Chan

COPY

December 10, 1936

Chancellor E. H. Lindley
University of Kansas
Lawrence, Kansas

Dear Chancellor Lindley:

Before going into our Athletic Board meeting Monday evening, may I present some possible solutions. I am giving you statements and facts which I believe have materially affected our financial standing the last few years.

Sheet #1 of the enclosures gives our estimated income from football, as compared with the actual income. You will notice this is nearly $20,000.00 below the amount budgeted. Our budget figures would enable us to operate to June 1 on a gross income of $69,000.00, with an additional $5,000.00 to September 1. With $20,000.00 less than this, it appears that we will have to make some sort of an arrangement for approximately $25,000.00 to carry on to September 1, our fiscal year closing June 1.

I have divided my solutions under five headings and submit them for your consideration as follows:

1. To borrow the necessary amount from banks. This, however, is perhaps a questionable solution. We have had to borrow money every year for the past five years, with one exception, to enable us to carry on until football receipts came in. It was my opinion that as soon as things turned for the better, our gate receipts would increase to such an extent that we would be able to accumulate a little surplus. This would enable us to carry on through bad seasons without having to borrow money. We have been very fortunate in the past in being able to get what money we needed without any difficulty. However, due to our poor showing the past season and with the outlook none too bright for next season, I am not so sure that bankers will be willing to loan us money.

2. To sell outright the tract of land known as the "Oewans" tract just south of the University, is another solution. This tract of ten and one-half acres of land was purchased by the University of Kansas Physical Education Corporation in May, 1924 for $12,000.00. It is, at the present time, used as an intramural field, and was purchased by the department to avoid encroachment by others upon land adjoining University grounds. Since this was purchased, we have been paying 5½ per cent interest on our outstanding bonds and receiving no income whatever from this land.

We also have houses and lots adjoining the stadium grounds which were purchased at an approximate cost of $18,250.00. These were also purchased to prevent speculators from buying this land and holding it at an unreasonable price, knowing that eventually, the University would want to acquire it. Perhaps, through some legislative cooperation, the State might be allowed to purchase this land, giving us the much needed revenue with which we could operate for the balance of this year.

3. Another solution is the sale of the Gowans tract, and a long time loan on our other real estate. As pointed out previously, we have invested in the Gowans tract $12,000.00 which, if it were sold outright to someone other than the State, should bring an amount close to that which we have invested. We could then borrow on the other real estate an amount sufficient to take care of our deficit for this year. Personally, I am not in favor of offering the land for sale to persons who might be buying it for the development of a residential district or for speculative purposes; but if there is no other alternative, I feel that we are obligated to our bondholders to protect them even though it is necessary to dispose of our real estate holdings. We have always taken care of our interest promptly and have never defaulted on a bond payment. Our bondholders are still confident of our ability to pay. This is reflected in the fact that our bonds are selling at 101. I am sure it is to our best interests to keep this confidence.

4. Possible increased income for athletics to meet present deficit:

(1) By the University allowing a rental sum to the University of Kansas Physical Education Corporation for the use of the stadium for Baccalaureate Services, Commencement Exercises, Freshman Initiation, etc.

(2) The University paying for gas, water, and electricity consumed at the stadium.

(3) A possible greater income from the student activity ticket. Under the present plan of allotting the student activity fee, we are losing approximately $5,000.00 per year. By referring to sheet #2, you will see that our income from the student fee is considerably less than it was during the years when we had the optional activity fee, except the one year, 1932, which was the worst of the so-called "depression" years.

As a comparison of the amount we receive with that of other schools of the Conference, please refer to

sheet #3, which applies to the 1936-37 school year. You will notice the amount allotted to athletics from the activity fee in our case is smaller than any of the other "Big Six" schools. We receive $3.50 from the activity book. In addition, we sell basket ball tickets for $1.50 to one-fourth of the student body. From this amount, we allow the Jay Janes a 10 per cent commission for taking orders, which brings our net revenue from this source to $1.35. This makes our total income from the student activity fee $3.82.

Kansas State receives $7.20, nearly twice the amount we receive. They have no stadium indebtedness and consequently are in a much better financial condition than we are to carry on their minor sports program. During the "slump" years, it was considered good administration to curtail these sports, but since financial conditions are steadily improving, the other "BigSix" schools, students, and the public would not understand if we curtail our spring sports program. The other schools are enlarging their minor sports programs.

The only sport that provides any appreciable income, outside of football, is basket ball. Last year, it showed a profit of $4,640.00, and we have every reason to believe that it will reach or exceed that amount this year. This, however, is not to be considered as an additional revenue, as all except the cash gate sale has already been received through student activity fees and the season ticket sale.

(4) The broadcasting of football games also offers a possibility of additional income. Mr. Don Davis, President of the WHB Broadcasting Company, is interested in making us a proposition for exclusive rights for this broadcast. Many of the eastern schools have come to the conclusion that this is a source of additional revenue and a commodity that can be sold to national advertisers by the broadcasting stations.

5. The possible increase of coaches' salaries from the State, relieving the Corporation somewhat. Sheet #4 refers to the comparative amounts paid during the last ten years. It will be seen that there has been a gradual reduction of the amount paid by the State and an equally increased amount paid by our Corporation.

In a recent conversation with Mr. Frank Myers, Assistant Athletic Director of Kansas State College, he stated that President Farrell had them turn over $12,000.00 as their share of the coaches' salaries for the year. We now pay $18,007.50 as our share of coaches' salaries.

A sum of $12,000.00 will be necessary for salaries for the remainder of the school year, $4,125.00 for semi-annual interest payments on bonds due June 1, 1937, $3,575.00 for wages of stadium and equipment room employees, plus miscellaneous operating expenses estimated at $2,000.00, making a total of $23,200.00. Other sports such as track, baseball, the Kansas Relays, etc., will require approximately $8,775.00, making our total expenditures $31,975.00. Deducting from this amount our cash balance on hand and the amount due from Missouri as our share of the gate receipts for the football game played there, our deficit will be brought down to a little less than $25,000.00. We hope to hold our expenses to the minimum, and reduce this to the smallest possible figure.

Salaries, interest, wages, and operating expenses will require an expenditure of $23,200.00 to September 1, 1937. Our deficit could be reduced $8,775.00 by eliminating our spring sports program. This is for the Board to determine, as the spring sports schedules were made subject to the approval of the Board.

This year happened to be the one in which we played Kansas State and Missouri away from home. Ordinarily, our revenue is less during those years than when we play Kansas State and Missouri here. Next year should be a much better one, but as our bonds are now set up, $12,000.00 mature each year beginning December 1, 1937 and running until December 1, 1949, inclusive. This, with our annual interest payment of $8,250.00 will make the total yearly payments on our stadium indebtedness $20,750.00 each year, less the reduction in interest as the bonds are matured.

In conclusion, I desire to make these suggestions for your consideration:

Since there seems to be, at the end of each football season, a dissatisfaction with the entire setup, would it not be a good idea to appoint a Director of Football, a Director of Finance, a Director of Track, and a Director of Basket Ball, each being responsible to the Athletic Board for the success or failure in their respective sports? Each would have his budget, distributed as ours is at the present time, but the divisions would be set up so that other sports would be left without the embarrassment of being carried down with the swirl of a losing football season. It would, of course, be necessary to have a Manager, Secretary, or Director of Finance, to keep the confidence of the public, assuring them that our bonds would be paid when due.

This is not a new plan, having been in operation for a good many years at Stanford University. Glenn "Pop" Warner was Director of Football until a few years ago. He has been succeeded by "Tiny" Thornhill. John W. Bunn is at present Director of Basket Ball, and Robert "Dink" Templeton, Director of Track. Dr. Thomas A. Story is Director of Athletics and

#5 Chancellor E. H. Lindley
December 10, 1936

Physical Education at Stanford.

By making each Director answerable to the Athletic Board for his own sport, there seems little reason to blame someone else for the failure of a football team to win its games. Someone has very aptly said, "When the football coach wins, he is a great fellow and everybody wants an increase in salary for him; but when the team loses, there must be interference with him, else he would have won."

This certainly has not been the attitude of Coaches Lindsey and Cotto who have stated that they and the members of the squad have received every possible cooperation. Coach Lindsey has stated that he will suggest the appointment of two additional football coaches and the addition to our football schedule of "B" Varsity games. This would mean an added expenditure of from $4,000.00 to $6,000.00 next year to carry on this program.

After all, the major part of our income is from football. A well-rounded football schedule with an adequate coaching staff is worthy of careful consideration.

Respectfully submitted,

FORREST C. ALLEN (signed)

Director.

FCA:CS
Enc. 3

COMPARISON OF ESTIMATED BUDGET WITH ACTUAL

FOR FOOTBALL 1936 SEASON

	Estimated Income	Actual Income
Washburn	7,500	4,376.02
Oklahoma	8,500	7,675.65
Iowa State	3,000	2,385.00
Kansas State	6,500	6,510.10
Arizona	6,500	3,474.15
Nebraska	22,500	10,644.15
Michigan State	7,500	4,488.74
Missouri	7,800	10,283.83
Total income from football	69,800	49,837.64
Below estimated income		19,962.36
	69,800	69,800.00

II.

INCOME FROM STUDENT FEES FROM

1927-1936 INCL.

1927-28	22,903.13
1928-29	19,999.80
1929-30	21,546.09
1930-31	20,240.00
1931-32	18,804.00
1932-33	11,800.20
* 1933-34	12,147.25
1934-35	14,021.50
1935-36	14,123.50
1936-37	14,500.00

* Beginning of Compulsory Activity Ticket

1936-37

ACTIVITY TICKETS "BIG SIX" SCHOOLS
ALLOTMENTS

Schools	Fee Paid Yr.	Allotment to Athletics
Iowa State	$ 12.00	$ 6.00
Missouri	11.50	5.40
Kansas State	10.00	7.20
(.25 additional per game required for basket ball for reserved seats)		
Kansas	8.75	3.82
(Basket ball, optional 1.50		
Less .15 comes to Jay Janes .15	1.35	
Oklahoma (Optional)	7.00	7.00
Nebraska (")	6.00	6.00

COMPARISON OF

KANSAS STATE Activity	Student Activity Fund Est. Amt.	KANSAS Activity	Est. Amt.
Athletics	$ 23,700.00	Athletics	$ 14,500.00
Royal Purple	13,300.00		
Band & Orchestra	2,100.00	Band	1,240.00
		Glee Clubs	610.00
Student Governing Ass'n.	2,095.00	Councils	2,925.00
Manhattan Theater	1,900.00	Dramatics	2,450.00
Collegian	1,930.00	Lecture Course	1,840.00
Debate	900.00	Debate	860.00
Judging Teams:			
Crops	216.00	Reserve	930.00
Livestock & meat	1,100.00		
Dairy & Dairy Products	525.00		
Poultry	169.00		
Apples	80.00		
Engineers' Open House	700.00	Union	7,800.00
Home Economics Hospitality Week	500.00	Concert Course	2,815.00

Oratory	300.00
Rifle Team	160.00
Auditing	325.00

STATEMENT OF SALARY SCHEDULE OF COACHES

AND OFFICE ASSISTANTS AS PAID BY STATE AND

U. OF K. PHY. EDUC. CORP. FROM 1927 TO 1936 INCL.

	Univ. of K. Phy. Educ. Corp.	State
1927-28	19,700.00	13,100.00
1928-29	26,100.00	9,700.00
1929-30	25,500.00	9,800.00
1930-31	27,850.00	8,550.00
1931-32	27,850.00	8,550.00
1932-33	20,294.00	7,700.00
1933-34	16,635.40	6,795.00
1934-35	16,635.40	6,795.00
1935-36	16,420.50	6,450.00
1936-37	18,007.50	7,715.00

THE SALARY SITUATION IN

KANSAS

(1936-'37)

A Study of Salary Scales,

Reductions, and Restorations

in State Universities

of the Middle West.

K. U. SALARIES BELOW SCALE OF
OTHER MID-WEST STATE UNIVERSITIES

In 1930-'31 the median instructional salaries at 12 mid-western state universities* were on the average from 11.6 to 19.9 per cent higher than those at the University of Kansas. Four years later (1934-'35) the difference ranged from 20.8 to 30.4 per cent. This year the differential runs from 21.6 to 35.4 per cent.

The averages for the various ranks are as follows:

Per cent that average is above Kans.	Professors			Assoc. Prof.			Asst. Prof.			Instructors		
	30-31	34-35	36-37	30-31	34-35	36-37	30-31	34-35	36-37	30-31	34-35	36-37
	15.8	30.4	35.4	19.9	25.0	28.2	15.4	25.1	25.8	11.6	20.8	21.6

This discrepancy against K. U. is due to two things: (1) relatively heavier reductions in individual salaries after 1930-'31 at K. U. than at other state universities; and (2) earlier and more generous restorations in other states than have been possible in Kansas.

NOTE: This difference doubtless would be found to be even greater if we included state universities in the East and far West and the large endowed universities, since their 1930 salaries were in general considerably higher and their depression reductions much less than those in Kansas. All these schools compete with Kansas for staff members.

---

* Colorado, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, Ohio State, Oklahoma, Texas, Wisconsin. Percentages are based on data secured in part from presidents of the schools mentioned and in part from reports of the U. S. Office of Education.

EXTENT OF SALARY REDUCTIONS AFTER 1930-'31

A sample survey by the American Association of University Professors* shows that out of 96 representative institutions studied, 15 did not cut salaries -- 14 in the East and 1 in the South. Only 64.5 per cent of the private institutions represented in the survey reduced salaries; 85 per cent of the denominational institutions did so; whereas 95.6 per cent of the public institutions introduced cuts.

A study of available reports on salary reductions in educational institutions indicates that the average cuts ranged between 15 and 20 per cent, with the median approximately 15 per cent. In Kansas the reduction ranged from 15 to 30 per cent. In other mid-western states the cuts at the state universities were generally less than this, as shown in the following table.

State	Range of Cuts Per cent
Minnesota	0 to 17½**
Indiana	8 to 12½
Illinois	5 to 15**
Missouri	5 to 20**
Oklahoma	5 to 20
Michigan	6 to 20
Arkansas	8 to 20**
Ohio	4 to 22**
Nebraska	22**
Colorado	Aver. 20**
Iowa	15 to 30#
Kansas	15 to 30##
Texas	25 to 30**

* Bulletin of the American Association of University Professors for March, 1936.

** Part of this has since been restored. See Page 4.

Reduction was actually lower than in Kansas. For example, a salary that was cut 18% in Iowa was reduced 25% in Kansas. The Iowa cuts above 18% applied to salaries that were with a few exceptions higher than any paid in Kansas.

Except in case of the Chancellor the maximum reduction was 25 per cent.

REDUCTIONS AND RESTORATIONS

IN PUBLIC SERVICE IN KANSAS

Reductions of individual salaries after 1930 and restorations of these reductions after 1933 have not been uniform in the various branches of public service in Kansas. This is shown in the following table:

	Average Reductions	Restorations Per-Cent	Restorations Date
Elective state officials (other than judges)	no cut		
State Highway employees	5 per cent	100%	Jan. 2, 1936
Supreme Court and district judges	10 per cent	100%	Jan. 1, 1935
State departments, boards, commissions (est.) .	14.5 per cent	None	
State institutions (other than the 5 schools) est.	16.7 per cent	None	
Federal employees	15.0 per cent	100%	July 1, 1935
County elective officials, est.	15.0 per cent	100%	April 1, 1935
State educational institutions	20.0+per cent	None	

NOTE: Estimates for State Departments, Boards and Commissions, and for State Institutions other than the five state colleges are based on Roster of Departments and Institutions for 1931 and 1933, issued by the State Auditor.

EXTENT OF RESTORATIONS IN

MID-WESTERN STATE UNIVERSITIES

The American Association of University Professors reports that by 1935-'36 one-third of the institutions in the sample survey made partial salary restorations, with the East and South leading. A circular of the U. S. Office of Education* indicates from one-third to one-half of the 319 schools reporting increased salaries in 1935-'36. In addition, a number of institutions made partial restorations in 1934-'35. And some restorations have been made during the current year.

Reports from presidents of mid-western state universities show that restorations have been made in the Mid-West as follows:

Arkansas	10% general increase, in 1934-35. Scale now 10% below that for 1930.
Colorado	Complete restoration -- under $2600 in 1935-36; over $2600 in 1936-37.
Illinois	Complete restoration for salaries $1000 or less; about $\frac{1}{2}$ restoration for salaries $1000 to $2000; about $\frac{1}{4}$ restoration for salaries $3000 to $5000 -- all in 1935-36.
Michigan	Restoration in individual cases.
Minnesota	Complete restoration for salaries below $1320; one-half restoration for salaries above $1320 -- all in 1935-36.
Missouri	Most salaries restored in full. Deans, professors, associate professors and assistant professors receive from 3 to 5 per cent less than in 1930; others approximately same as 1930.
Nebraska	2% restored in 1934-35; additional 5% restored in 1935-36.
Ohio State	Average 56% restoration, in April, 1936.
Texas	Complete restoration in lower brackets; 80% restoration in higher brackets -- in 1935-36.
Wisconsin	Partial restoration in lower brackets, in May, 1936.

* No. 148, The Economic Outlook for Higher Education for 1935-36, November, 1935.

PROFESSOR'S SALARY AT K.U.

LOWEST IN 13 MID-WEST STATES

Even in 1930 the average instructional salary at the University of Kansas was somewhat below that paid in other mid-western state universities. This difference was increased by relatively heavier reductions in Kansas, and earlier restorations in other states. The situation is shown below, the rank of full professor being used for illustration:

Amounts More Than K.U. Scale that Average Full-Professor

Receives at Other Mid-West State Universities.

School	1930-31	1933-34	1935-36
Arkansas	- 350	---	205
Colorado	- 150	455	760
Illinois	1350	1675	1625
Indiana	100	680	720
Iowa	350	985	935
Michigan	1350	2015	2350
Minnesota	850	1320	1560
Missouri	650	980	1350
Nebraska	200	300	515
Ohio State	1250	1160	1480
Oklahoma	100	500	450
Texas	725	225	650
Wisconsin	1100	1050	1000