and famous as the mother institution.

National Association of System Heads

A group of Chancellors, Executive Directors and other heads of systems has recently formed an organization named the National Association of System Heads. These Chief Executive Officers (CEOs) head up systems with comprehensive universities for the most part, although there are several who head up superboards. Concerned with matters facing governing boards in such systems, this group has recently begun to study ways to deal with the increasing intrusion of state government into higher education policy formation. Related to this situation, the organization has also concerned itself with the smaller percentages of increase in financial support which comprehensive institutions have received over a period of years than do the flagship institutions.

Consolidated Systems

Table 2 presents us with an amazing differential between systems in certain states that have been steadily increasing their support for higher education and those that have not even kept pace with a sometimes very low inflation rate. When one examines the percents of ten-year gain that Maine, City U of New York and Massachusetts have provided (something over 200%) it can be seen that the annual increases have been substantial. On the other hand, institutions in Illinois, Wisconsin and Iowa have not fared so well, with ten-year gains of less than 80 percent.

The causes for these differentials are perhaps many and difficult to find. More study on the cause and effect of this situation is badly needed, for the extent of damage to institutions in the lower group may not be apparent. One can speculate, however, that there is, indeed, an insidious malady that will show itself soon if the trend continues. For example, the more talented academicians will find better positions at institutions where the salaries are larger, thus attracting grant money and pulling these sources of funding away from the poorer institutions, and exacerbating an already bad situation.

The differences one sees in Table 4, indicate that states have been willing to put more money into the activities of the flagship institutions than in the comprehensive universities. Two major reasons for these differentials are: (1) faculty at the flagship institutions receive higher salaries and (2) more research, requiring additional funding, is carried on in the flagship institutions. But why the higher percentage increments each year? One would think that once the higher base is established, the percent increase each year for the two types of institutions would be about equal. The answer to this is probably the very fact that the powers in the state (i.e. the legislatures, government officials and other power centers) are, for the most part, alumni of the flagship institutions and are more likely to support their alma maters than the smaller universities. One might also say that, on the whole, activities at the flagship institutions are probably more glamorous, and taxpayers are willing to pay for glamour.

Another reason for the differential lies in the funding of new programs. When new programs are requested among the competing institutions and systems within a particular state, those at the flagship institutions may have partial funding promised from outside sources, thus enticing state officials to provide funding in order to bring in these added dollars. These particular funds are incremental; that is, they are over and above the previous year's base. One could speculate that this along with the "glamour factor" could very well be the main reasons for the continual disparity in state support among the types of institutions in our country.

TABLE 4. COMPARISON OF TEN-YEAR GAINS IN APPROPRIATIONS FOR SELECTED COMPREHENSIVE AND FLAGSHIP UNIVERSITIES

<u>Comprehensive</u>	<u>10 Yr.% Incrs.</u>	<u>Flagship</u>	<u>10 Yr.% Incrs.</u>
Cal State U	127	U of Calif	152
PA Syst H.E.	74	Penn State U	84
Tenn St U & Colls	165	U of Tenn.	174
LA Bd Trustees	96	LA State U	125
IL Insts*	66	U of Ill	84
MD St U's & Colls	157	U of MD	173
MN St U System	86	U of Minn	110

*Board of Governors, Board of Regents and Southern Illinois University

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The low group includes both large and small states and both wealthy and poor states—perhaps also, states whose leaders don't care as much about higher education as those in other states, or who do not see the possible harm being done to the long-range economic and sociological welfare of the state. Some states have proportionately higher welfare costs than others. Illinois has a relatively low tax level, but welfare costs are high, as is the cost to support its correctional institutions. These competing services have loudly demanded additional funding and have received it in larger quantities than ever before. Other states have fallen into hard times with respect to a radical decline in their major industries: oil, coal, automobiles, farm income and other sources of state revenue. These can be easily enough identified, and perhaps experts in each of the low groups can find valid reasons for their particular slow growth in state appropriations.

Large and Small States

Small and large states (based upon dollars appropriated in FY1988) are compared in Table 3. The larger states, as a group, show a ten-year gain of 128%, while the ten-year gain of the group of smaller states was 120%. Although there is some difference between the two groups, it would appear that size is not an important factor in and of itself.

Table 3. COMPARISON OF APPROPRIATION INCREASES IN LARGE AND SMALL STATES

State	FY1987-88 Appropriations (In \$1,000)	10-yr Gains %	State	FY1987-88 Appropriations (In \$1,000)	10-yr Gains %
<u>Small States</u>			<u>Large States</u>		
Delaware	101,339	129	California	4,748,158	142
Montana	105,106	101	Florida	1,365,759	179
Nevada	112,730	148	Illinois	1,331,564	71
New Hampshire	66,901	143	Michigan	1,313,048	99
North Dakota	118,174	91	New Jersey	1,013,299	151
Rhode Island	126,185	103	New York	2,936,954	126
South Dakota	74,041	74	No. Carolina	1,284,076	175
Vermont	50,555	120	Ohio	1,259,569	129
Wyoming	114,188	166	Pennsylvania	1,176,066	76
Weighted Average		120	Texas	2,231,785	112
			Weighted average		128

The question as to why some systems receive higher percentage increases in state appropriations over a period of years is intriguing, because, for the most part, it appears that the flagship systems fare better than the comprehensive systems. Table 4 presents a listing of flagship systems not in a superboard system along with those comprehensive systems which are also not a part of a superboard system.

Here we see that in all of these cases, the flagship system received a significantly higher percentage increment than did the comprehensive system. For instance, the University of California received about 2.5% more state support each year than did the California State University System over the 1978-1988 ten-year period. A similar differential exists between the University of Minnesota and the Minnesota State University System. This differential may not exist in all states. However, one might speculate that the differentials might be lower than reported in Table 4 because of the possible leveling effect the single board might have on all institutions under its aegis.

Table 2. APPROPRIATIONS OF STATE TAX FUNDS FOR OPERATING EXPENSES OF 35 CONSOLIDATED SYSTEMS OF HIGHER EDUCATION, FISCAL YEARS 1977-78, 1985-86 AND 1987-88, WITH PERCENTAGES OF GAIN OVER THE MOST RECENT TWO AND TEN YEARS. (In \$1,000s)

System (1)	Year 1977-78 (2)	Year 1985-86 (3)	Year 1987-88 (4)	2-yr gain Percent (5)	10-yr gain Percent (6)
State U of New York	650,032	1,253,814	1,502,951	20	131
California State U	637,814	1,265,090	1,445,438	14	127
U of North Carolina	350,414	814,565	957,814	18	173
State U System of Florida	309,348	743,144	897,283	21	190
Mass Regents of Higher Ed	254,122	711,102	895,300	26	252
State U System of Georgia	302,797	666,486	759,404	14	151
U of Wisconsin System	327,369	538,581	579,167	8	77
City U of New York	156,393	447,758	535,745	20	243
Arizona Board of Regents	178,563	374,932	390,776	4	119
Iowa Board of Regents	190,739	295,375	336,701	14	77
Kansas Board of Regents	174,442	313,028	330,348	6	89
PA System of Higher Ed	172,700	268,156	300,430	12	74
TN State U's & Comm Colls	109,095	244,779	288,865	18	165
OR System of Higher Ed	147,304	243,836	277,718	14	89
Miss, Insts of Hi Learning	140,492	271,849	262,810	- 3	87
Utah Board of Higher Ed	118,602	244,441	257,389	5	117
W VA Board of Regents	138,063	233,057	236,565	2	71
LA, Bd of Trustees System	88,901	179,043	173,830	- 3	96
Illinois Board of Regents	87,250	147,600	145,584	- 1	67
Illinois Board of Governors	78,015	134,000	133,305	- 1	71
Minnesota State U System	70,502	116,217	130,898	13	86
RI Board of Regents	62,230	110,790	126,185	14	103
Idaho, Bd of Education	62,983	100,661	118,240	17	88
ND Bd of Higher Ed	61,822	120,472	118,174	- 2	91
U of Maine System	36,815	79,449	113,255	43	208
U of Nevada System	45,457	94,400	112,730	19	148
Montana University System	52,251	106,150	105,106	- 1	101
Maryland State U's and C's	41,111	91,666	104,191	14	153
South Dakota Board of Regents	42,584	69,667	74,040	6	74
Texas State U System	42,635	68,487	69,596	2	63
U System of New Hampshire	21,899	39,500	48,690	23	122
CO Consortium of State Colls	24,980	37,955	42,290	11	69
Nebraska State Colleges	16,039	26,031	28,448	9	77
U System of South Texas	14,594	23,383	23,554	1	61
Vermont State Colleges	5,922	11,549	13,265	15	124
Totals	5,214,279	10,487,013	11,936,085		
Weighted average percentages of gain				14	129

 CREDITS: Data were compiled by Gwen B. Pruyn, Managing Editor of GRAPEVINE; graphics and tables by Ms. Hyun-Ah Oh, a candidate for the doctoral degree in the Department of Curriculum and Instruction, Illinois State University.
