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**ABSTRACT**

Information was sought from all states and the District of Columbia regarding the experience of unanticipated revenue shortfalls resulting in executive or legislative actions to modify postsecondary education appropriations and/or budgets for 1981-1982, 1982-1983; and the actions being taken in the postsecondary education community in response to modifications in appropriations and budgets. Responses to the survey, which was entitled "Emergency Budget Revisions in Higher Education," were obtained from all states except Arkansas, Indiana, Michigan, Nevada, New Hampshire, Ohio, Utah, and Wyoming. Twenty states (46 percent) reported that they had experienced a revenue shortfall; three states were anticipating a revenue shortfall; five states were curtailing expenditures; and the remaining 15 states reported that no revenue shortfalls were experienced or anticipated by the state. Five states reported increasing taxes to cover revenue shortfall. Seventeen states increased student charges, while nine states reduced expenditures for general operations and maintenance. Others deferred capital construction, library acquisitions, and equipment purchases; made position and employee reductions and reduction or adjustments to salaries and wages; and reduced or curtailed enrollment growth or terminated programs. A brief overview statement is presented of the conditions and responses to the conditions being employed by the respondents, in the 42 states and District of Columbia. A questionnaire is appended. (SW)

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## THE EFFECT ON HIGHER EDUCATION OF STATE ACTIONS IN RESPONSE TO UNANTICIPATED REVENUE SHORTFALLS

A Report Of A Survey  
Initiated By The Washington  
Council For Postsecondary  
Education and Responded To  
By The State Higher Education  
Executive Officers

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# SHEEO

A Project of the State Higher Education Executive Officers  
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THE EFFECT ON HIGHER EDUCATION OF STATE ACTIONS  
IN RESPONSE TO UNANTICIPATED REVENUE SHORTFALLS

I. Introduction and Acknowledgements

In recent months there have been numerous articles and reports in the printed and broadcast media regarding the impact of reductions in federal expenditures for the support of American postsecondary education. It is evident that such reductions in federal support for student financial assistance, basic and applied research, and various forms of institutional support have a dramatic impact on all aspects of postsecondary education in the United States. Receiving somewhat less attention in the media, however, is the fact that the states, which provide by far the majority of the funding for postsecondary education are experiencing, in some instances, revenue shortfalls necessitating reductions in state support for public, and in some instances private, postsecondary education.

This report of the State Higher Education Executive Officers (SHEEO), describes and summarizes some of the actions being taken in the various states in response to emergency revisions to postsecondary education appropriations and budgets resulting from unanticipated, and in some cases anticipated, revenue shortfalls. The findings presented in this report come from a survey distributed to the state postsecondary education agencies in January 1982. The purpose of the survey was to obtain information from the 50 states and the District of Columbia regarding: (1) the states that experienced unanticipated revenue shortfalls resulting in executive or legislative actions to modify postsecondary education appropriations and/or budgets in 1981-82, 1982-83; and (2) the actions being taken in the postsecondary education community in response to modifications in appropriations and budgets.

It is with appreciation that the members of SHEEO and the SHEEO/NCES Communication Network Representatives are acknowledged for their diligence in thoughtfully completing the survey used to prepare this report. The following section, "A Brief Synopsis of Postsecondary Education Responses to Fiscal Reductions," was in great part extracted from "Institutional Responses to Fiscal Constraints," an unpublished paper written by Norman Kaufman, Director, Information Clearinghouse Program of the Western Interstate Commission for Higher Education (WICHE). The permission granted by the author to use portions of this paper for this report, is appreciated.

## II. A Brief Synopsis of Postsecondary Education

### Responses to Fiscal Reductions

Gordon B. Van de Water, Postsecondary Education Policy Analyst at the Education Finance Center of the Education Commission of the States, recently reported the findings of a survey of state policy leaders regarding Emerging Issues in Postsecondary Education. In this report, Dr. Van de Water highlighted 6 emerging issues reflected in his findings:

- (1) "Overall, 72 percent of postsecondary education policy leaders expect higher education appropriations to lag behind inflation.
- (2) "Of those 72 percent, 94 percent expect the lag in appropriations to result in tuition increases, 71 percent anticipate maintenance deferral, 71 percent anticipate staff reductions, and 69 percent expect reduced capital outlays.
- (3) "State responses to federal student aid cuts will be to pass along the federal cutbacks to families by requiring greater family contributions to the cost of postsecondary education.
- (4) "Tuition levels are expected to rise roughly at the rate of inflation.
- (5) "The five most important issues (not specifically tied to the next budget cycle) were identified as education quality, basic skills and remedial/developmental programs, physical plant update/replacement, public tuition levels and the impact of federal student grant policy changes.
- (6) "The most salient issues during the next budget cycle will be general state appropriation levels for higher education, the general decline in state revenue, education quality and public tuition levels." 1.

These emerging issues highlighted by the Education Commission of the States provide a recent analysis of the potential conditions leading to fiscal constraints to which institutions of postsecondary education will need to respond. The summary of findings presented in this report indicate, however, that these ECS highlights may no longer be emerging issues but, in many states, realities.



The findings contained in this report on The Effect on Higher Education of State Actions in Response to Unanticipated Revenue Shortfalls provided by the various states, show that postsecondary education in many parts of the country is experiencing a state of retrenchment as defined by Frank Bowen and Lyman Glenny. In their book State Budgeting for Higher Education: State Fiscal Stringency and Public Higher Education, Bowen and Glenny defined retrenchment as either of the following:

- o "Midyear or midbiennium cutbacks required when the state finds its revenue insufficient to cover authorized budget levels; or
- o "Major reductions in budget requests during the final stages of budget development, usually after the governor's budget has been submitted and during legislative consideration of requests. Even if such a reduction is not "absolute" in relation to the prior year's appropriation, a substantial reduction in expectations can have almost as drastic an impact." 2.

As one reviews the summaries of the situations confronted by postsecondary education in the various states, and the responses being employed, instances of each of these definitions of retrenchment may be found.

The State Summaries also bear similarity to the findings of Bowen and Glenny in a study they undertook for the California Postsecondary Education Commission in 1980. In this study, four stages of institutional response to financial constraint or stress are identified. These stages are:

- (1) "Operational Responses To Relieve Immediate Stress. "Across-the-board" reductions would be included here, as would "targets of opportunity" --vacant positions, building maintenance, travel expenses, etc. These responses are generally seen by administrators as being temporary and short term and as having little impact on instructional programs.
- (2) "Programmatic Responses That Have Little Impact On Faculty. These may or may not be seen as responsive to an immediate crisis, but they are more likely to be seen as having longer term implications for the programs than operational responses are.

- (3) "Faculty Adjustments, Relying Primarily On Attrition. These would include reducing the institution's expenditure commitments through nonreplacement (or replacement at lower rank) of faculty who leave the institution voluntarily.
- (4) "Faculty Adjustments Relying Primarily On Program Adjustments. Terminating programs and faculty would fall in this category." 3.

In 1971, Earl Cheit summarized five main categories of activities describing active responses to financial stress in postsecondary education. Presented in The New Depression in Higher Education, Dr. Cheit described these responses as being: (1) postponing; (2) general belt-tightening; (3) cutting and reallocating within existing structure; (4) scrambling for funds; and (5) planning and worrying.

Cheit describes the first three responses in the following manner and instances of each of these are found in the State Summaries describing actions being taken by postsecondary education in the various states that are experiencing reduced state funding for postsecondary education. These three responses are described by Cheit in the following way.

"Postponing - cutting back planned program growth; declining new obligations:

- o postpone new programs
- o postpone capital outlays
- o postpone improvements

"General Belt-Tightening - cutting back expenditure amounts, but not large or central enough to change academic structure or format:

- o cut maintenance
- o trim expenditures for supplies, equipment and travel
- o cut funds for experimental programs
- o reduce funds for extracurricular activities and events
- o cut student aid and special admissions
- o eliminate selected communications, cultural, and student services
- o freeze hiring nonacademic employees
- o cut salaries

### "Cutting and Reallocating within Existing Structure

- o move money between academic departments by attrition
- o increase enrollment in high demand programs
- o reduce enrollment in low demand programs
- o cut academic programs whose priority ranking comes from external sources
- o cut funding to selected academic programs" 4.

Indicators of institutional stress, reported in a recent study, can also be observed from the State Summaries reported herein. These indicators include the following actions.

### "Decreasing Reserves

- o current funds
- o quasi-endowments
- o excess property

### "Resource Freezes or Reduced Growth

- o supplies
- o salaries
- o building maintenance

### "Service Cutbacks

- o administration
- o student services (including intercollegiate athletics)
- o academic program offerings" 5.

A recent article prepared by James R. Mingle, on "Redirecting Higher Education in a Time of Budget Reduction," provides a summary of actions taken by institutions in the states of the Southern Regional Education Board (SREB) when faced with cutbacks. The actions listed below, are reported as "Institutional Responses to Cutbacks" in the article by Dr. Mingle. The first responses are reportedly taken in instances where the cutbacks are less severe. As the severity of the cutbacks increase, the responses lower on the list are necessitated. 6.

## Institutional Responses to Cutbacks

Severity of Cutbacks

- Restrict travel, telephone, supply purchases
- Postpone equipment purchases
- Cut library budget
- Tighten tenure requirements
- Reduce energy costs through conservation and/or technological improvements
- Employ part-time in place of full-time faculty
- Reduce secretarial staff
- Defer maintenance and renovation projects
- Adjust investment policy to maximize short-term gains
- Reduce course offerings; increase class size
- Increase tuition, room and board fees
- Initiate a student health fee or increase other special fees
- Require larger/earlier deposits
- Reduce number of resident advisors, counselors, and other student services personnel
- Eliminate general fund support of intercollegiate athletics
- Initiate special one-time surcharge to students
- Lease, convert, or close excess dormitory space
- Impose a hiring freeze - reduce costs through attrition
- Cut staffs of public information, alumni offices
- Reduce or eliminate summer school offerings
- Terminate professional administrative staff (associate deans, assistant vice presidents, etc.)
- Close the university press
- Close the natural history/art museum
- Eliminate the intramural sports program
- Eliminate off-campus programs
- Reorganize governance structure - eliminate "colleges," "departments"; replace with "divisions"
- Eliminate low producing/low priority elective courses; terminate nontenured faculty who teach them
- Discontinue low priority academic programs; transfer tenured faculty to related departments
- Declare a state of financial exigency
- Close major academic units, departments, colleges, schools
- Terminate tenured faculty
- Merge institution with stronger institution
- Close the institution; transfer endowment and other assets to related purpose

As the State Summaries are reviewed, it should be noted that many of the actions and responses to fiscal reductions being described, closely correspond to the nature and type of responses to fiscal stress that are being reported in the higher education literature. There is also some evidence in the State Summaries

to suggest that some states are beginning to develop some guiding principles to protect the essential elements of the institutional mission, role, and scope when responding to fiscal constraints and/or reductions. For example, Mississippi has increased the required class size for courses offered by off-campus degree granting centers. West Virginia reduced or eliminated off-campus course offerings and in Washington, one-half of the state funding for off-campus courses at the four-year institutions was eliminated. In Oregon, summer sessions will be continued only on a self-supporting basis and in West Virginia the first summer session at all institutions was reduced or eliminated.

New or alternative methods for financing, or for distributing the cost of financing, postsecondary education are being explored also. Indeed, such an effort has become a long range concern to be addressed by the State Higher Education Executive Officers (SHEEO)\* and in two states, Connecticut and Washington, such efforts are already underway.

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\*At their Spring Meeting in Washington, D. C., on March 26, 1982, the State Higher Education Executive Officers passed a resolution directing the President of SHEEO to appoint a Task Force of SHEEO members to begin developing a proposal and study design for addressing the whole area of the financing of postsecondary education.

A. Citations to References Made In the Section Entitled "A Brief Synopsis of Postsecondary Education Responses to Fiscal Reductions."

- (1) Van de Water, Gordon B. "Emerging Issues In Postsecondary Education, 1981 (A Survey of State Policy Leaders)," Higher Education in the States, Vol 8, No. 1, Education Commission of the States, 1982, page 1.
- (2) Bowen, Frank and Lyman Glenny. State Budgeting for Higher Education: State Fiscal Stringency and Public Higher Education. University of California - Berkeley: Center for Research and Development In Higher Education, 1976, page 8.
- (3) Bowen, Frank and Lyman Glenny. Uncertainty In Public Higher Education: Response to Stress at Ten California Colleges and Universities. Report to the California Postsecondary Education Commission, Sacramento, California, 1980, page 27.
- (4) Chelt, Earl, The New Depression in Higher Education. McGraw-Hill, New York, 1971, pages 83-90.
- (5) National Association of Colleges and University Business Officers and American Council on Education. Financial Conditions Project. The categories of fiscal stress were taken from a preliminary outline prepared by James Maxwell, Office of Program Evaluation, U. S. Department of Education, n.d.
- (6) Mingle, James R. "Redirecting Higher Education In a Time of Budget Reduction," Issues in Higher Education, Southern Regional Education Board, Atlanta, Georgia, November 18, 1981. Also see: James R. Mingle and Associates, Challenges of Retrenchment: Strategies for Consolidating Programs, Cutting Costs and Reallocating Resources, Jossey-Bass Publications, Inc., San Francisco, 1981.

Other References

- (1) "26 States Considering Higher Taxes," The Chronicle of Higher Education, Volume XXIV, Number 6, April 7, 1982, page 8.
- (2) Viehland, Dennis, Barbara Krauth and Norman Kaufman. "Indexing Tuition and Fees to Cost of Education: Implications for State Policy." A paper presented at the Sixth Annual Conference on Higher Education held December 3-5, 1980 in Tucson, Arizona. Western Interstate Commission for Higher Education (WICHE), P. O. Drawer P, Boulder, Colorado 80302.
- (3) Kaufman, Norman, and Dennis Viehland. "Tuition and Fees in Public Higher Education in the West, 1981-82." Information Series -5, Western Interstate Commission for Higher Education (WICHE), P. O. Drawer P, Boulder, Colorado 80302
- (4) "Parental Views on Student Financial Aid." National Center for Education Statistics (NCES) Bulletin, (NCES 82-221), March 1982. Contact Person: Peter S. Stowe (301) 436-6688.
- (5) "Many Tuition Increases Outpace Inflation Rate, Forcing Students to Pay Larger Share of Cost," The Chronicle of Higher Education, Volume XXIV, Number 5, March 31, 1982, page 7.

### III. Survey Procedures, Limitations and Survey Response Rate

#### A. Survey Procedures

On January 22, 1982, Chalmers Gail Norris, Executive Coordinator of the Washington State Council for Postsecondary Education sent to the State Higher Education Executive Officers (SHEEO) a survey to determine the "Effect on Higher Education of State Actions in Response to Unanticipated Revenue Reductions." A copy of the correspondence and survey are located in Appendix No. 1, of this report.

During the latter week of January and first weeks of February, 1982, the surveys were completed by the State Higher Education Executive Officers and returned. The first compilation of the findings and State Summaries, drafted from the completed surveys, were sent to the state postsecondary education agencies on February 24, 1982. As a preliminary draft of state responses, the states were asked to review their respective summary for errors of fact and/or interpretation of the information recorded on the survey. As a result of this preliminary review, some states did modify their respective summary to make it as accurate and as up-to-date as possible. In addition, some states that had not responded to the survey before, did reply with either a completed survey or a summary statement describing the situation in their state.

The State Summaries provided in Section V of this report have, therefore, been reviewed and where necessary, corrected or amended by the states.

#### B. Limitations

The first limitations to this study is that the situation in the various states is very fluid and the State Summaries describe a situation and a set of responses that existed in January and February of 1982. Two, four, or six months from the

release of this report the situation in any given state may have changed; thus affecting the impact of any given action or perhaps necessitating a different set of responses. The reader of this report is cautioned, therefore, to note that the information presented herein is limited by the specific period of time during which this information was being gathered.

Second, unless otherwise noted in the state summary, it is not recorded as to whether or not the state prepares an annual or biennial budget. Some states, therefore, had difficulty describing the impact on 1982-83 budgets and appropriations as they have an annual budgeting sequence and the legislatures were still in session discussing state appropriations at the time this information was being collected. States with biennial budgets reported the circumstances surrounding the last biennium 1980-81 to 1981-82, and were looking toward the situation confronted by them for the next biennium 1982-83 and 1983-84. A related limitation is that the budgetary cycles and legislative sessions of the different states are not the same. Different State Summaries can, therefore, reflect past, present, and/or future conditions and situations.

A third limitation to the general findings is that some states received mid-year cuts in current appropriations but the new appropriation for the following fiscal year may be more than the original appropriation that was cut. For states with biennial budgets, it is not always clear whether the cuts were in the first year of the biennium and were immediate or were deferred to the second year; or whether the cuts came in the second year of the biennium.

Given the variety of combinations and permutations of conditions that were reported, it is difficult to uniformly present the actions that occurred respective to the different states. Where summary figures and tables are shown in this report, the reader is cautioned to review the state summary for a more



complete description of the actual status and responses reported by any given state.






C. Survey Response Rate

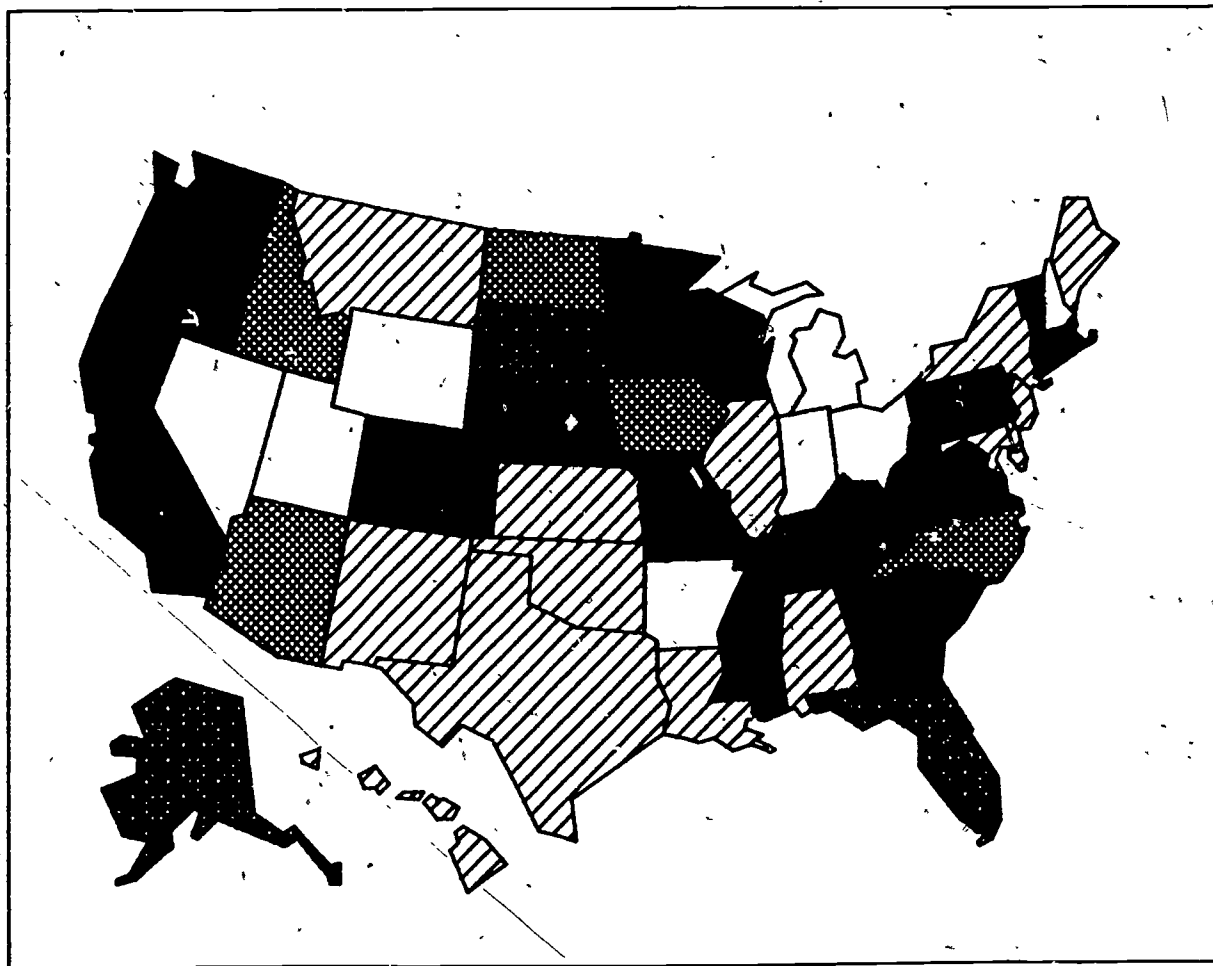
The following map graphically presents the states that responded to this survey. Of the 50 states and District of Columbia that were surveyed, 43 responded by completing the survey for a response rate of 84 percent. The eight states that did not respond include: Arkansas, Indiana, Michigan, Nevada, New Hampshire, Ohio, Utah, and Wyoming.

# Figure No. 1

State Responses to the Survey\*

## Legend

-  No Response Provided
-  No Revenue Shortfall Reported
-  Curtailing Expenditures
-  Revenue Shortfall Anticipated
-  Revenue Shortfall Reported



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\* "Survey of Emergency Budget Revisions in Higher Education"

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#### IV. Findings

##### A. State Conditions

Of the 43 states that responded to this survey, 20 states (46%) reported that the state had experienced a revenue shortfall; 3 states (7%) were anticipating a revenue shortfall; 5 states (12%) were curtailing expenditures and the remaining 15 states, (35%) reported that no revenue shortfalls were experienced or anticipated by the state. The following Table lists the states according to the four categories indicated above.

Table No. 1

Classification of the Responding States Into Four  
Categories of State Revenue Shortfall:

(Shortfall Experienced, Shortfall Anticipated, Curtailing Expenditures, No Shortfall Experienced or Anticipated)

Revenue Shortfall Experienced	Revenue Shortfall Anticipated	Curtailing Expenditures	No Shortfall Experienced or Anticipated	
California	Oregon	Alaska	Arizona	Alabama
Colorado	Pennsylvania	Florida	Idaho	Delaware
Connecticut	Rhode Island	South Dakota	Iowa	District of Columbia
Georgia	South Carolina		North Carolina	Hawaii
Kentucky	Tennessee		North Dakota	Illinois
Massachusetts	Vermont			Kansas
Minnesota	Virginia*			Louisiana
Mississippi	Washington			Maine
Missouri	West Virginia			Maryland
Nebraska	Wisconsin			Montana
				New Jersey
				New Mexico
				New York**
				Oklahoma
				Texas

\* The revenue shortfall in Virginia was very slight (see summary)

\*\*New York did not report either a shortfall or a surplus

The 28 states that reported that a revenue shortfall had been experienced, were curtailing expenditures generally, or were anticipating a shortfall, 16 states (57% of the 28), responded to the inquiry regarding the extent to which the reductions or cutbacks required of postsecondary education were the same as, greater than, or less than those required of other state agencies.

Table No. 2 shows that of the states reporting shortfalls, 7 received reductions for postsecondary education that were the same as other state agencies, 3 states reported reductions or impoundments of postsecondary education funds that were greater than those required of other state agencies, and 3 experienced reductions that were less for postsecondary education than other state services. One state, Florida, in anticipation of a revenue shortfall and two states curtailing expenditures generally (Iowa and North Dakota), reported they were reducing postsecondary education expenditures at the same rate as other state agencies.

Table No. 2

Comparison of State Reductions for Postsecondary Education and Reductions for Other State Services

Revenue Shortfall Experienced	Revenue Shortfall Anticipated	Curtailing Expenditures
-------------------------------	-------------------------------	-------------------------

Reduction for Postsecondary Education

<u>Same</u>	<u>Greater</u>	<u>Less</u>		
California	Kentucky	Minnesota	Florida	Iowa
Colorado	Tennessee	Oregon	(reduction same	North Dakota
Connecticut	Washington	South	as other state	(same as for
Mississippi		Carolina	services)	other state
Missouri				services)
Nebraska				
West				
Virginia				

The states were asked also to indicate whether or not taxes were being increased by the state to cover existing or potential revenue shortfalls. Twelve of the 20 states reporting revenue shortfalls responded to this inquiry. Five of the 12 (42%) reported that tax increases and other revenue generating methods were being employed by the state to cover the shortfall, and the remaining 7 (58%) indicated that no tax increases or revenue enhancements were being considered.

Table No. 3 lists those states experiencing revenue shortfalls that are increasing taxes and/or developing other means to generate more revenue and those that are not considering such actions.

Some of the actions by the states to increase revenue through taxes include increasing state taxes on cigarettes, liquor, and candy; increased property taxes; and surcharges on income taxes (Minnesota). Sales taxes are being increased in Vermont and Washington, as well as other revenue generating measures are being considered or employed. California, Minnesota and Oregon reported that income tax withholding and sales tax payments from businesses were being collected more rapidly as another means for enhancing revenue income for the state. Income taxes were increased in Oregon, for one year only, and Vermont is considering maintaining its current income tax rate, relative to the federal income tax liability, which with a reduction in federal income taxes, would have the net affect of increasing the state income tax rate by 2 percent.

Table No. 3

States That Are Increasing Taxes and Those  
Not Increasing Taxes to Cover Revenue Shortfall

States Increasing Taxes  
or Developing Other Methods  
to Generate Additional Revenue

California\*  
Minnesota  
Oregon  
Vermont  
Washington

States NOT Increasing Taxes  
or Developing Other Methods  
to Generate Additional Revenue

Colorado  
Kentucky  
Mississippi  
Missouri  
Nebraska  
Pennsylvania  
South Carolina

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\*Taxes have not been increased in California, but other revenue generating methods have been employed.

In completing the survey, the respondents were asked also to report whether the actions taken were directed by either the Executive or Legislative Branches of State Government, or by the governing boards of the institutions. Save for an instance where vacant positions were eliminated throughout higher education in FY 1981-82 by the legislature in Connecticut, most states that responded to this inquiry reported that the actions were being taken by the institutional governing boards.

## B. Postsecondary Education Responses

The state postsecondary education agencies reported that a variety of actions are being employed in response to reductions in state budgets and appropriations for postsecondary education. For the purpose of this report, the actions being taken have been divided into Income Generating Initiatives and Expenditure Reduction Measures. The Expenditure Reduction Measures have been further described as actions taken to reduce spending for (1) institutional operations; (2) the acquisition of physical assets; (3) personnel; and, (4) programs.

While somewhat more descriptive in nature, these response categories can still be viewed in relationship to those referenced in the literature and reported in Section II of this report ("A Brief Synopsis of Postsecondary Education Responses to Fiscal Reductions").

### 1. Income Generating Initiatives

Three initiatives for generating additional revenue for postsecondary education were mentioned by the state respondents. Seventeen (17) states indicated that student tuition and fees and student charges generally were being increased. Three states (New York, South Dakota, and Washington), indicated that tuition and fee waiver policies and other policies related to tuition and fees were being modified and one state (California), was increasing federal overhead charges.

Since tuition and fees and other student charges have and continue to receive a lot of attention, a brief summary of the actions being taken in the 17 states increasing student charges are described below. Beyond general tuition and fee increases, two states (Oregon and Wisconsin) have employed surcharges on student enrollments, one state (South Dakota) is applying a specific \$8.50 per credit hour

tuition increase to engineering students, and a proposal under consideration in Washington, is to establish a minimum fee of two credit hours.

California: In 1981-82 resident fees at the University of California were increased \$175, and another \$100 increase is proposed by the Governor for 1982-83. Fees at the California State University were increased \$60 in 1981-82 and an additional increase of \$41 is proposed by the Governor for 1982-83. Fees were not increased for community colleges in 1981-82 nor are increases being proposed by the Governor in 1982-83.

Connecticut: Unanticipated tuition increases for resident and nonresident undergraduate and resident graduate students at all public institutions, excluding the University of Connecticut, ranged from 13% to 25% (1981-82).

Georgia: Student fee rates will increase by 15% to partially defray other expenses (Fiscal Year 1983).

Idaho: The State Board of Education and Board of Regents of the University of Idaho approved fee and tuition increases of \$100 per semester for full-time students, with comparable increases for part-time students (FY1982).

Iowa: In FY82, undergraduate resident tuition was increased 15%, nonresident tuition increased 25%, and depending on the particular professional school, tuition at the professional schools increased 50% to 80%. For FY83, undergraduate tuition increases will range from 10% to 20% and professional school tuition increases will range between 20% and 33% (the highest tuition increases are at the medical schools).

Massachusetts: In FY83 tuition probably will be increased 10%.

Minnesota: Undergraduate and graduate resident and nonresident tuition and fees have been increased beyond anticipated levels (FY81-83).

Mississippi: Tuition for FY82 was increased by an average of 11% for both resident and nonresident students.

Missouri: Unanticipated resident and nonresident tuition and fee increases are planned by the governing boards for 1982-83 for both undergraduates and graduates.

Oregon: Tuition increases for 1981-82 and 1982-83 have been revised for the three universities and health science university. A \$49 per term surcharge has been applied to all resident tuitions for winter and spring terms in 1981-82, and all three terms in 1982-83 (\$147 annually). These surcharges will increase the tuition by the following percentages over the original charges for 1981-82 and 1982-83: Resident undergraduates, 11.9% and 15.1%; Resident graduates, 7.1% and 9.0%; Medical students, 3.2% and 3.8%; Dental students, 4.3% and 5.2%; Veterinary Medicine, 4% and 4.8%.



South Carolina: Resident and nonresident, graduate and undergraduate tuition rates were increased by a statewide average of 12.4% in 1981-82.

South Dakota: For FY83, tuition is increased 9%, the medical tuition waiver program is modified; and, an \$8.50 per credit hour tuition increase for engineering students is being required.

Tennessee: Tuition increased 15% across the board in 1981-82 and an additional 10%-15% increase is recommended for 1982-83.

Vermont: Tuition increases are expected to range from 10% to 14% (FY1983).

Virginia: Significant tuition and fee increases have been incorporated for all sectors (1982-84).

Washington: For higher education, actions include graduate and professional tuition and fee increases, in addition to those previously scheduled, establishing a minimum fee equal to two credits, redefining student residency, tightening policies regarding tuition and fee waivers, and transferring the 1981-82 long-term student loan funds (not used due to available private loan capital) to the institutions local funds (1981-83 biennium).

Wisconsin: Resident and nonresident tuition surcharges for both undergraduate and graduate students for 1981-82 are being employed but no additional action along this line is proposed at this time for 1982-83.

## 2. Expenditure Reduction Measures

The following Tables summarize and organize the types of Expenditure Reduction Measures being applied in the various states in response to modifications to postsecondary education budgets and/or appropriations, or to effect reduced spending generally. While useful in this regard, the Tables should be used primarily as a guide to the respective State Summaries (Section V), where more complete descriptions of the responses being employed are available.

The reader is cautioned to know that some liberty was taken in listing states under different categories of the Expenditure Reduction Measures. For example, it can be assumed that more states than those listed on Table No. 4 are reducing expenditures for institutional operations. Some states such as Vermont and Wisconsin reported rescissions and reductions in appropriations but did not indicate particular actions that were being taken. Thus, neither of these two

states are listed on any of the following Tables. Other states reported that the governing boards had freedom in choosing where spending cuts would occur, but again did not specify Institutional operations as an area to be cut and were not, therefore, included on this Table. In other instances, some states reported reductions in positions and personnel, reducing or curtailing enrollment, or terminating programs, but are not listed as reducing spending for Institutional operations. It might be assumed that these states have already exhausted this Expenditure Reduction Measure and have had to employ more extreme cost cutting measures.

Care must be taken also in reviewing the states listed under Table No. 5 (Actions Taken Affecting the Acquisition of Physical Assets), as the states differ in the particular actions taken to either postpone or defer capital construction projects. Minnesota halted all capital construction authorized for FY81-83 due to the difficult bond market. New York authorized capital projects but will bond them at a later date. Virginia instituted a temporary freeze on all capital construction projects not under contract but either released them from the freeze or reappropriated the construction funds for the 1982-84 biennium. While the circumstances and actions differ, each state is listed as a state that has deferred or postponed capital projects.

Similar care is required when reviewing Table No. 6 (Actions Taken Affecting Personnel). In some instances, faculty positions were eliminated while no faculty were dismissed (Washington). In other instances some faculty were released (Oregon). The State Summaries need to be reviewed as either of these situations resulted in the state being listed under the category "Position and Employee Reductions."

Care must be taken also when reviewing the category "Reductions In or Other Adjustments to Salaries and Wages" (Table No. 6). While no states reported that faculty and staff took cuts in pay, some states reported that portions of salary increases were rescinded, and other states reported that the salary increases were deferred to an effective date other than the date in which the salary increases normally go into effect. Again, the respective state summary needs to be reviewed to determine the particular actions that were employed.

Table No. 7, lists those states that are taking actions affecting programs in terms of either reducing enrollments, or curtailing enrollment growth, and terminating programs. As indicated above, the respective State Summaries need to be reviewed to determine the particular actions being applied. For example, some states moved to actually reduce enrollments (e.g. California), but Mississippi, while not reducing enrollments, did experience an enrollment decline at the degree granting off-campus centers when the required class size needed to offer such courses was increased; thus causing an enrollment reduction at the centers.

The states listed as terminating programs (Table No. 7) differ as well in the actions taken affecting the instructional programs. In some instances the state reported that programs were being terminated (e.g. Kentucky), while in others (e.g. Missouri and Rhode Island), the states reported that program reviews were being initiated with the objective of curtailing or terminating some existing programs.

Given these differing actions by the states, the following Tables are best used as guides to the respective State Summaries that more fully describe the particular circumstances that led to listing a state under one of the categories presented as an Expenditure Reduction Measure.

Table No. 4

Actions Taken Affecting Institutional Operations

Reduce or Curtail General  
Operating Expenses  
(Supplies, Travel, Etc.)

Georgia  
Mississippi  
North Carolina  
Rhode Island  
South Dakota  
Tennessee

Reduce or Curtail  
Expenditure for  
Maintenance

Iowa  
Pennsylvania  
West Virginia

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Table No. 5

Actions Taken Affecting the Acquisition of Physical Assets

Defer or Postpone:

Capital  
Construction

California  
Colorado  
Florida  
Kentucky  
Minnesota  
Mississippi  
New York  
North Dakota  
Pennsylvania  
Rhode Island  
South Carolina  
Tennessee  
Virginia

Library<sup>o</sup>  
Acquisitions

Connecticut  
Pennsylvania  
West Virginia

Equipment  
Purchases

Arizona  
Connecticut  
Iowa  
Mississippi  
Pennsylvania  
Tennessee  
West Virginia

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Table No. 6

Actions Taken Affecting Personnel

<u>Position and Employee Reductions</u>			<u>Other Personnel Related Actions</u>		
<u>Tenured Faculty</u>	<u>Non Tenured Faculty</u>	<u>Other Personnel</u>	<u>Eliminate or Leave Open Vacant Positions</u>	<u>Hiring Freezes</u>	<u>Reductions, In, or Other Adjustments to Salaries and Wages</u>
Oregon	Kentucky	Idaho	Arizona	Colorado	Florida
South Carolina	Massachusetts	Kentucky	California	Virginia	Georgia
Washington*	Minnesota	Massachusetts	Connecticut		Minnesota
	Oregon	Missouri	Iowa		Missouri
	South Carolina	New York	Mississippi		North Carolina
	Washington	Oregon	New York		South Carolina
		South Carolina	North Carolina		Washington
		Washington			West Virginia
		West Virginia			

\*Tenured faculty positions were cut but no tenured faculty were let go.

Table No. 7

Actions Taken Affecting Programs

<u>Reduce Enrollments and/or Curtailing Enrollment Growth</u>	<u>Terminating Programs</u>
California	Kentucky
Kentucky	Minnesota
Massachusetts	Missouri*
Mississippi	New York
Oregon	Oregon
South Carolina	Rhode Island*
Tennessee	South Carolina
Washington	Tennessee
	Washington
	West Virginia

\*States Initiating program reviews with the objective of terminating some existing programs.

## 5. Conclusion

The foregoing has been an attempt to provide some organization to types of actions being taken by postsecondary education in the various states experiencing revenue shortfalls resulting in revisions to budgets and appropriations for postsecondary education. When compared to the material presented in Section II. of this report, "A Brief Synopsis of Postsecondary Education Responses to Fiscal Reductions," it is noted that the actions being taken currently are typical of those actions taken before when postsecondary education institutions were confronted with fiscal constraints.

The following section, "State Summaries" provide a more explicit statement as to the condition of the individual states and the actions being employed in response to those conditions as of January and February, 1982.

## V. State Summaries

### STATE RESPONSES TO: A SURVEY OF EMERGENCY BUDGET REVISIONS IN HIGHER EDUCATION

#### ALABAMA

Higher education appropriations for FY 82 were approximately 6.5 percent below FY 81 appropriations and about 3 percent below the level of state funding actually received in FY 81 (NOTE: The entire education budget in FY 81 was prorated 3.5 percent). The state does not anticipate a revenue shortfall for FY 82 at this point (after 2 quarters of FY 82) but it should be noted that budget proposals for FY 83 currently being considered by the legislature would provide only a 4 percent increase over FY81.

#### ALASKA

The state anticipates a revenue shortfall because of decreased oil revenues, therefore, the legislature is attempting to hold the state operating budget for the next fiscal year to the level of the current fiscal year (\$1.6 billion). If this occurs, higher education will not fare as well as it did for the current year.

#### AMERICAN SAMOA

No response

#### ARIZONA

Higher education is reducing spending by 5%. The reduction will come primarily from personal services, looking carefully at vacant positions, and the deferral of equipment purchases.

#### ARKANSAS

No response

#### CALIFORNIA

The state is experiencing a revenue shortfall and appropriations for four-year public institutions were reduced by 2% in 1981-82, the same reduction required of other state agencies. It has yet to be determined the level of reductions required for 1982-83. Taxes have not been increased to cover the shortfall, however, the state has begun to more quickly collect income tax withholding and sales tax payments from businesses to allow the state to invest and earn interest on such funds.

Some actions taken by the higher education community as a result of the appropriation reduction in 1981-82 include increasing resident fees by \$175 at the University of California and \$60 at the California State University. In addition the Governor's budget for 1982-83, proposes a fee increase at the University of California of \$100, and at the California State University of \$41, per headcount student. The state did not increase fees at the community colleges in 1981-82 nor does the Governor's budget for 1982-83 propose any fee increase at the two-year public institutions.

The institutions also are holding vacant positions open, going to self insurance to reduce insurance premiums, increasing federal overhead charges, and reducing or curtailing enrollments to FTE enrollment levels provided for in the appropriations. In addition, capital construction projects are being delayed.

#### COLORADO

The unanticipated revenue shortfall translated into a 1.3% reduction in appropriations in 1981-82 for Colorado higher education. This reduction was about the same as

experienced by other state agencies. Taxes have not been increased to help offset the revenue shortfall. The cuts were applied across the board and each governing board was free to determine the items to be cut. A variety of responses have occurred, including hiring freezes and delaying capital construction projects.

#### CONNECTICUT

A 3% reduction in appropriations for 1981-82 was required as the state did experience an unanticipated revenue shortfall of approximately \$66 million. This was a comparable reduction to that required of other state services. In higher education, the 3% rescission primarily impacted non-salary components such as educational equipment and library acquisitions. The legislature eliminated 101 authorized vacant positions throughout the higher education system in FY 1981-82 (no employee layoffs occurred). Cancellations of vacant positions primarily affected non-faculty, classified positions and part-time faculty positions. Unanticipated tuition increases for resident and nonresident undergraduates and resident graduate students at all public institutions, excluding the University of Connecticut, ranged from 13% to 25%. Although the governing boards approved these increases in response to possible budget shortfalls, they did so at the urging of the legislature. The increases were set into statute through legislation passed during the 1981 regular session.

The state is considering (1) a proposal to index tuition rates and support to student financial aid programs to the Higher Education Price Index, effective FY 1982-83; (2) proposals to increase fiscal flexibility at institutions in the area of equipment purchases (carrying forward unspent but obligated equipment funds); and (3) recommendations of the Governor's Blue Ribbon Commission on Higher Education and the Economy to reform the budgeting and financing process in higher education, to alter the method of budget allocation, and to increase institutional flexibility through reduced reliance on pre-audit controls.

#### DELAWARE

The state has not had a revenue shortfall and higher education appropriations were increased 16% for 1981-82. Projections for 1982-83 state revenue growth are lower than those of the previous years but appropriation increases in the 5% range are expected.

#### DISTRICT OF COLUMBIA

No unanticipated revenue shortfall has been experienced.

#### FLORIDA

In December, 1981, the State Administration Commission adopted a plan for mandatory reserves to offset an anticipated revenue shortfall for fiscal year 1981-82. Each of the 28 Community College Boards of Trustees will determine how to handle the reduction at the local level. The Board of Regents for the State University System will attempt to absorb the cuts through reducing rather than terminating programs and services. The State University System is, however, reducing expenditures for salaries and operating capital outlays. The shortfall for 1982-83 is expected to translate into a 1.28% reduction in appropriations for this fiscal year which will be about the same reduction required of other state agencies.

#### GEORGIA

A reduction in projected revenues for Fiscal Year 1983 has forced the Legislature and Governor to remove \$8.8 million from the higher education budget. Inflationary increases have been reduced where operating expenses and utility increases were cut in half to 2 1/2% and 3 3/4% respectively. The salary increase percentage was reduced from 6 1/2% to 4 3/4%. Student fee rates will increase by 15% to partially defray other increases. Appropriation levels for Fiscal Year 1982 have not been changed.



#### HAWAII

No budget problems are being faced and none are expected through the end of the current biennium ending June 30, 1983. The state is, however, grappling with a constitutionally mandated expenditure limitation where state expenditures could increase only as certain economic indicators increase. The state may have some difficult decisions to make in the future as the projected growth in expenditures exceeds that of the economic indicators.

#### IDAHO

The 1981 Idaho Legislature appropriated \$67 million from the state's general account for Fiscal Year 1982 general education operations of the four higher education institutions. One month later, the State Board of Education and Board of Regents of the University of Idaho approved fee and tuition increases of \$100 per semester for full-time students, with comparable increases for part-time students, estimated to generate \$4,785,400 during FY1982. However, the Board following a public hearing determined that resources available for FY1982 were still below the level "necessary to maintain the quality of educational programs" at the higher education institutions, and as a result declared a "state of financial exigency" for the four institutions. Institutions were ordered to submit reduction plans, and two institutions laid off employees.

#### ILLINOIS

No shortfall was experienced for 1981-82 and the Governor's budget will not be announced until March 1. General Assembly Action on appropriations for FY 83 is not anticipated until June 30. The Board of Higher Education Budget Recommendations were adopted in January, however.

#### INDIANA

No response

#### IOWA

During fiscal year 1981, all state agencies and public institutions in Iowa received a 4.6% cutback in appropriations. For the Iowa Board of Regents institutions, this amounted to a cutback of 12 million dollars. This cutback was continued in the agency and institutional base budgets during FY82, but is being 100% restored in FY83. In FY82 and 83, the state did provide for an 8% salary increase, but did not provide for inflationary increases in operating expenses, save for increases in the cost of energy.

The agencies and institutions have been able to determine where the cuts in spending would occur. Although personnel lay-offs have not been necessitated, many vacant positions have not been filled. In addition, building repairs have been cutback as has the purchase of equipment.

Additional revenue has been generated through tuition increases. In FY82, undergraduate resident tuition was increased 15%, nonresident tuition increased 25%, and depending on the particular professional school, tuition at the professional schools increased by 50% to 80%. For FY83, undergraduate tuition increases will range from 10% to 20% and professional school tuition increases will range between 20% and 33% (the highest tuition increases are at the medical school).

The state is keeping a close watch on actual income compared to revenue projections and some revenue enhancements for fiscal 1982-83 are being considered.

### KANSAS

Revenue receipts to the State General Fund exceed demands by \$1.1 million for FY 83 (1982-83 school year). An ending FY 1982 balance of \$140.3 million is currently anticipated. The Governor's recommendations for postsecondary education proposes an increase in state funding.

### KENTUCKY

A revenue shortfall was experienced in 1981-82 which caused a 11.3% reduction in appropriations; a reduction for higher education which was greater than required by other state services. Taxes have not been increased to cover the shortfall. As a result, the Governing Boards have made personnel reductions in nontenured faculty and other personnel, reduced enrollments and terminated programs. Capital construction has been delayed as well.

### LOUISIANA

The extensive oil and gas production has provided large surpluses in the state general fund. The surplus anticipated for fiscal year 1982-83 is expected to be smaller than in the past. With fewer available dollars, it is expected that higher education will receive less of an increase in funding than in prior years. The 1982-83 budget for higher education is estimated to be funded at 8% above the current year's funding level, not including any across the board pay increases which might be enacted by the legislature.

### MAINE

No revenue shortfall has been experienced by the state.

### MARYLAND

No unanticipated revenue shortfalls have been experienced which have resulted in a modification in the originally approved higher education budget.

### MASSACHUSETTS

To overcome an unanticipated revenue shortfall, the state passed a \$7 million deficiency budget. While no reduction in appropriations was required, reductions in nontenured faculty and other personnel, as well as enrollments for 1981-82, were actions taken by the the governing boards.

For FY 83, the Governor has recommended an increase of 12.8% for higher education. Tuition probably will be increased 10% and each dollar of tuition increase will bring \$4 back to the campuses in increased appropriations.

### MICHIGAN

No response

### MINNESOTA

The unanticipated revenue shortfall in 1981-82 and 1982-83 has necessitated a 4% (\$41.3 million) reduction in higher education appropriations for the biennium, which was generally less than that required of other state services. The state has increased taxes on cigarettes, liquor, and candy; increased property taxes; put a surcharge on income tax and shifted payment schedules to cope with the revenue shortfall.

Part of the approved salary increase was reduced and part absorbed in the base budget of each system. The governing boards have made reductions in nontenured faculty and terminated programs. In addition, undergraduate and graduate, resident and nonresident, tuition and fees have been increased beyond anticipated levels. Due to

the difficult bond market, all capital construction authorized for 81-83 has been halted since the state refused to sell bonds in the current bond market. Scholarship and grant funds were reduced by \$1.9 million and aid to the private colleges in Minnesota was reduced by \$300,000.

#### MISSISSIPPI

The state reduced by 50% the original increase in state appropriations due to the unanticipated revenue shortfall for 1981-82. The reduction was about the same for higher education as required of other state services. Taxes have not been increased in order to help offset the revenue shortfall.

Even though the original increase in appropriations was reduced by 50%, the effort was made to retain those salary increases that had already been awarded. To respond to the reduction, however, the following actions were taken. On July 2, vacant positions were deleted at the universities and the funds saved were used to cover other cuts in funding. Required class sizes for degree granting off campus centers were increased; resulting in a decline in enrollment at these centers. Tuition for FY 82 was increased by an average of 11% for both resident and nonresident students. While capital construction funds are appropriated to the State Building Commission for further allocation and distribution to state agencies, the state froze all new construction for the year. Other actions taken included the reduction or elimination of expenditures for travel, equipment, and commodities to make up the amount of the cut that could not be covered by funds made available through the deletion of vacant positions.

#### MISSOURI

Taxes were not increased to accommodate the unanticipated revenue shortfall in 1981-82 which required a 10% reduction in appropriations to higher education. A reduction that was about the same as that required of other state services. As a result, the governing boards have both reduced and rescinded salary increases and reduced the number of non-faculty personnel in 1981-82. Unanticipated resident and nonresident tuition and fee increases are planned by the governing boards for 1982-83, for both undergraduates and graduates.

Since the voters approved a tax limitation amendment to the state constitution in 1980, a tax increase to cover revenue shortfalls is opposed by the Governor. Alternatives for dealing with these circumstances currently being explored by the Department of Higher Education include further fee increases and enrollment reductions. Some Missouri institutions are initiating program reviews with the objective of terminating some existing programs.

#### MONTANA

No shortfalls have been experienced.

#### NEBRASKA

The unanticipated revenue shortfall resulted in a 3% reduction in appropriations in 1981-82 and this was to be considered as "permanent reductions" to the continuation appropriation base for 82-83. This reduction in appropriations was about the same as required of other state services and all institutions and agencies were allowed to make reductions in any category they chose. As appropriations are being reduced for existing programs and services, the state has a State Scholarship Program that was recently determined to be constitutional; has to finance some services formerly financed with federal funds; is considering legislation requiring the public two-year institutions to provide programs for the handicapped as well as providing additional state funding to the public two-year institutions, all of which could require additional or previously

unanticipated revenue and appropriation problems for the state. To accommodate the reduction in appropriations, various postsecondary education sectors are considering unanticipated tuition increases to relieve some of the burden due to reduced state support.

#### NEVADA

No response

#### NEW HAMPSHIRE

No response

#### NEW JERSEY

While no shortfall was reported leading to reduced appropriations in 1981-82, the situation for 1982-83 is unclear. The state has a new Governor and the FY 83 budget may not be made public until mid-March.

#### NEW MEXICO

No shortfalls or reduced appropriation problems have faced New Mexico as of this time.

#### NEW YORK

The Governor's Executive Budget for 1982-83 recommends total appropriations of State funds for all higher educational purposes of approximately \$2,092 million, an increase of \$116 million or 6%, over the funds made available for 1981-82.

As in 1981-82 the continued phasing-in of the State's assumption of the full costs of the City University's senior colleges accounts for the largest single component of the overall increase. Almost two-thirds of the \$116 million increase in State funds for higher education, \$73 million is for City University senior college costs. Increases of almost \$17 million for the Tuition Assistance Program (TAP) and \$11.5 million for Community Colleges represent other major changes. Funds in the Executive Budget for both the CUNY senior colleges and the SUNY state-operated colleges do not include 1982-83 collective bargaining costs since agreements have not been reached.

State University State Operated Campuses: The gross operating budget of the State University (not including the Community Colleges) is funded primarily from the remainder of the combined revenue from students (tuition and dormitory charges) and hospitals after capital debt service requirements are met, and State funds. Thus, although capital debt service costs are not included in the gross operating budget, such costs have the first call on revenue and thus reduce the revenue which would otherwise be available to support operating expenses.

Major cost increases include: \$41.3 million for negotiated salary increases and other salary adjustments, \$26.5 million for fixed-cost items (primarily due to inflation) and \$21.4 million for program enrichments. Of the total gross increase of \$89.2 million the Health Science and Medical Centers account for approximately \$34 million, including, for hospital operations, about 70 percent of all program enrichment funds. Of the 371 new positions recommended for SUNY, 250 are in the hospital and clinic operations.

Major cost decreases include: \$18 million in personal service funds covering most positions vacant on March 31, 1982, and which are in excess of the University's assigned personnel ceiling for 1981-82 (an approach being used for all State agencies); \$1.5 million for the deletion of 231 faculty and faculty support positions (including 61 at the Health Science and Medical centers);

\$1.1 million for 74 positions abolished at the campus schools; \$1.1 million for 183 other abolished positions including 26 in SUNY Central Administration; \$2.8 million for tuition waivers for non-State-resident graduate students, foreign students, medical, dental and optometry students and graduates of the HEOP/EOP/SEEK programs; \$1.1 million for elimination of the State University Supplemental Tuition Assistance Program (SUSTA).

Other items include: Authorization for at least \$71 million in capital projects to be bonded at a later date. Of this amount \$54.4 million is for the Buffalo Health Science Center and \$10.7 million for the Buffalo/Amherst campus. An increase of \$150 in dormitory charges for the State University will be in effect for the fall of 1982, also.

City University Senior Colleges: The gross operating budget of the City University senior colleges is funded by student revenue, State and New York City funds. Capital debt service requirements are supported by State and City funds separate from the operating budget.

Major cost increases include: \$8.5 million for price increases and salary adjustments; \$4.7 million for operating new buildings at Hunter College; \$1.3 million for 42 faculty and 11 faculty support positions.

Major cost decreases include: \$3 million in personal service reflecting positions vacant which are in excess of authorized ceilings; \$.9 million for deletion of 93 faculty and 24 faculty support positions; \$.4 million for elimination of the City University Supplemental Tuition (CUSTA) program; \$.4 million for elimination of tuition waivers for part-time students at the College of Staten Island and New York City Technical College.

Major revenue increases include: \$13.5 million from a proposed tuition increase equal to \$150 per full-time equivalent students (approximately \$6 million of the cost to the student of the tuition increase would be covered by TAP).

Community Colleges - SUNY and CUNY: Mainly due to a budgeted enrollment increase at SUNY Community Colleges, and with a small decline at CUNY colleges, State operating aid will increase by \$7.6 million (4%) to a total of \$179.8 million. Annualization of the program, new in 1981-82, to pay aid for "contract" courses requires an increase of \$.7 million for a total of \$2.1 million.

The State share of Capital debt service costs increases by \$2.2 million to \$30.7 million. New capital projects, to be bonded later, totals \$31 million with the State sharing the costs with college sponsors.

Aid to Independent Institutions: A net decrease of \$4.6 million is recommended for Bundy aid, made up of an increase of \$1.4 million for a higher number of degrees awarded, and a decrease of \$6.0 million to reflect a 35 percent reduction in awards for degrees granted to students who were not legal residents of New York State when first enrolled.

For medical/dental capitation aid a net decrease of \$.4 million is recommended, including an increase of \$.4 million for higher enrollments and a decrease of \$.8 million for elimination of the of the COTRANS/Fifth Pathway bonus.

A total of \$4.1 million, representing an increase of \$1.5 million, is included for the continued phasing in of the College Work Study reimbursement program.

Aid to Students: Despite a 3 percent projected decrease in recipients, TAP costs increase \$16.7-million in 1982-83 reflecting the implementation of programmatic changes made in 1981-82, and the increase in CUNY senior college tuition. Other than for the CUNY tuition increase, the major changes will be in: the SUNY community colleges (+\$3.8 million), CUNY community colleges (-\$1.4 million), non-public institutions (+\$9.2 million).

Programs for the Disadvantaged: A total of \$46.1 million is recommended, an increase of \$1.0 million. All programs are held at 1981-82 funding levels except for two. An increase of about \$1.3 million is recommended for the SUNY Educational Opportunity Centers for mandatory salary and price increases and a reduction of \$.4 million for a SUNY program added in 1981-82 for tuition waivers for graduates of EOP/SEEK/HEOP programs.

Science and Technology Foundation: An appropriation of \$5.0 million is recommended for a new program called variously, the "Technology" and "Research" "Equipment Challenge Program." The funds would be awarded to match corporate donations obtained by public or private colleges to purchase equipment required for advanced research projects.

#### NORTH CAROLINA

Although no revenue shortfall has occurred requiring an official modification or revision to the budgets and appropriations to higher education; there has been concern over such a possibility. Action regarding certain operations, however, have been employed to limit spending (reduced travel, slowed the filling of vacant positions, etc.). Funds for cost-of-living salary increases were appropriated for only the last six months of the first year of the current biennium. The General Assembly will decide during its May-June session whether these salary increases will be continued for the next year.

#### NORTH DAKOTA

The Governor ordered a 5% reduction of State General Fund Expenditures for higher education which was generally the same as for other state services. For 1981-82, this was a 5% reduction in unobligated budget funds as of November 1981 and a full 5% reduction for 1982-83.

The Governing Board has delayed capital construction and reduced budgets where General Fund Cash was required and where the reduction could not be offset with unbudgeted cash on hand. The cash on hand came from either carryover funds from prior periods or larger than budgeted tuition revenue due to larger than anticipated enrollments. The budgets will be reinstated if the revenue recovers. The problem in North Dakota resulted more from a cash flow problem than an overall shortfall of funds.

#### OHIO

No response

#### OKLAHOMA

No shortfall nor reduced appropriations have occurred or are anticipated.

## OREGON

A special session of the Oregon Legislature, faced with a 337 million dollar revenue shortfall, balanced the 1982-83 budget through spending cuts and tax increases. Revenue projections will be revised in June 1982 as it is likely that additional revenue shortfalls may occur, necessitating further cutbacks.

The Board of Higher Education, state appropriations for education and general services for 1982-83 was reduced 7.8%, the community colleges 9.1%. While these reductions were greater than reductions in aid to elementary and secondary education, they were less than those experienced by other human resource agencies.

The state increased income taxes by 79 million dollars for one year only and taxes on cigarettes were increased by 3 cents per pack. A one time net gain of 69 million dollars was provided by the state speeding up the collection of employer withholding payments. In addition, the state reduced its property tax relief program by 17 million dollars. In making up the revenue shortfall, revenues were increased by \$189.9 million, expenditures reduced by \$130.7 million.

The state government in combination with actions taken by the governing boards reduced the number of tenured, nontenured, and other personnel in higher education. In addition, enrollments have been reduced, programs terminated, and summer sessions will be continued only on a self supporting basis.

Tuition increases for 1981-82 and 1982-83 have been revised for the three universities and health science university. A \$49 per term surcharge has been applied to all resident tuitions for winter and spring terms in 1981-82 and all three terms in 1982-83 (\$147 annually). These surcharges will increase the tuition by the following percentages over the original tuition charges for 1981-82 and 1982-83: Resident undergraduates, 11.9% and 15.1%; Resident graduates, 7.1% and 9.0%; Medical students, 3.2% and 3.8%; Dental students, 4.3% and 5.2%; Veterinary Medicine, 4% and 4.8%.

## PENNSYLVANIA

Pennsylvania reduced all appropriations by 1% due to a revenue shortfall. There was no increase in state taxes. Among the various types of postsecondary institutions receiving state money, the impact was greatest at the 14 state colleges and university. These institutions generally responded by deferral of capital construction projects, equipment purchases, maintenance projects and library acquisitions. The Governor's proposed budget next year (1982-83) contains a 6% increase in state appropriations for these institutions with no increase in state taxes.

## PUERTO RICO

No response

## RHODE ISLAND

The Governor requested all state agencies reduce their operating budgets for 1981-82 to help meet a projected state deficit. Accepted by the Governor was a plan to cut back budgets for higher education by 3.1% (\$2,483,679) for 1981-82. Operating expenses and capital are being reduced but neither reduction in staff or tuition increases will be necessitated.

Dramatic increases in electricity and telephone rates at the Community College of Rhode Island resulted in a separate energy surcharge of \$40 for full-time students and \$4 per credit hour for part-time students.

Legislation to increase state taxes on cigarettes has been introduced to provide some relief to the states revenue problems. Programs are being reviewed so that strong programs may be strengthened and weak programs curtailed or terminated.

#### SOUTH CAROLINA

Due to the unanticipated revenue shortfall in 1981-82, the Budget and Control Board required all state agencies to take a 9.5% personal services reduction for fiscal 1981-82. The legislature, however, restored 3.5% of this reduction for the public colleges and universities and the Department of Corrections. The resulting personal services reduction of 6% on July 1, 1981 for the public colleges and universities and the additional 2.19% reduction on December 11, 1981, therefore, was an average reduction that was less for higher education than required of most other state services. The state has not increased taxes to cover the revenue shortfall in 1981-82 and will not be increasing taxes in 1982-83.

The 7% cost-of-living increase for all employees was deferred to August 28, 1981, rather than the original effective date for the increase of July 1, 1981. Although only a very few tenured faculty were terminated by state government, nontenured and other non-faculty personnel were terminated in greater numbers. In addition the state delayed or has rescinded capital construction projects.

The governing boards have reduced enrollments and terminated programs as well as increased resident and nonresident, graduate and undergraduate, tuition rates in 1981-82 by a statewide average of 12.4%.

No additional cuts are presently planned in South Carolina for 1982-83. The 1982-83 Appropriation Bill just completed by the House Ways and Means Committee will provide the public colleges and universities with funding at the 1981-82 level and a 6% cost-of-living increase for all state employees effective July 1, 1982.

#### SOUTH DAKOTA

No problems have been experienced and none are anticipated at this time. Tuition revenue in FY 81 and projected for FY 82, however, exceeds the expenditure authority. The South Dakota Legislature has replaced state general fund appropriations in FY 83 with the excess tuition revenue resulting from higher than expected enrollments. The institutions wanted to increase the expenditure authority in FY 1982 to allow these additional tuition dollars to be used for instruction.

Actions taken by the South Dakota Legislature to meet a projected revenue shortfall for FY 83 are the following: (1) tuition increases of 9%; (2) the modification of the medical student tuition waiver program; (3) a 5% salary increase for all state employees; (4) an \$8.50 per credit hour tuition increase for engineering students; (5) an approximate 1 1/2% special salary augmentation plan for faculty and administrative personnel; and (6) a 4% across-the-board reduction in operating funds, less personal services, was imposed due to reduced revenue projections for FY 83.

#### TENNESSEE

An Executive ordered cutback due to unanticipated revenue shortfalls did occur in 1980-81 when 40% of the total impoundments fell to higher education even though higher education received only 20% of the original total state appropriation. This impoundment in 1980-81 was dealt with as a one year temporary loss of 5% to each budgeting unit resulting in delayed expenditures in operating budgets for such things as equipment and supplies. Steps that have been implemented to off-set possible shortfalls and to preserve quality following 1980-81, included increasing tuition and



fees by 15% across-the-board in 1981-82 and an additional 10%-15% increase recommended for 1982-83. Enrollments have been capped, and at some institutions reduced. Admission standards at several institutions have been tightened. Certain low producing programs have been terminated. Many necessary capital construction projects have been postponed.

No Executive or Legislative cutbacks due to unanticipated revenue shortfalls have occurred as of yet for 1981-82, but the possibility of such cutbacks cannot be ruled out. Discussions regarding the 1982-83 budget have only begun.

#### TEXAS

At this time, Texas is not faced with an unanticipated revenue shortfall that would impact on higher education.

#### UTAH

No response

#### VERMONT

A revenue shortfall in Fiscal Year 1981-82 led the Governor to order a rescission of \$2.4 million (less than 1%) from all general fund appropriations, including \$143,200 from the University of Vermont, \$65,000 from the Vermont State Colleges and \$50,000 from the Vermont Student Assistance Corporation. For FY 1983, the Governor has recommended a 10.7% appropriation increase for higher education. He also has recommended that the state income tax which has been set at 23% of the federal income tax, not be reduced as a result of the federal tax cut. This would require an increase in the state tax rate of 25% of the federal tax. The Legislature seems likely to adopt instead a proposed 1% increase in the income tax rate and a 1% increase in the sales tax. Tuition increases are expected to range from 10% to 14%.

#### VIRGINIA

Virginia has experienced a very slight revenue shortfall of one-half of one percent in 1981-82. The new Governor imposed a hiring freeze on all state agencies effective January 16, 1982. The previous Governor had instituted a temporary freeze on all capital construction projects not under contract. Most projects affected by the freeze have since been released or reappropriated for 1982-84.

Higher education appropriations for 1982-84 reflect an increase of 18-19% over 1980-82. Significant tuition and fee increases have been incorporated for all sectors. Employment levels will be less than originally projected but do represent an increase over current staffing.

#### WASHINGTON

An unanticipated revenue shortfall of approximately \$655 million in Washington reduced the biennial appropriation for higher education by 5.9 percent. The average overall reduction for all of state government was 3.9 percent although the "general government" cut was 10.1 percent. To deal with the revenue shortfall, the sales tax was increased from 4.5 to 5.5 cents per dollar, returning to 4.5 cents on July 1, 1983. Taxes were also raised on liquor and cigarettes.

To accommodate their reduction, higher education reduced faculty and staff positions and began termination of some programs. Although tenured faculty positions were cut, no tenured faculty were let go. Enrollments were slightly reduced at the public four-year schools, however, the community college system reduced their enrollment by approximately 6,000 FTE (5-6 percent by eliminating part-time faculty positions). In

addition, one-half of the state funding for off-campus courses at the four-year Institutions was eliminated, additional funds were transferred to the state's general operating fund from Institutional building accounts, and salary increases for all state employees scheduled for 1982-83 were deferred from October, 1982 until March, 1983.

Due to the continuing economic slump, the regular session of the 1982 Legislature faced an additional revenue shortfall of approximately \$478 million for the remainder of the 1981-83 biennium. The problem was resolved by reducing state general fund spending by \$152 million and increasing tax revenues by \$326 million. The major tax increase was to reinstate the 5.5 percent sales tax on all food items which had been repealed by a vote of the people in 1977. Also a temporary 4 percent surtax was enacted on utility bills, tobacco, hard liquor, and motor vehicle licenses. Another part of the revenue package was legislation that dealt specifically with higher education and included provisions for tightening residency requirements, eliminating certain tuition and fee waivers, and providing for selective fee increases. This legislation is anticipated to raise approximately \$21 million in revenue for the remainder of the biennium. Of this amount, \$9.7 million was separately appropriated to institutions of higher education. After these appropriations are factored in, and subsequent across-the-board reductions implemented by the Governor are taken into account, the net institutional reductions made since January 1, 1982 exceed two percent of the biennial appropriations. This brings the total general fund reductions in biennial higher education appropriations to over 7 percent for the biennium, the majority of which will have to be made in 1982-83, thereby doubling the effective impact of that portion of the biennial cuts. Although a cushion of \$85 million was provided by the 1982 Legislature, revenue estimates released recently indicate that tax collections have again fallen below expectations; consequently, further budget cuts continue to loom as a real possibility.

#### WEST VIRGINIA

A shortfall in revenue resulted in a 5% reduction in appropriations for 1981-82; about the same as for other state services. As a result, the Board of Regents approved the following response to the reduced level of funding. The first summer school session at all institutions has been reduced and eliminated. Maintenance projects, equipment purchases and library acquisitions have been deferred. Part-time, overtime, and student employment have been reduced or eliminated. In addition, off-campus course offerings have been reduced or eliminated.

A number of tax proposals were considered as a way to raise additional revenue, but none were adopted. The Legislature elected to forego the 7 1/2% salary increase recommended by the Governor for 1982-83 in an effort to provide some relief from the overall funding constraints, thereby averting programmatic and personnel reductions.

#### WISCONSIN

The unanticipated shortfall in state revenue required a 2% reduction in appropriations in 1981-82 and 1% reduction in 1982-83. In addition to these reductions, the executive branch has recommended another 2% reduction in 1981-82 and 4% reduction in 1982-83. This latter proposal requires legislative approval. Since final actions are still pending, decisions have not been made on methods to offset the expected revenue shortfall. Resident and nonresident tuition surcharges for both undergraduate and graduate students for 1981-82 are being employed but no additional action along this line is proposed at this time for 1982-83. Required increases in fringe benefits have not been funded by the state.

The projected revenue shortfall of \$450 million will not be offset by the 4% expenditure reduction proposed by the Governor for the period July 1, 1982 through June 30, 1983; which will produce \$40 million of the projected deficits. A number of approaches are under consideration including a tax increase, technical accounting adjustments, and reduced appropriations to local governments and school districts.

WYOMING

No response

APPENDIX NO. 1

Correspondence  
And  
Survey



STATE OF WASHINGTON

COUNCIL FOR POSTSECONDARY EDUCATION

381st Fifth Avenue, LW-11 • Olympia, Washington 98504 • (206) 753-2210 • (SCAN) 234-2210

TO: State Higher Education Executive Officers

FROM: Chalmers Gail Norris, Executive Coordinator  
Council for Postsecondary Education *Gail*

SUBJECT: Enclosed Survey of Emergency Budget Revisions in  
Higher Education

DATE: January 22, 1982

A substantial number of states have faced or are now facing severe budgetary problems due to unanticipated revenue reductions. We have received a number of requests for information on the responses which other states have made, or are contemplating, which affect higher education. The enclosed survey has been developed to elicit the maximum degree of information on the approaches used by affected states to revise higher education budgets in response to current fiscal emergencies.

I have reviewed this request with the SHEEO Liaison Committee, and it has their endorsement. Since most of our legislatures are now in session, I'm sure we would all like the earliest possible compilation of the results. Therefore, I'm requesting that the completed survey be returned to the Network Office by February 1, 1982. Please send your response to:

John R. Wittstruck  
Network Director  
SHEEO/NCES Communication Network  
P. O. Drawer P  
Boulder, CO 80302

I've enclosed a completed form for the state of Washington to both share recent developments in this state and to provide a model for responses. If you have any questions on the form, please feel free to call Denis Curry at (206) 753-1765.

I greatly appreciate your cooperation in responding to this survey.

CGN:kp  
Attachments  
cc: SHEEO/NCES Network Representatives  
John Wittstruck

Effect on Higher Education of State Actions  
in Response to Unanticipated Revenue Reductions

State _____	Check appropriate box if answer is yes	
	1981-82	1982-83
<p>1. Has your state experienced an unanticipated revenue shortfall which has resulted in executive or legislative action to modify the higher education budget originally approved for 1981-82 and/or 1982-83?</p> <p style="margin-left: 20px;">If you checked either space, continue. If you checked neither, skip to Question 6.</p>	_____	_____
<p>2. What percentage reduction in appropriation has been required?</p>	_____	_____
<p>3. How does this compare to the average reduction to other state services?</p> <p style="margin-left: 20px;">a. About the same. b. Greater than. c. Less than.</p>	_____ _____ _____	_____ _____ _____
<p>4. Has your legislature increased taxes to help offset the revenue shortfall? If yes, please briefly indicate the action taken.</p>	_____	_____
<p>5. The following questions deal with major categories of higher education revenue and expenditure. If adjustments from previously approved levels have been made by any institution of higher education in your state as a result of executive or legislative action, please check the appropriate space. If specifically mandated by the Governor or Legislature, check A. If the action was taken by the governing board (or boards) as a result of a general appropriation reduction, check B.</p>		
	1981-82	1982-83
	A B	A B
<p>a. Salary increases:</p> <p style="margin-left: 40px;">Deferred Rescinded</p>	_____ _____ _____	_____ _____ _____



	<u>1981-82</u>		<u>1982-83</u>	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
b. Personnel reduction:				
Faculty - Tenured	_____	_____	_____	_____
- Nontenured	_____	_____	_____	_____
Other Personnel	_____	_____	_____	_____
c. Enrollment reductions.	_____	_____	_____	_____
d. Program terminations.	_____	_____	_____	_____
e. Unanticipated resident tuition and fee increases (indicate percent).				
Undergraduate	_____	_____	_____	_____
Graduate or professional	_____	_____	_____	_____
f. Unanticipated nonresident tuition and fee increases (indicate percent).				
Undergraduate	_____	_____	_____	_____
Graduate	_____	_____	_____	_____
g. Fringe benefits:				
Reduced	_____	_____	_____	_____
Increases deferred	_____	_____	_____	_____
Increases rescinded	_____	_____	_____	_____
h. Delay or rescission of capital construction projects.	_____	_____	_____	_____
i. Directing or establishing incentives for productivity increases.	_____	_____	_____	_____
j. Other (please indicate below).	_____	_____	_____	_____

6. If your state is now facing additional or previously unanticipated revenue problems affecting higher education in 1982-83 which are currently the subject of executive recommendations and/or legislative discussion, we would appreciate a brief summary of the problem(s) and major recommendations or alternatives now under discussion.