

**SHEEO Information Request**  
**RE: specific actions to adjust to the reductions in state support**  
**June 9, 2016**

**SHEEO Query:**

Dear Finance Officers (AK, AZ, AR, KS, KY, OK, VT, WV, and WI):

Your colleague in Kentucky writes:

I have been asked by a state legislator to gather information on how other states are dealing with recent state budget cuts. Per Grapevine’s record of changes in state support, I am focusing on Alaska, Arizona, Arkansas, Kansas, Oklahoma, Vermont, West Virginia, and Wisconsin.

Are you aware of any specific actions these states are doing to adjust to the reductions in state support (layoffs, furloughs, eliminating programs, etc.)?

**State Agency Responses:**

Alaska	<p>The State of Alaska is struggling to develop a balanced budget during these economic times. Alaska depends on oil revenues and prices, as you know, have been depressed and are forecasted to stay low making budget cuts inevitable. I cannot speak to the impact on the University’s budget but can put you in touch with University staff in the event you wish to obtain information from them. The following information is in relation to the Alaska Commission on Postsecondary Education specifically.</p> <p>During the last two legislative sessions the Alaska Commission on Postsecondary Education has lost funding for its outreach programs and the development, maintenance and use of a longitudinal data system. Other than positions not added for the longitudinal data system work effort, other lost positions had been held vacant for some time so had no impact on current operations. We have been asked to propose recommended statute changes that would reduce the number of services offered. We have also been asked to identify services that can be privatized, including procurement, client services, human resource management, and education loan servicing. Work is underway on these two items. The Governor has also placed a restriction on travel so we are holding meetings via video conferencing whenever possible.</p>
Arkansas	<p>Institutions in Arkansas have not seen a funding reduction in recent years. Grapevine shows a total higher education funding decline for FY15 of around \$10 million. Approximately \$8 million of the decline was due to a restructuring of funding to the University of Arkansas for Medical Sciences related to Medicaid expansion in the state. The remainder related to revenue dedicated to state financial aid programs. Institutions of higher education were essentially flat in FY15 and FY16.</p>
Kansas	<p><b>Background</b>  The Governor of Kansas has taken several steps in the past year that will reduce state support of postsecondary education. The Legislature had given him unusual budget allotment authority to make these cuts in FY 2016 and FY 2017, essentially on their behalf, in order to bring appropriations in balance with newly revised revenue estimates for the State General Fund. Some of the budget reductions were enacted into law by the Legislature, while some were done using the gubernatorial allotment authority.</p> <p>In FY 2016, the Governor reduced the state universities and the Board of Regents \$27.0 million, 3.4%, from the prior appropriation level.  In FY 2017, the Governor reduced the entire postsecondary system (this time including Washburn University as well as the community and technical colleges) a total of \$38.1 million, 4.8% from the prior appropriation level.</p> <p><b>Impact</b>  In response to the latest round of cuts, five of the six state universities increased their tuition rate increase proposals, but those greater tuition rates will not offset the loss of state support. Their higher tuition rates would generate \$4.3 million, but their state support loss was \$23.6 million. Whether the two-year colleges will increase tuition at a higher rate to offset their loss of state support is not yet known. How any of the institutions within the public postsecondary system will absorb this loss of revenue has not yet been formally announced by anyone—clearly everyone is still assessing their situation.</p> <p>It is likely that hiring and other sizable expenses will be re-examined by the campuses, but no one has announced layoffs or elimination of academic programs.</p> <p>Despite the lack of specific actions taken, I hope this is useful.</p>