

Grapevine

TIMELY DATA CIRCULATED WHILE CURRENT

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

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MID-YEAR REVISIONS: A Summary of a Grapevine Survey. 3042-3043

Revisions to initial legislative appropriations are not a new phenomenon, but it was not until about five years ago that Grapevine began to make a concerted effort to incorporate changes into the original state reports. Before 1986, only the 50-state summary tables included significant revisions to the states' total appropriations for preceding years. In recent years, the correspondents who provide the data to Grapevine have responded to requests for revisions to earlier reports. Grapevine publishes the data early in the fiscal year, before mid-year revisions occur; therefore, there is usually about a year's "lag time" before it is possible to incorporate revisions into nationally-distributed reports, such as the annual summary published by the National Association of State Universities and Land-Grant Colleges. Researchers, the media and others have become increasingly interested in how states respond to changing economic conditions and whether revisions are becoming widespread among the states. Grapevine conducted a survey in order to improve understanding about the nature and the extent of revisions made to state higher education appropriations during the most recent five-year period.

MULTI-CAMPUS AND CONSOLIDATED SYSTEMS OF HIGHER EDUCATION 3044-3046

- Table 1. Multi-campus universities
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The word, "system" is used in many ways in higher education. One of the more significant uses of "system" is in reference to what are known as multi-campus systems of higher education and consolidated systems of higher education. Grapevine has utilized operational definitions of both entities. Multi-campus systems are distinguished by having the oldest or largest campus as the primary or main campus; by having two-year or four-year regional or branch campuses or medical or health science centers; and by having one governing board, perhaps located at or closely connected to the main campus. Consolidated systems include individual campuses which may have existed prior to joining the system. These campuses were administered separately and usually were located at distances from each other; consolidated systems have one governing board, often located in the state capital, which was created after at least some of the campuses were founded. (Continued on the last page)

MID-YEAR REVISIONS: A Summary of a Grapevine Survey
by Sheryl Samuelson*

During November/December 1990, Grapevine staff conducted a survey in order to improve understanding about the nature and the extent of revisions made to state higher education appropriations during the period 1987 through 1991. A total of 44 states (88%) responded to the survey.

Five states (11%) reported that there had been no revisions of their legislative appropriations for higher education during the five-year reporting period. Some of the respondents commented that there was no provision within their state's system for any revision of approved legislative appropriations, therefore, none could be made.

Year 1991 saw the greatest number of states reporting decreases (18). This was closely seconded by FY1987, when 16 states reported decreases. States reporting increases have declined to five in 1991, down from the five-year high of 11 in 1988. Two trends are obvious from these data. In these days of fiscal "belt-tightening," decreases in appropriations are increasingly utilized in solving budget problems. By 1991, 18 of the 44 states reporting (40.5%), indicated that revisions downward had occurred in the original appropriations amounts. This is a high rate of negative revisions on a national level. In many states, these revisions reflect unexpected shortfalls in the state revenue amounts, which are then managed by decreasing the appropriations.

Table 1: States with Revisions (Increases or Decreases), FY1987 through 1991

	Fiscal Year				
	1987	1988	1989	1990	1991
<hr/>					
<u>States with Revisions</u>					
N	19	16	15	18	23
%	43	36	34	41	52
<hr/>					
<u>States with</u>					
Increases	3	11	7	4	5
Decreases	16	5	8	13	18

The number of states reporting that revisions had been made to the original appropriations appear in Table 1. The number of states with revisions reached the highest level in 1991, with 23 of the 44 states (52%) reporting revisions, up from the five-year low in 1989, when only 34% of the states reported revisions. If revisions occur during periods of increasing uncertainty, these data bear out the concern of many individuals that the outcomes of the states' appropriations process are increasingly less clear than they appear at the time of initial legislative appropriations.

What has been the nature of the revisions that have been made to higher education appropriations during the last five years? Table 1 identifies the number of states reporting revisions as increases or decreases in the original appropriations amount. Fiscal

It is also clear from the data that some states (five in 1991) were able to avoid decreases; and, in fact, increased the original appropriations levels. This may be an indication of fiscal strength in these states, or it may be an indicator of a new type of fiscal planning. In any event, increases create a different, perhaps more welcome, type of uncertainty than do decreases. What remains unclear from the data, is whether this period of apparent constricted funding is only a temporary trend in the higher education market, or whether it is the beginning of a pattern of decline.

States were asked to identify who made the revisions: the governor, the legislature or others. For the 32 states responding to this item, governors were involved in the revisions, 75% (24 states) of the time. State legislatures were involved only 24% (8 states) of the time.

A total of 55 responses were provided to a question which asked if revisions in the higher education budget were the same amounts or proportions as for other state departments, over the five-year period. In 73% of the responses, revisions were thought to be the same for higher education as for other state departments. In 11% of the responses (six instances), budget revisions (primarily decreases) were less for higher education than for other departments. In nine instances (16%), revisions for higher education (including increases and

decreases) were greater than for other state departments. These data suggest that higher education is treated equitably compared with other state departments, and not shown either favoritism or disfavor.

The item requesting information about the ways in which higher education compensates for decreases in the original appropriations ("offsetting") was responded to in a number of ways. These can be categorized into institutional management strategies and student funding, such as tuition and aid programs. Two states indicated that it was institutional choice to deal with offsetting. Five other states identified the following compensating strategies: lottery funds; budget transfers from other sources; reduction of facility maintenance, repairs, and capital equipment; and decreases in operating expenses. One state indicated that there was no relationship between tuition and budget shortfalls. Two states indicated that there was a refusal to allow tuition increases as a means to compensate for budget inadequacies. Two states suggested that enrollment growth had compensated for needed revenues. Fourteen responses indicated that student tuition, fees, or financial aid had been adjusted in order to compensate for budget shortfalls. Increases in tuition/fees, tuition surcharges, mid-year charges, decreases in student grants, and increases in student financial aid were all identified as compensating strategies.

States were asked to comment on the revision process according to whether it occurred during the appropriations process; after the appropriations had been determined, but before allocations; or after appropriations had been allocated to the campuses. A total of 27 states reported that revisions had occurred within the fiscal year, but after budget allocations had been made to campuses. Smaller numbers of states reported that revisions occurred during the appropriations process (3 states); or after the appropriations process, but before the allocation to higher education (5 states). It is noteworthy that, although there were a large number of states reporting mid-year revisions, the general perception was that recent revisions were less onerous than those of the early 1980s. One could hypothesize that this is due to the fact that current revisions are smaller in magnitude, or that perhaps the revisions are being anticipated in advance.

In any event, changes in budgetary allocations and the increased uncertainty they reflect, appear to be increasingly common phenomena which higher education has come to expect.

What has been the general effect of revisions on higher education? Only a few states reported revisions which resulted in increases in appropriations. This would tend to suggest that the term, "revisions," is more commonly associated with budget shortfalls than with budget surpluses. For states reporting the negative impact of revisions, the most commonly identified outcome was across-the-board budget cuts (18 states reported this occurrence at least once in the five-year period). The comment was made by more than one individual that these were often implemented with a great degree of institutional flexibility. The second most commonly identified effect of downward revisions of funds was selected program cuts (identified at least once by 7 states). Comparable in number was the number of states that identified selected line-item budget cuts as the way to handle revisions. The areas identified included: deferring facility maintenance and capital equipment purchases; postponing merit increases; limiting travel expenses; eliminating positions; purchasing and hiring freezes; and salary cuts. The combination of salary and nonsalary line-item expense covers the possibilities of ways to handle decreases in funds available. On the part of many states, institutional flexibility appeared to be one way in which decisions were made regarding diminished funds.

In summary, while the revision phenomenon in higher education appears to be "here to stay," at least for the foreseeable future, states and institutions appear to be anticipating the existence of uncertainty and are employing creative and diverse means to cope with economic uncertainty and fiscal instability.

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MULTI-CAMPUS AND CONSOLIDATED SYSTEMS OF HIGHER EDUCATION
(Continued from the front page)

These systems are a dominant feature of American higher education. Together, the 38 multi-campus systems and 29 consolidated systems comprise 67 entities which received \$25.8 billion of the the total \$40.9 billion (63.1%) appropriated by state governments to higher education in the current year (FY1991).

Only those systems receiving more than \$100 million in state tax funds are shown in Tables 1 and 2. One multi-campus system (University of California) received more than one billion dollars and four consolidated systems received more than one billion appropriated dollars each (California State, SUNY, North Carolina, and the Florida system). Nine of the 11 "Big Ten" institutions are in the multi-campus grouping. Northwestern, a private university, and Michigan State, a single campus university, do not appear in this group.

Nationally, Fiscal Year 1991 was not an especially strong year for higher education. Similarly, two multi-campus institutions were at a zero percentage gains and two others were in the "negative" category of two-year percentage gains, indicating that, over the most recent two years, state tax funds actually declined for these universities (Rutgers and Massachusetts). In the consolidated systems, three were in the negative this year (California State, Massachusetts Board of Regents, and Rhode Island).

A brief trend over the most recent five years is shown below. FY1989 might be considered to be a pivotal year because in that year the two-year percentages of gain were identical for multi-campus universities and consolidated systems. During FY1987 and FY1988, the two-year gains for consolidated systems were greater than the multi-campus universities and exceeded the two-year gains for all of higher education. However, for FY1990 and FY1991 the multi-campus universities had greater two-year percentage gains than did the consolidated systems and were equal to or greater than the national gains.

PERCENTAGES OF TWO-YEAR GAINS

	FY87	FY88	FY89	FY90	FY91
National	13	12	14	14	12
Consolidated Systems	16	14	12	13	7
Multi-campus Universities	12	9	12	15	12

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Table 2. TWENTY-NINE CONSOLIDATED SYSTEMS OF HIGHER EDUCATION, EACH RECEIVING \$100,000,000 OR MORE OF STATE TAX FUNDS FOR OPERATING EXPENSES, FY1981, FY1989 AND FY1991, WITH PERCENTAGES OF GAIN OVER THE MOST RECENT TWO AND TEN YEARS. (In \$1,000s)

State	System	Year 1980-81	Year 1988-89	Year 1990-91	2-yr gain Percent	10-yr gain Percent
(1)	(2)	(3)	(4)	(5)	(6)	
CA	California State U	952,050	1,824,357	1,695,847	- 7	78
NY	State U of NY	905,587	1,486,415	1,502,851	1	66
NC	U of North Carolina	484,903	1,001,351	1,094,151	9	126
FL	State U Sys of Florida	461,446	955,381	1,033,329	8	124
GA	U System of Georgia	431,929	812,299	961,283	18	123
MA	Bd Regents of High Ed	322,498	868,426	697,248	-20	116
WI	U of Wisconsin System	420,259	605,141	690,911	14	64
MD	U of Maryland	220,652	516,558	649,130	26	194
NY	City U of New York	190,597	608,415	641,342	5	236
AZ	Arizona Bd of Regents	236,282	471,094	538,269	14	128
IA	Iowa Board of Regents	232,399	365,881	446,294	22	92
KS	Kansas Bd of Regents	238,417	347,644	408,768	18	71
TN	St U and Com Coll Sys	191,292	356,300	395,659	11	107
PA	St System of High Ed	206,457	319,594	367,876	15	78
OR	St System of High Ed	189,254	286,020	334,169	17	77
MS	Insts of High Learning	198,072	311,390	321,493	3	62
UT	St Board of Regents	155,611	263,964	295,883	12	90
LA	Board of Trustees Sys	137,890	164,104	193,876	18	41
WV	St University System	114,071	160,000	189,233	18	66
ID	Idaho Bd of Education	94,146	144,978	183,997	27	95
IL	Board of Regents	119,282	152,564	179,162	17	50
MN	St U Sys of Minnesota	81,745	147,354	177,807	21	118
IL	Board of Governors	108,011	142,472	166,867	17	54
NV	U of Nevada System	62,107	121,249	156,224	29	152
ME	U of Maine System	49,312	131,095	155,032	18	214
RI	Bd Regents for High Ed	78,320	142,291	141,140	- 1	80
ND	St Bd of Higher Ed	104,638	115,723	129,756	12	24
MT	Montana U System	65,267	102,235	113,466	11	74
CO	St Bd of Agriculture	49,502	94,701	104,941	11	112
Totals		7,101,996	13,018,996	13,966,004	7	97
Weighted Average Percentages of Gain					7	97

Footnotes for Table 1 (Continued from the preceding page)

***The ten-year gain may be somewhat overstated because the figure for FY1981 does not include retirement and other fringe benefits which were reported as a lump sum for all institutions.

+The figures do not include some amounts reported as lump sums, including one or more of the following: salary increases, social security/retirement, collective bargaining and other fringe benefits.

++Includes the medical school which is not located on the main campus of the university.

Table 1. MULTI-CAMPUS UNIVERSITIES WHICH RECEIVED \$100,000,000 OR MORE OF STATE TAX FUNDS APPROPRIATED FOR OPERATING EXPENSES FOR FY1981, FY1989, AND FY1991, WITH PERCENTAGES OF GAIN OVER THE MOST RECENT TWO AND TEN YEARS. (In \$1,000s)

Institutions	Year 1980-81	Year 1988-89	Year 1990-91	2-yr gain Percent	10-yr gain Percent
(1)	(2)	(3)	(4)	(5)	(6)
U of California	1,039,116	1,970,047	2,185,165	11	58
U of Texas	555,910	839,207	938,367	12	45
U of Illinois	350,687	491,621	601,402	22	46
U of Minnestoa	218,563	405,774	479,039	18	60
Ohio State U*	183,600	315,546	360,250	14	54
U of Wisconsin**	212,844	314,608	354,180	13	44
Texas A&M U	184,126	301,939	345,596	14	51
Louisiana State U	224,622	278,330	338,730	22	37
Indiana U	168,955	290,701	334,667	15	54
U of Missouri	183,721	287,015	324,215	13	48
U of Tennessee	144,369	279,472	300,171	7	57
U of Michigan	154,560	272,456	299,801	10	53
U of Alabama***	125,600	266,386	298,503	12	64
U of Hawaii	137,573	267,472	297,625	11	59
U of Kentucky	120,549	222,007	265,615	20	60
U of Nebraska	128,183	198,076	254,504	28	55
Pennsylvania State U	127,040	220,593	243,635	10	53
Purdue U	120,249	204,671	237,494	16	54
Rutgers, St U of NJ+	118,572	260,234	235,651	- 9	55
Arizona State U	80,065	177,919	212,896	20	69
U of Massachusetts+	127,256	269,422	211,685	-21	44
U of Iowa	105,479	163,615	197,833	21	51
U of Connecticut+	97,394	195,443	197,350	1	56
U of Arkansas	119,701	189,911	194,811	3	42
Southern Illinois U	126,935	162,314	186,482	15	35
U of South Carolina	94,993	161,180	179,800	12	52
U of Colorado	78,556	173,992	173,429	0	60
U of Kansas++	109,290	139,509	170,930	23	40
U of Alaska	111,391	154,227	164,325	7	35
Auburn U***	68,372	147,413	163,245	11	64
U of Virginia	80,857	157,876	161,133	2	55
U of Cincinnati	69,069	128,498	148,100	15	59
Oklahoma State U	77,044	118,144	138,193	17	49
U of New Mexico	67,245	115,805	137,985	19	56
U of Oklahoma++	80,564	114,990	137,483	20	46
U of Houston	90,934	117,997	134,984	14	36
U of Pittsburgh	71,069	113,613	133,822	18	52
U of Mississippi++	60,686	109,363	109,782	0	49
Totals	6,215,739	10,597,386	11,848,878		
Weighted average percentages of gain				12	52

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

**Includes only the doctoral cluster with campuses at Madison and Milwaukee.

(Footnotes continued on the next page)