Show Us the Money!

An APSCUF-KU response to the discussions of Kutztown University’s Budget Crisis
Fundamental Question #1

How can it be that, while Kutztown U. is in a financial crisis requiring cutting budgets and retrenching faculty, other schools, such as West Chester U. appear to be healthy and hiring faculty?
Fundamental Question #2

If KU has one of the lowest costs per credit hour of instruction, how can we not be viable while other higher cost universities in the system are viable?
Fundamental Question #3

If the crisis is not PaSSHE-wide, how has KU’s administration gotten the university into this situation?
Important Fact # 1

While APSCUF-KU has been asking for aggregated financial data for the period of 1995 through the last fiscal year at Meet and Discuss, the Division of Administration and Finance continues to claim that they cannot produce that data as they do not have access to it.
A New Strategy

Use the Data that APSCUF-KU can get access to.

All data in this slide show comes from the PaSSHE Annual Factbooks available online from the PaSSHE Chancellor’s Office website. The latest available data from this source covers AY 2007-2008.
A Cautionary Note

Working with financial time series data can be misleading when not adjusted for the effects of inflation.

Data in the PaSSHE Factbooks are stated in nominal values (non-inflation adjusted figures)

Therefore, in this presentation, $ values will be adjusted using the US Department of Labor Statistics “Inflation Calculator” which is available through the internet.
Another Cautionary Note

Aggregate financial time series data can be misleading, as it does not account for the substantial growth in enrollment that has taken place at KU over the last 15 years.

Therefore, to get a clearer picture, data will be presented as expenditures per full time equivalent (FTE) student.
In Ken Long and Gerry Silberman’s World:

Costs and Budgets have continually grown and now we are a point of crisis.
In Ken Long and Gerry Silberman’s World: Increasing Faculty Costs

PASSHE Average Faculty Salary

ACADEMIC YEAR

$80,000

$75,000

$70,000

$65,000

$60,000

$55,000

$50,000

94-95 95-96 96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04 04-05 05-06 06-07 07-08
In Ken Long and Gerry Silberman’s World: Increasing Total Costs
And, in Ken Long and Gerry Silberman’s World, Even When We Adjust for Growth in the University Enrollment:
In Ken Long and Gerry Silberman’s World: Increasing Total Costs per FTE Student
In Ken Long and Gerry Silberman’s World: Increasing Instructional Costs per FTE

KU Instructional Costs per FTE

Academic Year

$
But There is Another Side to This Story - Adjusting for Inflation:
Yes, Total Costs Have Increased, But Not as Badly as One Might Think

KU Total Costs Nominal and Inflation Adjusted

Academic Year:
- 94-95
- 95-96
- 96-97
- 97-98
- 98-99
- 99-00
- 00-01
- 01-02
- 02-03
- 03-04
- 04-05
- 05-06
- 06-07
- 07-08

Total Costs (Nominal) and Total Costs Inflation Adjusted (2008 $)
But, Don’t Blame the Faculty !!
Adjusted for Inflation, Average Faculty Salaries Have Declined!

PaSSHE Average Faculty Salaries - Inflation Adjusted

Academic Year

94-95 95-96 96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04 04-05 05-06 06-07 07-08

$84,000 $82,000 $80,000 $78,000 $76,000 $74,000 $72,000

Average Faculty Salary Adjusted for Inflation (2008 $)
And, at Kutztown, Student Numbers have Increased Faster than the Growth in the Faculty Complement, Resulting in Ever Increasing Class Sizes
Adjusted for Inflation, Instructional Costs per FTE Have Declined!
If Faculty Salaries and Instructional Costs have Declined, then Why are Total Costs Still Rising?
Increasing Non-Instructional Spending!

KU Inflation Adjusted Total Non-Instructional Costs

Academic Year

Total Non-Instructional Costs 2008 $
To Be Fair, But, Even Adjusting for the Growth in Enrollments!
Some Analysis:

Inflation and the Growth of the University since the mid-1990s has masked significant budget cuts to the core mission (instruction) of KU.

If Instructional Costs (adjusted for inflation) were the same as they were in 1995, KU would be spending an additional $12 million per year on instruction.
Some More Analysis:

As cost savings were realized in instructional costs, rather than reducing the overall budget, those dollars were diverted to non-instructional uses.

As Instructional Costs continue to shrink, all increases in Revenues are spent on ever growing Non-Instructional Costs.
Adjusted for Inflation, KU is Spending Almost the Same Total Amount on Instruction as it Did in 1995 When KU was a Much Smaller School.
Maybe Now We Know Why the Division of Administration and Finance cannot, Or WILL NOT Produce the Data that APSCUF-KU Has Been Asking For!
Mssrs. Silberman and Long

SHOW US THE MONEY !!
NO MORE BUDGET CUTS IN INSTRUCTIONAL SPENDING

RESCIND THE RETRENCHMENTS and RESTORE TEMPORARY LINES