

YEARLY INCREASES IN REVENUES AND EXPENDITURES
WESTERN KENTUCKY UNIVERSITY

In view of the apparent drastic loss in purchasing power of the salary dollar, it seems appropriate to develop a clear picture of where and to what extent expenditures and revenue have increased in various areas of the university, and to determine how these increases compare with salary increases granted concurrently. In addition, the distribution of funds within the university should reveal the areas in which the university's priorities have been placed.

A number of important areas of the university's operation were compared by percent increase from one year to the next for the intervals between three consecutive years. In addition, the percent increase over a two year period was found to be meaningful and helpful in getting a clearer perspective, since expenditures in some areas reflected the fact that the university's budget was biennial budget. The data reported were selected under two headings: Personal Services, and Total Expenditures (of all kinds). Expenditures for Personal Services were salaries paid to persons for whatever services they were rendering, and included in addition to faculty and administrative salaries, salaries of graduate assistants, student work help, secretaries, technicians, etc.

Table 1.

SUMMARY OF SALARY EXPENDITURES

<u>Account No.</u>	<u>Budgetary Unit</u>	<u>1975-76 Total</u>	<u>△%</u>	<u>1976-77 Total</u>	<u>△%</u>	<u>1977-78 Total</u>	<u>△% over 2 Yrs.</u>
01	Regular Salaries	15,733,590	11.5	17,544,839	13.7	19,952,633	26.8
01 - 08	All Salaries	17,171,388	11.9	19,210,096	10.4	21,212,834	23.5
09	Graduate Assistant Salaries	439,301	22.1	536,307	5.9	568,152	29.3
10, 11	Student Salaries	1,519,349	7.2	1,628,930	-4.6	1,553,829	2.3

Table 2.

SUMMARY OF EXPENDITURES FOR PERSONAL SERVICES
IN AREAS CLOSELY ASSOCIATED WITH INSTRUCTION

<u>Major Budgetary Unit</u>	<u>1975-76 Total</u>	<u>△%</u>	<u>1976-77 Total</u>	<u>△%</u>	<u>1977-78 Total</u>	<u>△% over 2 Yrs.</u>
Instruction and Research	11,181,627	12.7	12,604,687	22.9	15,487,191	38.5
Student Services	1,244,299	8.5	1,350,444	19.1	1,608,009	29.2
Physical Plant	1,744,799	11.4	1,943,416	27.6	2,479,947	42.1
General Administration	901,972	11.0	1,001,123	22.1	1,222,046	35.5
General Institutional Expenses	661,109	9.4	723,443	77.5 *	1,284,200	94.2 *
Gen. Institut. Exp. (without the Category, "Administration Undistributed") **	611,257	8.7	664,397	16.8	776,178	27.0
TOTALS OF AREAS ABOVE	15,733,806	12.0	17,623,113	25.3	22,081,393	40.3

* Unusually large increases are due to the fact that "Unfunded Kentucky Retirement Overmatch" was run through this account in 1977-78.

Table 3.

SUMMARY OF EXPENDITURES (TOTAL)
IN AREAS CLOSELY ASSOCIATED WITH INSTRUCTION

<u>Major Budgetary Unit</u>	<u>1975-76 Total</u>	<u>△%</u>	<u>1976-77 Total</u>	<u>△%</u>	<u>1977-78 Total</u>	<u>△% over 2 Yrs.</u>
Instruction and Research	12,331,691	13.8	14,029,016	22.3	17,164,180	39.2
Student Services	1,380,599	8.2	1,493,951	20.2	1,795,105	30.0
Physical Plant	3,405,186	16.9	3,978,979	21.1	4,818,514	41.5
General Administration	1,018,222	8.6	1,105,600	26.0	1,392,858	36.8
General Institutional Expenses	1,626,478	10.1	1,790,245	33.9 *	2,397,142	47.4 *
Gen. Institut. Exp. (without the Category, "Administration Un- distributed") *	1,282,024	10.9	1,421,657	7.2	1,523,609	18.8
TOTALS OF AREAS ABOVE	18,762,176	19.4	22,397,791	23.1	27,567,799	46.9

* See Table 2 Explanation.

Table 4.

SUMMARY OF EXPENDITURES IN
INTERCOLLEGIATE ATHLETICS

<u>Nature of Expenditures</u>	<u>1975-76 Total</u>	<u>△%</u>	<u>1976-77 Total</u>	<u>△%</u>	<u>1977-78 Total</u>	<u>△% over 2 Yrs.</u>
Personal Services	190,866	-1.8	189,283	27.3	240,937	26.2
Total Expenditures	785,783	0.9	792,608	16.6	924,321	17.6

NOTE: This rather narrow area of expenditure is included due to special interest expressed by members of the Senate.

Table 5.

SUMMARY OF REVENUES

<u>Source of Revenue</u>	<u>1975-76 Total</u>	<u>△%</u>	<u>1976-77 Total</u>	<u>△%</u>	<u>1977-78 Total</u>	<u>△% over 2 Yrs.</u>
EDUCATION AND GENERAL	29,996,311	7.5	32,241,617	3.1	33,234,141	10.8
Tuition and Fees	5,640,026	-1.4	5,560,795	18.6	6,593,942	16.9
State Govt. Appropriations	19,339,204	11.0	21,470,247	13.9	21,447,716	26.4
Fed. Govt. Appropriations	2,051,789	26.5	2,595,023	-100.0	- 0 -	-100.0
Grants - Federal Agencies	731,814	-13.1	635,788	135.1	1,495,170	104.3
Grants - State Agencies	367,423	23.8	455,046	11.0	504,884	37.4
Private Gifts, Grants, etc.	323,931	-40.3	193,476	-0.5	192,429	-40.6
ORGANIZED ACTIVITIES RELATING TO EDUCATION DEPARTMENTS	629,551	-17.8	517,289	36.8	707,738	12.4
Intercollegiate Athletics	452,652	-25.6	336,956	5.1	354,175	-21.8
University Farm	176,899	1.9	180,333	-3.6	173,875	-1.7
AUXILIARY ENTERPRISES						
Food Services	1,328,218	12.6	1,495,276	5.7	1,581,035	19.0
Housing	1,830,725	2.4	1,874,254	9.5	2,051,551	12.1
University Centers	466,757	-1.1	461,850	0.5	463,950	-0.6
Management Systems	242,688	16.5	282,648	13.7	321,408	32.4
TOTAL, ALL REVENUES	33,997,159	7.4	36,499,408	7.9	39,379,804	15.8

As a result of the study the Fiscal Affairs Committee concluded that since 1975 the management of the university's financial resources had been carried out with integrity and fairness. The committee found no evidence of unusual distributions of funds, nor were there evidences of serious attempts to obscure the actual nature and purpose of expenditures. On the other hand the categorization of expenditures in some cases in areas where they made the university look better may be criticized; however, the nature of the expenditures was clear.

Determining whether Regular Salaries (full-time employees) should be considered as administrative costs or instructional costs in some cases (if not most cases) was difficult; it was impossible using the data available to the committee. For example, all full-time administrators supposedly teach an occasional course, and some do it rather frequently. Since these persons are "full-time" in administration, the instruction so performed had not in the past been properly charged in expenditures as instructional. This lack of clear assignment of costs as well as numerous other equally complicating factors gave budget planners at Western reason to cease attempting to distinguish between Regular Administrative Salaries and Regular Faculty Salaries after the 1975-76 fiscal year. The 1975-76 Post-Closing Trial Balance showed total Regular Administrative Salaries (Account No. 02) at 8.9 million dollars and total

Regular Faculty Salaries (Account No. 01) at 6.8 million dollars.** The Fiscal Affairs Committee did not find it difficult to come up with an additional explanation for discontinuing the distinction. In subsequent years both accounts were combined into Account No. 01.

The "high priority" given by the Board of Regents to faculty salaries during the current biennium could not be demonstrated in the percentage increase figures. Most of the increases in areas across the university were amazingly similar except where major categorization changes have occurred. The figures suggested that personnel in General Administration received smaller percent raises (or less expansion) than those in Instruction and Research (35.5% vs. 38.5% over two years). However, this probably did not mean fewer dollars raise each year to administrators compared to individual faculty raises. The 38.5% increase in salaries for personnel in Instruction and Research was not up to the level of increase for the total university (40.3%). As a matter of fact when it was considered that personal services for Instruction and Research at the 38.5% increase level represent 79-80% of the total university expenditure for personal services, it must follow that the other

**The totals of all administrative and faculty salaries (including part-time, hourly, summer school, may term, and regular salaries) were 9,347,318 and 7,824,070 dollars, respectively. Since most administrators are 11-month appointees, this should be a more meaningful set of figures. The others have more shock value, however.

20-21% of personal services expenditures represented an increase percentage considerably above the 40.3% average. If in fact the mandate by the Board of Regents for salaries to receive a "high priority" was carried out, then one is forced to wonder what salaries might otherwise have been.

The final (and most significant) question which the committee wishes to address is: "If the total of Regular Salaries has increased by 11.5% and 13.7%, respectively over a period of two consecutive years, then why has the salary increase of the average faculty member been at the 5-5½% level?" The only explanation seemed to be that there had been an expansion of personnel (and programs) at a rate that appeared to be about 6% per year. (This estimate was based on a 5-5½% salary increase across the board, a small percent for adjustments due to promotions to a higher rank, and the remainder attributable to expansion). And of course this was occurring at a time when full time equivalents were on the decline.

It should be kept in mind that expansions of existing programs or initiation of new programs reduce the pool of money available for salaries. The thrust to expand existing programs is very strong. Some of this may represent the natural creativity of the university-type person; but some of it may represent entrenchment for sake of survival of positions (one is harder to remove from a deep trench).

The fact that mistakes have been made in the past cannot be helped. These we have to live with and try to use productively; however, having made mistakes in the past does not mean that we must continue making the same mistakes, nor does it give us license to rush out blindly in all directions in search of warm bodies, captivating programs to keep them in for 4 years, and juicy red apples with which to appease them while they are here. It is a characteristic of a bureaucracy that every agency once in existence creates the urgency for its own continued existence whether needed or not. The times ahead of us call for more innovation and more creativity than most of us have been called on for before; and yet the financial crunch demands that these be equated not with expansion but regrouping and even retraining of the resources we already have.