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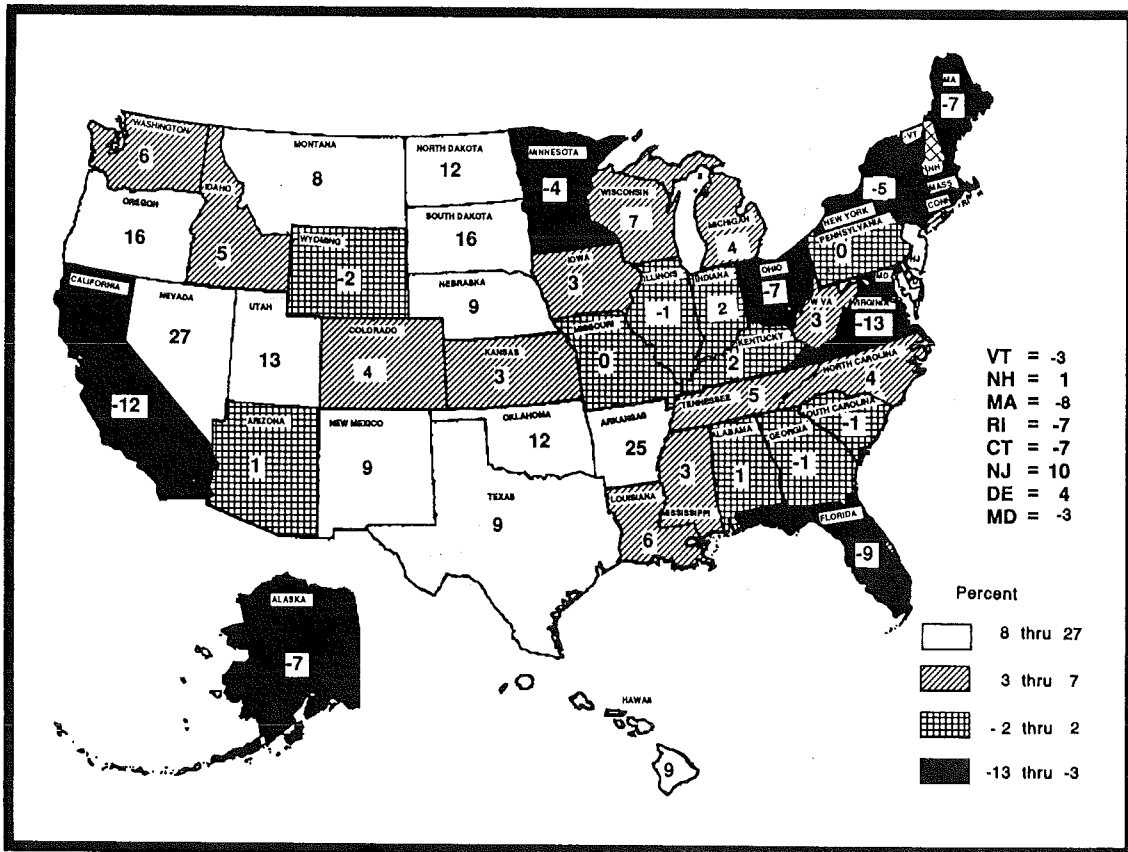
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TIMELY DATA CIRCULATED WHILE CURRENT

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

PERCENTAGES OF TWO-YEAR GAINS IN APPROPRIATIONS OF STATE TAX FUNDS FOR ANNUAL OPERATING EXPENSES OF HIGHER EDUCATION IN THE FIFTY STATES, FISCAL YEAR 1993 OVER FISCAL YEAR 1991



State Higher Education Appropriations:
 A Retrospective of Fiscal Year 1993 by Edward R. Hines. 3136-3140

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STATE HIGHER EDUCATION APPROPRIATIONS: A RETROSPECTIVE OF FISCAL YEAR 1993

Edward R. Hines

Nationwide Patterns of Percentage Changes in Gain

State support for higher education in the 1993 Fiscal Year showed a seriously negative pattern for the second consecutive year. One year ago, this report noted that, for the first time on record, state governments appropriated less to colleges and universities than had occurred in the preceding year. This year, an amount which was less than each of the preceding two years was evident. Table 1 shows the changes over the most recent decade in both dollars appropriated and in percentages of one- and two-year gains. In FY1993, \$39.4 billion were appropriated by state governments to higher education. Until recently, during every year on record since GRAPEVINE began, the amounts appropriated to higher education more than doubled every ten years. For example, from Fiscal Year 1980 to Fiscal Year 1990 there was a dollar gain from \$19.2 billion to \$39.1 billion, a gain of 104% or more than double. Beginning in FY1991, however, this historic trend changed with ten-year gains less than double. From FY1981 to FY1991, the total amounts increased from \$20.9 billion to \$39.6 billion, a gain of 89%. From FY1982 to FY1992, the total amounts increased from \$23.0 billion to \$39.7 billion, a gain of 73%. From FY1983 to the current FY1993, the total amounts increased from \$24.3 billion to \$39.4 billion, a gain of only 62%.

Another way to examine Table 1 is to consider the magnitude of the annual gain in dollars. From FY1983 to FY1993, the gain exceeded \$2.0 billion in 1985, 1986, 1988, 1989, and 1990. The gain was between one and two billion dollars in 1983, 1984, 1987, and 1991. However, the gain fell precipitously in FY1992 to \$100 million, and in FY1993 the change was negative--an actual decline of \$300 million from the previous year.

Similarly, the one-year percentages of gain dropped rapidly after FY1990, to 1.4% in FY1991; 0.2% in 1992; and a - 0.8% in FY1993. In two-year percentages of gain, the numbers fell below double-digit in FY1991 for the first time, down to 8.2%; further down to 1.6% in FY1992; and still farther to - 0.6% in FY1993.

Table 1

Fiscal Years	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Billions of Dollars	24.4	25.9	28.4	30.7	32.1	34.1	36.6	39.1	39.6	39.7	39.4
1-Yr Gain (\$billions)	1.3	1.6	2.5	2.3	1.4	2.0	2.5	2.5	.5	.1	-.3
1-Yr Gain (Percent)	5.6	6.5	9.8	8.2	4.5	6.3	7.4	6.8	1.4	.2	-.8
2-yr Gain (Percent)	15.8	12.5	16.9	18.8	13.0	11.0	14.1	14.6	8.2	1.6	-.6

Table 2

Recent Trends in Two-Year Gains

STATES	2-YR GAIN (%)
Nevada	27.09
Arkansas	25.21
Oregon	15.58
H South Dakota	15.53
I Utah	13.32
G North Dakota	12.16
H Oklahoma	11.59
E New Jersey	9.96
S Hawaii	8.98
T Nebraska	8.95
New Mexico	8.77
Texas	8.65
Montana	7.90
Wisconsin	7.05
Washington	6.16
Louisiana	5.99
Tennessee	4.98
Idaho	4.68
Delaware	4.29
Colorado	4.01
North Carolina	3.88
Michigan	3.55
Mississippi	3.24
West Virginia	3.24
Kansas	3.23
Iowa	3.02
Indiana	2.06
Kentucky	2.06
T Arizona	1.50
H New Hampshire	1.46
I Alabama	1.03
R Missouri	-0.40
D Pennsylvania	-0.49
South Carolina	-0.57
Georgia	-0.99
Illinois	-1.35
Wyoming	-2.20
Vermont	-3.34
Maryland	-3.43
Minnesota	-4.20
New York	-4.92
Ohio	-6.55
Connecticut	-6.95
Rhode Island	-7.08
Maine	-7.14
Alaska	-7.33
Florida	-8.59
Massachusetts	-10.31
California	-11.95
Virginia	-12.51
Totals	-0.62

Table 2 is a 50-state summary table, showing two-year percentages of gain with states in descending order. Prior to the 1990s, few states ever demonstrated a negative percentage, representing an actual decline over the previous two years. In FY1991, negative percentages were experienced by Massachusetts, New Jersey, and Rhode Island. By FY1992, twelve states had negative changes over two years and 21 states had negative changes over one year. This year, FY1993, 19 states had negative changes or zero, and 23 states had negative one-year percentage changes or zero.

Interestingly, the preliminary national totals of state government appropriations to higher education exceeded \$40 billion in FY1991 and again in FY1992 (\$40.12 billion, in FY1991 and \$40.01 billion in FY1992). As revisions were made in these preliminary appropriations figures, the national totals for both FY1991 and FY1992 were adjusted downward to less than \$40 billion each year. The 50-state summary table published on page 3133 of the October 1992 issue of GRAPEVINE, showed that \$39.6 billion was appropriated in FY1991, and \$39.7 billion in FY1992. (See also Table 5 in this issue.) In FY1993, only \$39.4 billion was appropriated which was less than the revised total amounts appropriated in both previous years.

Three groups of states appear in Table 3 (adjacent page). There were 11 states which experienced increasing two-year percentage gains in higher education support, from FY1991 to FY1993. Of these states, six had been in the negative category, indicating a decline in support in FY1992, and this number lessened to only three states in the negative in FY1993. There were seven states which had identical two-year percentage gains reported in FY1992 and, again, in FY1993, and two of these seven states reported negative changes in both years.

There were 32 states which experienced decreasing two-year percentage gains in FY1993, compared to 40 in FY1992. Four states in this group had negative figures in both FY1992 and FY1993. Nineteen of the 50 states reported zero or negative two-year percentage changes in FY1993, compared with 13 in FY1992.

Table 4 shows a six-year trend in the number of states reporting two-year percentage increases or decreases from FY1988 through FY1993. The "turn around" for the better from FY1988 to FY1989 and FY1990 in patterns of state support for higher education, evident in the number of states which experienced increasing gains reported, was short-lived. There was an abrupt change in FY1991 and even further declines in FY1992 and FY1993.

Of the four quadrants, the Northeast demonstrated the worst performance with only three of 14 states in the top half and 11 states in the bottom half. New Jersey was in the top quartile (10%), and Delaware and Michigan had a four percent two-year gain. Seven Northeast states were in the bottom quartile, all of which were in the negative.

The Southeast quadrant did not fare much better, having no states in the top quartile, five states in the second quartile, and seven states in the bottom half, including three in the bottom quartile.

The Northwest and Southwest told a far more positive story with 18 of 24 states in the top half and only six of 24 states in the bottom half.

Table 6

Quadrants	NW*	SW**	NE	SE	Totals
<u>Quartiles</u>					
Highest	5	7	1	0	13
Second	3	3	2	5	13
Third	1	2	4	4	11
Lowest	2	1	7	3	13
Totals	11	13	14	12	50
*Includes Alaska		**Includes Hawaii			

Conclusion

In summary, this report portrays quite a negative view of state support for higher education in FY1993. For the second consecutive year, there was a remarkable slowing in gains in state higher education support, as evidenced by so many states which experienced real declines in state higher education support, either from the previous year or previous two years. One can only hope that with significant change at the national level and the continued forecast for economic recovery, states will begin to experience a more positive economic climate and, thus, be in a position to either restore or resume longer-term positive trends in the support of colleges and universities.

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Table 5

Megastates	FY1990-91	FY1991-92	FY1992-93	Percentages of Gain	
				1-Year	2-Year
California	5,498,886	5,652,148	4,841,606	- 14	- 12
Florida	1,548,285	1,443,318	1,415,262	- 2	- 9
Illinois	1,742,428	1,712,913	1,718,849	0	- 1
Michigan	1,486,694	1,533,685	1,539,460	0	4
New Jersey	1,071,222	1,140,332	1,177,880	3	10
New York	2,828,116	2,760,719	2,689,086	- 3	- 5
North Carolina	1,484,279	1,445,790	1,541,926	7	4
Ohio	1,472,920	1,414,735	1,376,490	- 3	- 7
Pennsylvania	1,395,732	1,483,318	1,388,920	- 6	0
Texas	2,579,342	2,821,806	2,802,348	- 1	9
Totals	21,107,904	21,408,765	20,491,827	- 4	- 3
National					
Totals/Gains	39,640,828	39,720,910	39,394,108	- 1	- 1

A Regional View

A regional view of state higher education support takes into account quartiles and quadrants, as shown in Table 6. The 50 states were divided into four quartiles, based on descending order of two-year percentage gains. The nation was divided into four quadrants, using the northeast corner of Missouri as a center point. The Mississippi River divides East from West, and the Ohio River and southern border of Pennsylvania divide Northeast from Southeast. Alaska is placed with the Northwest, and Hawaii is placed with the Southeast.

The quartiles included three groupings of states, each having 13 states. The third quartile included only 11 states, because of the occurrence of a natural "break" in the rankings of percentage points. (See Table 2, page 3137, and the map on the front page.) The top quartile includes states having eight percent or greater two-year gains. This year, only two states exceeded 20% over two years (Nevada and Arkansas). Five states clustered in the "teens," and the remaining six states had either eight or nine percent gain over two years. The second quartile included 13 states showing two-year percentage gains between three and seven percent. In the third quartile, five states had one or two percent two-year gains, and the remainder of the states, including the entire bottom quartile, were in the negative with two states having two-year percentage decreases greater than -10% (California, -12% and Virginia, -12.5%).

Regionally, the states west of the Mississippi River did far better than did states east of the Mississippi. West of the Mississippi, 12 of the 13 states were in the top quartile. There were seven states with two-year percentage gains greater than 10%, including four in the Southwest and three in the Northwest. Only six of the 24 Western states were in the bottom half. Only four of the 19 states in the negative gain category were located in the West, Wyoming at -2%, Minnesota -4%, Alaska -7%, and California led the nation at -12%. Conversely, only one Northeast state was in the top quartile (New Jersey, 10%), and no Southeast states appeared in the top quartile. All but eight of the 26 states East of the Mississippi River were in the bottom half with 10 of these 26 states in the bottom quartile.

Table 3

Eleven States with Increasing 2-Year Gains, FY92 to FY93			32 States with Decreasing 2-Year Gains, FY92 to FY93		
State	FY92*	FY93	State	FY92*	FY93
Arkansas	20	25	Alabama	2	1
Massachusetts	- 28	- 8	Alaska	1	- 7
Mississippi	- 5	3	Arizona	10	1
New Jersey	1	10	California	3	- 12
New York	- 13	- 5	Connecticut	- 2	- 7
North Carolina	- 1	4	Delaware	5	4
Rhode Island	- 17	- 7	Florida	- 5	- 9
South Dakota	13	16	Hawaii	15	9
Tennessee	- 2	5	Idaho	24	5
Texas	8	9	Illinois	1	- 1
Utah	9	13	Indiana	11	2
			Iowa	7	3
			Kentucky	17	2
			Louisiana	9	6
			Maine	8	- 7
			Maryland	- 2	- 3
			Michigan	9	4
			Minnesota	5	- 4
			Montana	21	8
			Nebraska	16	9
			Nevada	31	27
			New Hampshire	9	1
			New Mexico	18	9
			Ohio	2	- 7
			Oklahoma	20	12
			Pennsylvania	8	0
			South Carolina	4	- 1
			Virginia	- 5	- 13
			Washington	13	6
			West Virginia	10	3
			Wisconsin	9	7
			Wyoming	8	- 2

Seven States with Identical 2-Year Gains, FY92 to FY93		
State	FY92*	FY93
Colorado	4	4
Georgia	- 1	- 1
Kansas	3	3
Missouri	0	0
North Dakota	12	12
Oregon	16	16
Vermont	- 3	- 3

*The percentages of gain for FY1992 are those which were reported last year, without taking into account revisions which have occurred since November 1, 1991. This is justified by the fact that, almost without exception, the differences between the two-year percentage gains are so great that even revisions to appropriations would not significantly change the groupings of states.

The "Megastates"

The megastates are a group of highly-populated, industrialized states having sizeable numbers of colleges and universities. The term, "megastates," was coined by Neal Pierce in The Megastates of America. GRAPEVINE has adopted this term to designate those states which annually appropriate more than one billion dollars for operating expenses of higher education. As shown in Table 5, (on the next page) the ten megastates--one-fifth of the states--appropriated more than half of the total dollars appropriated to higher education, nationwide. As recently as FY1991, there were 12 such megastates, but in FY1992, both Minnesota and Virginia dropped out of the category.

Of the 10 megastates, California had the largest appropriation of nearly \$5 billion, followed by Texas at \$2.8 billion and New York at \$2.7 billion. Each of the remaining seven states appropriated less than \$2 billion. In descending order of magnitude, they include Illinois, North Carolina, Michigan, Florida, Pennsylvania, Ohio, and New Jersey. In percentages of two-year gain, four of the 10 states were in the positive category this year, led by New Jersey at 10%, Texas 9%, and North Carolina and Michigan at 4%. Six were zero or negative: Pennsylvania, 0%; Illinois, -1%; New York, -5%; Ohio, -7%; Florida, -9%; and California, -12%.

The impact of these megastates on the national averages is substantial. For instance, if California is removed from the calculation, the national two-year gain improves from -1% to +1.3%. If both California and New York are omitted from the calculation, the two-year gain improves to 2%. The purpose of this observation is merely to point out that more than three-fifths of the states made positive two-year gains in FY1993. The depressing effect of half of the 10 megastates' being in the negative category resulted in a negative national weighted average which incorrectly generalizes to all legislatures, including those who have put forth effort in the face of economic adversities.

Table 4

Fiscal Year	1988	1989	1990	1991	1992	1993
Increasing	17	26	31	17	7	11
Decreasing	28	20	15	26	40	32
Identical	5	4	4	7	3	7