



The Money

Behind

Our Colleges

ARE AMERICA'S colleges and universities in good financial health—or bad?

Are they pricing themselves out of many students' reach? Or can—and should—students and their parents carry a greater share of the cost of higher education?

Can state and local governments appropriate more money for higher education? Or is there a danger that taxpayers may “revolt”?

Does the federal government—now the third-largest provider of funds to higher education—pose a threat to the freedom of our colleges and universities? Or is the “threat” groundless, and should higher education seek even greater federal support?

Can private donors—business corporations, religious denominations, foundations, alumni, and alumnae—increase their gifts to colleges and universities as greatly as some authorities say is necessary? Or has private philanthropy gone about as far as it can go?

There is no set of “right” answers to such questions. College and university financing is complicated, confusing, and often controversial, and even the administrators of the nation's institutions of higher learning are not of one mind as to what the best answers are.

One thing is certain: financing higher education is not a subject for “insiders,” alone. Everybody has a stake in it.



Where U.S. colleges and universities get their income

THESE DAYS, most of America's colleges and universities manage to make ends meet. Some do not: occasionally, a college shuts its doors, or changes its character, because in the jungle of educational financing it has lost the fiscal fitness to survive. Certain others, qualified observers suspect, hang onto life precariously, sometimes sacrificing educational quality to conserve their meager resources. But most U.S. colleges and universities survive, and many do so with some distinction. On the surface, at least, they appear to be enjoying their best financial health in history.

The voice of the bulldozer is heard in our land, as new buildings go up at a record rate. Faculty salaries in most institutions—at critically low levels not long ago—are, if still a long distance from the high-tax brackets, substantially better than they used to be. Appropriations of state funds for higher education are at an all-time high. The federal government is pouring money into the campuses at an unprecedented rate. Private gifts and grants were never more numerous. More students than ever before, paying higher fees than ever before, crowd the classrooms.

How real is this apparent prosperity? Are there danger signals? One purpose of this report is to help readers find out.

HOW DO colleges and universities get the money they run on? By employing a variety of financing processes and philosophies. By conducting, says one participant, the world's busiest patchwork quilting-bee.

U.S. higher education's balance sheets—the latest of which shows the country's colleges and universities receiving more than \$7.3 billion in current-fund income—have been known to baffle even those men and women who are at home in the depths of a corporate financial statement. Perusing them, one learns that even the basic terms have lost their old, familiar meanings.

“Private” institutions of higher education, for example, receive enormous sums of “public” money—including more federal research funds than go to all so-called “public” colleges and universities.

And “public” institutions of higher education own some of the largest “private” endowments. (The endowment of the University of Texas, for instance, has a higher book value than Yale's.)

When the English language fails him so completely, can higher education's balance-sheet reader be blamed for his bafflement?

IN A RECENT year, U.S. colleges and universities got their current-fund income in this fashion:

20.7% came from student tuition and fees.

18.9% came from the federal government.

22.9% came from state governments.

2.6% came from local governments.

6.4% came from private gifts and grants.

9.4% was other educational and general income, including income from endowments.

17.5% came from auxiliary enterprises, such as dormitories, cafeterias, and dining halls.

1.6% was student-aid income.

Such a breakdown, of course, does not match the income picture at any actual college or university. It includes institutions of many shapes, sizes, and financial policies. Some heat their classrooms and pay their professors largely with money collected from students. Others receive relatively little from this source. Some balance their budgets with large sums from governments. Others not only receive no such funds, but may actively spurn them. Some draw substantial interest from their endowments and receive gifts and grants from a variety of sources.

"There is something very reassuring about this assorted group of patrons of higher education," writes a college president. "They are all acknowledging the benefits they derive from a strong system of colleges and universities. Churches that get clergy, communities that get better citizens, businesses that get better employees—all share in the costs of the productive machinery, along with the student . . ."

In the campus-to-campus variations there is often a deep significance; an institution's method of financing may tell as much about its philosophies as do the most eloquent passages in its catalogue. In this sense, one should understand that *whether* a college or university receives enough income to survive is only part of the story. *How* and *where* it gets its money may have an equally profound effect upon its destiny.



PRIVATE INSTITUTIONS:
34.3% of their income
comes from student fees.

from Students 20.7 per cent

LAST FALL, some 4.4 million young Americans were enrolled in the nation's colleges and universities—2.7 million in public institutions, 1.7 million in private.

For most of them, the enrollment process included a stop at a cashier's office, to pay tuition and other educational fees.

How much they paid varied considerably from one campus to another. For those attending public institutions, according to a U.S. government survey, the median in 1962-63 was \$170 per year. For those attending private institutions, the median was \$690—four times as high.

There were such differences as these:

In public universities, the median charge was \$268.

In public liberal arts colleges, it was \$168.

In public teachers colleges, it was \$208.

In public junior colleges, it was \$113.

Such educational fees, which do not include charges for meals or dormi-



PUBLIC INSTITUTIONS:
10% of their income
comes from student fees.

TUITION continued

Are tuition charges becoming too burdensome?



tory rooms, brought the nation's public institutions of higher education a total of \$415 million—one-tenth of their entire current-fund income.

By comparison:

In private universities, the median charge was \$1,038.

In private liberal arts colleges, it was \$751.

In private teachers colleges, it was \$575.

In private junior colleges, it was \$502.

In 1961-62, such student payments brought the private colleges and universities a total of \$1.1 billion—more than one-third of their entire current-fund income.

From all students, in all types of institution, America's colleges and universities thus collected a total of \$1.5 billion in tuition and other educational fees.

NO NATION puts more stock in maximum college attendance by its youth than does the United States," says an American report to an international committee. "Yet no nation expects those receiving higher education to pay a greater share of its cost."

The leaders of both private and public colleges and universities are worried by this paradox.

Private-institution leaders are worried because they have no desire to see their campuses closed to all but the sons and daughters of well-to-do families. But, in effect, this is what may happen if students must continue to be charged more than a third of the costs of providing higher education—costs that seem to be eternally on the rise. (Since one-third is the average for *all* private colleges and universities, the students' share of costs is lower in some private colleges and universities, considerably higher in others.)

Public-institution leaders are worried because, in the rise of tuition and other student fees, they see the eventual collapse of a cherished American dream: equal educational opportunity for all. Making students pay a greater part of the cost of public higher education is no mere theoretical threat; it is already taking place, on a broad scale. Last year, half of the state universities and land-grant institutions surveyed by the federal government reported that, in the previous 12 months, they had had to increase the tuition and fees charged to home-state students. More than half had raised their charges to students who came from other states.

CAN THE RISE in tuition rates be stopped—at either public or private colleges and universities?

A few vocal critics think it should not be; that tuition should, in fact, go up. Large numbers of students can afford considerably more than they are now paying, the critics say.

"Just look at the student parking lots. You and I are helping to pay for those kids' cars with our taxes," one campus visitor said last fall.

Asked an editorial in a Tulsa newspaper:

“Why should taxpayers, most of whom have not had the advantage of college education, continue to subsidize students in state-supported universities who have enrolled, generally, for the frank purpose of eventually earning more than the average citizen?”

An editor in Omaha had similar questions:

“Why shouldn’t tuition cover more of the rising costs? And why shouldn’t young people be willing to pay higher tuition fees, and if necessary borrow the money against their expected earnings? And why shouldn’t tuition charges have a direct relationship to the prospective earning power—less in the case of the poorer-paid professions and more in the case of those which are most remunerative?”

Such questions, or arguments-in-the-form-of-questions, miss the main point of tax-supported higher education, its supporters say.

“The primary beneficiary of higher education is society,” says a joint statement of the State Universities Association and the Association of State Universities and Land-Grant Colleges.

“The process of making students pay an increasing proportion of the costs of higher education will, if continued, be disastrous to American society and to American national strength.

“It is based on the theory that higher education benefits only the individual and that he should therefore pay immediately and directly for its cost—through borrowing if necessary. . . .

“This is a false theory. . . . It is true that great economic and other benefits do accrue to the individual, and it is the responsibility of the individual to help pay for the education of others on this account—through taxation and through voluntary support of colleges and universities, in accordance with the benefits received. But even from the narrowest of economic standpoints, a general responsibility rests on society to finance higher education. The businessman who has things to sell is a beneficiary, whether he attends college or not, whether his children do or not. . . .”

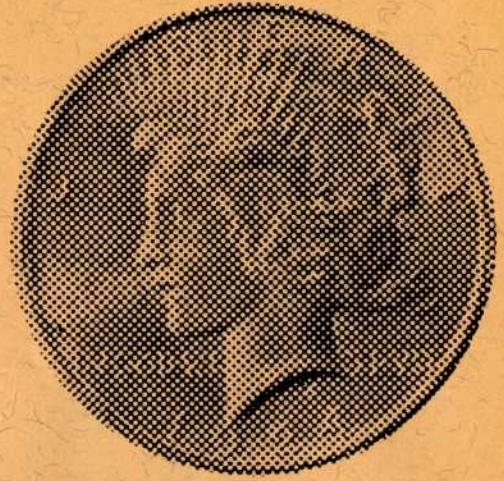
Says a university president: “I am worried, as are most educators, about the possibility that we will price ourselves out of the market.”

For private colleges—already forced to charge for a large part of the cost of providing higher education—the problem is particularly acute. As costs continue to rise, where will private colleges get the income to meet them, if not from tuition?

After studying 100 projections of their budgets by private liberal arts colleges, Sidney G. Tickton, of the Fund for the Advancement of Education, flatly predicted:

“Tuition will be much higher ten years hence.”

Already, Mr. Tickton pointed out, tuition at many private colleges is beyond the reach of large numbers of students, and scholarship aid isn’t large enough to help. “Private colleges are beginning to realize that they haven’t been taking many impecunious students in recent years. The figures show that they can be expected to take an even smaller proportion in the future.



**Or should students
carry a heavier
share of the costs?**

CONTINUED

TUITION continued



PRIVATE INSTITUTIONS:
1.4% of their income
comes from the states.

22.9 per cent from States



PUBLIC INSTITUTIONS:
22.9% of their income
comes from the states.

“The facts are indisputable. Private colleges may not like to admit this or think of themselves as educators of only the well-heeled, but the signs are that they aren’t likely to be able to do very much about it in the decade ahead.”

What is the outlook at public institutions? Members of the Association of State Colleges and Universities were recently asked to make some predictions on this point. The consensus:

They expect the tuition and fees charged to their home-state students to rise from a median of \$200 in 1962–63 to \$230, five years later. In the previous five years, the median tuition had increased from \$150 to \$200. Thus the rising-tuition trend would not be stopped, they felt—but it would be slowed.

THE ONLY alternative to higher tuition, whether at public or private institutions, is increased income from other sources—taxes, gifts, grants. If costs continue to increase, such income will have to increase not merely in proportion, but at a faster rate—if student charges are to be held at their present levels.

What are the prospects for these other sources of income? See the pages that follow.

COLLEGES and universities depend upon many sources for their financial support. But one source towers high above all the rest: the American taxpayer.

The taxpayer provides funds for higher education through all levels of government—federal, state, and local.

Together, in the most recent year reported, governments supplied 44.4 per cent of the current-fund income of all U.S. colleges and universities—a grand total of \$3.2 billion.

This was more than twice as much as all college and university students paid in tuition fees. It was nearly seven times the total of all private gifts and grants.

By far the largest sums for educational purposes came from state and local governments: \$1.9 billion, altogether. (Although the federal government’s over-all expenditures on college and university campuses were large—nearly \$1.4 billion—all but \$262 million was earmarked for research.)

STATES HAVE HAD a financial interest in higher education since the nation’s founding. (Even before independence, Harvard and other colonial colleges had received government support.) The first state university, the University of Georgia, was chartered in 1785. As settlers

moved west, each new state received two townships of land from the federal government, to support an institution of higher education.

But the true flourishing of publicly supported higher education came after the Civil War. State universities grew. Land-grant colleges were founded, fostered by the Morrill Act of 1862. Much later, local governments entered the picture on a large scale, particularly in the junior-college field.

Today, the U.S. system of publicly supported colleges and universities is, however one measures it, the world's greatest. It comprises 743 institutions (345 local, 386 state, 12 federal), compared with a total of 1,357 institutions that are privately controlled.

Enrollments in the public colleges and universities are awesome, and certain to become more so.

As recently as 1950, half of all college and university students attended private institutions. No longer—and probably never again. Last fall, the public colleges and universities enrolled 60 per cent—one million more students than did the private institutions. And, as more and more young Americans go to college in the years ahead, both the number and the proportion attending publicly controlled institutions will soar.

By 1970, according to one expert projection, there will be 7 million college and university students. Public institutions will enroll 67 per cent of them.

By 1980, there will be 10 million students. Public institutions will enroll 75 per cent of them.

THE FINANCIAL implications of such enrollments are enormous. Will state and local governments be able to cope with them?

In the latest year for which figures have been tabulated, the current-fund income of the nation's public colleges and universities was \$4.1 billion. Of this total, state and local governments supplied more than \$1.8 billion, or 44 per cent. To this must be added \$790 million in capital outlays for higher education, including \$613 million for new construction.

In the fast-moving world of public-college and university financing, such heady figures are already obsolete. At present, reports the Committee for Economic Development, expenditures for higher education are the fastest-growing item of state and local-government financing. Between 1962 and 1968, while expenditures for all state and local-government activities will increase by about 50 per cent, expenditures for higher education will increase 120 per cent. In 1962, such expenditures represented 9.5 per cent of state and local tax income; in 1968, they will take 12.3 per cent.

Professor M.M. Chambers, of the University of Michigan, has totted up each state's tax-fund appropriations to colleges and universities (see list, next page). He cautions readers not to leap to interstate comparisons; there are too many differences between the practices of the 50 states to make such an exercise valid. But the differences do not obscure



**Will state taxes
be sufficient to meet
the rocketing demand?**

CONTINUED

STATE FUNDS continued

State Tax Funds For Higher Education

	Fiscal 1963	Change from 1961	
Alabama.....	\$22,051,000	-\$346,000	- 1.5%
Alaska.....	3,301,000	+ 978,000	+42%
Arizona.....	20,422,000	+ 4,604,000	+29%
Arkansas.....	16,599,000	+ 3,048,000	+22.5%
California....	243,808,000	+48,496,000	+25%
Colorado.....	29,916,000	+ 6,634,000	+28.25%
Connecticut...	15,948,000	+ 2,868,000	+22%
Delaware.....	5,094,000	+ 1,360,000	+36.5%
Florida.....	46,043,000	+ 8,780,000	+23.5%
Georgia.....	32,162,000	+ 4,479,000	+21%
Hawaii.....	10,778,000	+ 3,404,000	+46%
Idaho.....	10,137,000	+ 1,337,000	+15.25%
Illinois.....	113,043,000	+24,903,000	+28.25%
Indiana.....	62,709,000	+12,546,000	+25%
Iowa.....	38,914,000	+ 4,684,000	+13.5%
Kansas.....	35,038,000	+ 7,099,000	+25.5%
Kentucky.....	29,573,000	+ 9,901,000	+50.25%
Louisiana....	46,760,000	+ 2,203,000	+ 5%
Maine.....	7,429,000	+ 1,830,000	+32.5%
Maryland.....	29,809,000	+ 3,721,000	+20.5%
Massachusetts	16,503,000	+ 3,142,000	+23.5%
Michigan.....	104,082,000	+ 6,066,000	+ 6%
Minnesota....	44,058,000	+ 5,808,000	+15.25%
Mississippi...	17,500,000	+ 1,311,000	+ 8%
Missouri.....	33,253,000	+ 7,612,000	+29.5%

continued opposite

the fact that, between fiscal year 1961 and fiscal 1963, all states except Alabama and Montana increased their tax-fund appropriations to higher education. The average was a whopping 24.5 per cent.

Can states continue to increase appropriations? No one answer will serve from coast to coast.

Poor states will have a particularly difficult problem. The Southern Regional Education Board, in a recent report, told why:

"Generally, the states which have the greatest potential demand for higher education are the states which have the fewest resources to meet the demand. Rural states like Alabama, Arkansas, Mississippi, and South Carolina have large numbers of college-age young people and relatively small per-capita income levels." Such states, the report concluded, can achieve educational excellence only if they use a larger proportion of their resources than does the nation as a whole.

A leading Western educator summed up his state's problem as follows:

"Our largest age groups, right now, are old people and youngsters approaching college age. Both groups depend heavily upon the producing, taxpaying members of our economy. The elderly demand state-financed welfare; the young demand state-financed education.

"At present, however, the producing part of our economy is composed largely of 'depression babies'—a comparatively small group. For the next few years, their per-capita tax burden will be pretty heavy, and it may be hard to get them to accept any big increases."

But the alternatives to more tax money for public colleges and universities—higher tuition rates, the turning away of good students—may be even less acceptable to many taxpayers. Such is the hope of those who believe in low-cost, public higher education.

EVERY projection of future needs shows that state and local governments must increase their appropriations vastly, if the people's demands for higher education are to be met. The capacity of a government to make such increases, as a California study has pointed out, depends on three basic elements:

- 1) The size of the "stream of income" from which the support for higher education must be drawn;
- 2) The efficiency and effectiveness of the tax system; and
- 3) The will of the people to devote enough money to the purpose.

Of these elements, the third is the hardest to analyze, in economic terms. It may well be the most crucial.

Here is why:

In their need for increased state and local funds, colleges and universities will be in competition with growing needs for highways, urban renewal, and all the other services that citizens demand of their governments. How the available tax funds will be allocated will depend, in large measure, on how the people *rank* their demands, and how insistently they make the demands known.

"No one should know better than our alumni the importance of having society invest its money and faith in the education of its young people," Allan W. Ostar, director of the Office of Institutional Research, said recently. "Yet all too often we find alumni of state universities who are not willing to provide the same opportunity to future generations that they enjoyed. Our alumni should be leading the fight for adequate tax support of our public colleges and universities.

"If they don't, who will?"

TO SOME Americans, the growth of state-supported higher education, compared with that of the private colleges and universities, has been disturbing for other reasons than its effects upon the tax rate.

One cause of their concern is a fear that government dollars inevitably will be accompanied by a dangerous sort of government control. The fabric of higher education, they point out, is laced with controversy, new ideas, and challenges to all forms of the status quo. Faculty members, to be effective teachers and researchers, must be free of reprisal or fears of reprisal. Students must be encouraged to experiment, to question, to disagree.

The best safeguard, say those who have studied the question, is legal autonomy for state-supported higher education: independent boards of regents or trustees, positive protections against interference by state agencies, post-audits of accounts but no line-by-line political control over budget proposals—the latter being a device by which a legislature might be able to cut the salary of an "offensive" professor or stifle another's research. Several state constitutions already guarantee such autonomy to state universities. But in some other states, college and university administrators must be as adept at politicking as at educating, if their institutions are to thrive.

Another concern has been voiced by many citizens. What will be the effects upon the country's private colleges, they ask, if the public-higher-education establishment continues to expand at its present rate? With state-financed institutions handling more and more students—and, generally, charging far lower tuition fees than the private institutions can afford—how can the small private colleges hope to survive?

President Robert D. Calkins, of the Brookings Institution, has said:

"Thus far, no promising alternative to an increased reliance on public institutions and public support has appeared as a means of dealing with the expanding demand for education. The trend may be checked, but there is nothing in sight to reverse it. . . .

"Many weak private institutions may have to face a choice between insolvency, mediocrity, or qualifying as public institutions. But enlarged opportunities for many private and public institutions will exist, often through cooperation. . . . By pooling resources, all may be strengthened. . . . In view of the recent support the liberal arts colleges have elicited, the more enterprising ones, at least, have an undisputed role for future service."



	Fiscal 1963	Change from 1961	
Montana	\$11,161,000	-\$ 70,000	- 0.5%
Nebraska	17,078,000	+ 1,860,000	+12.25%
Nevada	5,299,000	+ 1,192,000	+29%
New Hampshire	4,733,000	+ 627,000	+15.25%
New Jersey	34,079,000	+ 9,652,000	+39.5%
New Mexico	14,372,000	+ 3,133,000	+28%
New York	156,556,000	+67,051,000	+75%
North Carolina	36,532,000	+ 6,192,000	+20.5%
North Dakota	10,386,000	+ 1,133,000	+12.25%
Ohio	55,620,000	+10,294,000	+22.5%
Oklahoma	30,020,000	+ 3,000,000	+11%
Oregon	33,423,000	+ 4,704,000	+16.25%
Pennsylvania	56,187,000	+12,715,000	+29.5%
Rhode Island	7,697,000	+ 2,426,000	+46%
South Carolina	15,440,000	+ 2,299,000	+17.5%
South Dakota	8,702,000	+ 574,000	+ 7%
Tennessee	22,359,000	+ 5,336,000	+31.25%
Texas	83,282,000	+16,327,000	+24.5%
Utah	15,580,000	+ 2,441,000	+18.5%
Vermont	3,750,000	+ 351,000	+10.25%
Virginia	28,859,000	+ 5,672,000	+24.5%
Washington	51,757,000	+ 9,749,000	+23.25%
West Virginia	20,743,000	+ 3,824,000	+22.5%
Wisconsin	44,670,000	+ 7,253,000	+19.5%
Wyoming	5,599,000	+ 864,000	+18.25%
TOTALS	\$1,808,825,000	+\$357,499,000	
WEIGHTED AVERAGE			+24.5%

CONTINUED

18.9 per cent from Washington

I SEEM TO SPEND half my life on the jets between here and Washington," said an official of a private university on the West Coast, not long ago.

"We've decided to man a Washington office, full time," said the spokesman for a state university, a few miles away.

For one in 20 U.S. institutions of higher education, the federal government in recent years has become one of the biggest facts of financial life. For some it is *the* biggest. "The not-so-jolly long-green giant," one man calls it.

Washington is no newcomer to the campus scene. The difference, today, is one of scale. Currently the federal government spends between \$1 billion and \$2 billion a year at colleges and universities. So vast are the expenditures, and so diverse are the government channels through which they flow to the campuses, that a precise figure is impossible to come by. The U.S. Office of Education's latest estimate, covering fiscal 1962, is that Washington was the source of \$1.389 billion—or nearly 19 per cent—of higher education's total current-fund income.

"It may readily be seen," said Congresswoman Edith Green of Oregon, in a report last year to the House Committee on Education and Labor, "that the question is not *whether* there shall be federal aid to education."

Federal aid exists. It is big and is growing.

THE word *aid*, however, is misleading. Most of the federal government's expenditures in higher education—more than four and a half times as much as for all other purposes combined—are for research that the government needs. Thus, in a sense, the government is the purchaser of a commodity; the universities, like any other producer with whom the government does business, supply that commodity. The relationship is one of *quid pro quo*.

Congresswoman Green is quick to acknowledge this fact:

"What has not been . . . clear is the dependency of the federal government on the educational system. The government relies upon the universities to do those things which cannot be done by government personnel in government facilities.

"It turns to the universities to conduct basic research in the fields of agriculture, defense, medicine, public health, and the conquest of space, and even for managing and staffing of many governmental research laboratories.

"It relies on university faculty to judge the merits of proposed research.

"It turns to them for the management and direction of its foreign aid programs in underdeveloped areas of the world.



PRIVATE INSTITUTIONS:
19.1% of their income
comes from Washington.



PUBLIC INSTITUTIONS:
18.6% of their income
comes from Washington.

"It relies on them for training, in every conceivable field, of government personnel—both military and civilian."

THE FULL RANGE of federal-government relationships with U.S. higher education can only be suggested in the scope of this report. Here are some examples:

Land-grant colleges had their origins in the Morrill Land Grant College Act of 1862, when the federal government granted public lands to the states for the support of colleges "to teach such branches of learning as are related to agriculture and the mechanic arts," but not excluding science and classics. Today there are 68 such institutions. In fiscal 1962, the federal government distributed \$10.7 million in land-grant funds.

The armed forces operate officers training programs in the colleges and universities—their largest source of junior officers.

Student loans, under the National Defense Education Act, are the major form of federal assistance to undergraduate students. They are administered by 1,534 participating colleges and universities, which select recipients on the basis of need and collect the loan repayments. In fiscal 1962, more than 170,000 undergraduates and nearly 15,000 graduate students borrowed \$90 million in this way.

"The success of the federal loan program," says the president of a college for women, "is one of the most significant indexes of the important place the government has in financing private as well as public educational institutions. The women's colleges, by the way, used to scoff at the loan program. 'Who would marry a girl with a debt?' people asked. 'A girl's dowry shouldn't be a mortgage,' they said. But now more than 25 per cent of our girls have government loans, and they don't seem at all perturbed."

Fellowship grants to graduate students, mostly for advanced work in science or engineering, supported more than 35,000 persons in fiscal 1962. Cost to the government: nearly \$104 million. In addition, around 20,000 graduate students served as paid assistants on government-sponsored university research projects.

Dormitory loans through the college housing program of the Housing and Home Finance Agency have played a major role in enabling colleges and universities to build enough dormitories, dining halls, student unions, and health facilities for their burgeoning enrollments. Between 1951 and 1961, loans totaling more than \$1.5 billion were approved. Informed observers believe this program finances from 35 to 45 per cent of the total current construction of such facilities.

Grants for research facilities and equipment totaled \$98.5 million in fiscal 1962, the great bulk of which went to universities conducting scientific research. The National Science Foundation, the National Institutes of Health, the National Aeronautics and Space Administration, and the Atomic Energy Commission are the principal sources of such grants. A Department of Defense program enables institutions to build facilities and write off the cost.

To help finance new classrooms, libraries, and laboratories, Congress last year passed a \$1.195 billion college aid program and, said President

**Can federal dollars
properly be called
federal "aid"?**



FEDERAL FUNDS continued



38%
of Federal research funds
go to these 10 institutions:

U. of California	U. of Illinois
Mass. Inst. of Technology	Stanford U.
Columbia U.	U. of Chicago
U. of Michigan	U. of Minnesota
Harvard U.	Cornell U.



59%
of Federal research funds
go to the above 10 + these 15:

U. of Wisconsin	Yale U.
U. of Pennsylvania	Princeton U.
New York U.	Iowa State U.
Ohio State U.	Cal. Inst. of Technology
U. of Washington	U. of Pittsburgh
Johns Hopkins U.	Northwestern U.
U. of Texas	Brown U.
	U. of Maryland

Johnson, thus was “on its way to doing more for education than any since the land-grant college bill was passed 100 years ago.”

Support for medical education through loans to students and funds for construction was authorized by Congress last fall, when it passed a \$236 million program.

To strengthen the curriculum in various ways, federal agencies spent approximately \$9.2 million in fiscal 1962. Samples: A \$2 million National Science Foundation program to improve the content of science courses; a \$2 million Office of Education program to help colleges and universities develop, on a matching-fund basis, language and area-study centers; a \$2 million Public Health Service program to expand, create, and improve graduate work in public health.

Support for international programs involving U.S. colleges and universities came from several federal sources. Examples: Funds spent by the Peace Corps for training and research totaled more than \$7 million. The Agency for International Development employed some 70 institutions to administer its projects overseas, at a cost of about \$26 million. The State Department paid nearly \$6 million to support more than 2,500 foreign students on U.S. campuses, and an additional \$1.5 million to support more than 700 foreign professors.

BUT the greatest federal influence, on many U.S. campuses, comes through the government’s expenditures for research.

As one would expect, most of such expenditures are made at universities, rather than at colleges (which, with some exceptions, conduct little research).

In the 1963 Godkin Lectures at Harvard, the University of California’s President Clark Kerr called the federal government’s support of research, starting in World War II, one of the “two great impacts [which], beyond all other forces, have molded the modern American university system and made it distinctive.” (The other great impact: the land-grant college movement.)

At the institutions where they are concentrated, federal research funds have had marked effects. A self-study by Harvard, for example, revealed that *90 per cent* of the research expenditures in the university’s physics department were paid for by the federal government; *67 per cent* in the chemistry department; and *95 per cent* in the division of engineering and applied physics.

IS THIS government-dollar dominance in many universities’ research budgets a healthy development?

After analyzing the role of the federal government on their campuses, a group of universities reporting to the Carnegie Foundation for the Advancement of Teaching agreed that “the effects [of government expenditures for campus-based research projects] have, on balance, been salutary.”

Said the report of one institution:

“The opportunity to make expenditures of this size has permitted a

research effort far superior to anything that could have been done without recourse to government sponsors. . . .

“Any university that declined to participate in the growth of sponsored research would have had to pay a high price in terms of the quality of its faculty in the science and engineering areas. . . .”

However, the university-government relationship is not without its irritations.

One of the most irksome, say many institutions, is the government’s failure to reimburse them fully for the “indirect costs” they incur in connection with federally sponsored research—costs of administration, of libraries, of operating and maintaining their physical plant. If the government fails to cover such costs, the universities must—often by drawing upon funds that might otherwise be spent in strengthening areas that are not favored with large amounts of federal support, *e.g.*, the humanities.

Some see another problem: faculty members may be attracted to certain research areas simply because federal money is plentiful there. “This . . . may tend to channel their efforts away from other important research and . . . from their teaching and public-service responsibilities,” one university study said.

The government’s emphasis upon science, health, and engineering, some persons believe, is another drawback to the federal research expenditures. “Between departments, a form of imbalance may result,” said a recent critique. “The science departments and their research may grow and prosper. The departments of the humanities and social sciences may continue, at best, to maintain their *status quo*.”

“There needs to be a National Science Foundation for the humanities,” says the chief academic officer of a Southern university which gets approximately 20 per cent of its annual budget from federal grants.

“Certainly government research programs create imbalances within departments and between departments,” said the spokesman for a leading Catholic institution, “but so do many other influences at work within a university Imbalances must be lived with and made the most of, if a level of uniform mediocrity is not to prevail.”

THE CONCENTRATION of federal funds in a few institutions—usually the institutions which already are financially and educationally strong—makes sense from the standpoint of the *quid pro quo* philosophy that motivates the expenditure of most government funds. The strong research-oriented universities, obviously, can deliver the commodity the government wants.

But, consequently, as a recent Carnegie report noted, “federal support is, for many colleges and universities, not yet a decisive or even a highly influential fact of academic life.”

Why, some persons ask, should not the government conduct equally well-financed programs in order to improve those colleges and universities which are *not* strong—and thus raise the quality of U.S. higher education as a whole?



90%

of Federal research funds

go to the 25 opposite + these 75:

Pennsylvania State U.	Wayne State U.
Duke U.	Baylor U.
U. of Southern Cal.	U. of Denver
Indiana U.	U. of Missouri
U. of Rochester	U. of Georgia
Washington U.	U. of Arkansas
U. of Colorado	U. of Nebraska
Purdue U.	Tufts U.
George Washington U.	U. of Alabama
Western Reserve U.	New Mexico State U.
Florida State U.	Washington State U.
Yeshiva U.	Boston U.
U. of Florida	U. of Buffalo
U. of Oregon	U. of Kentucky
U. of Utah	U. of Cincinnati
Tulane U.	Stevens Inst. of Technology
U. of N. Carolina	Oklahoma State U.
Michigan State U.	Georgetown U.
Polytechnic Inst. of Brooklyn	Medical Col. of Virginia
U. of Miami	Mississippi State U.
U. of Tennessee	Colorado State U.
U. of Iowa	Auburn U.
Texas A. & M. Col.	Dartmouth Col.
Rensselaer Polytechnic Inst.	Emory U.
U. of Kansas	U. of Vermont
U. of Arizona	Brandeis U.
Vanderbilt U.	Marquette U.
Syracuse U.	Jefferson Medical Col.
Oregon State U.	Va. Polytechnic Inst.
Ga. Inst. of Technology	U. of Louisville
U. of Virginia	Kansas State U.
Rutgers U.	St. Louis U.
Louisiana State U.	West Virginia U.
Carnegie Inst. of Technology	U. of Hawaii
U. of Oklahoma	U. of Mississippi
N. Carolina State U.	Notre Dame U.
Illinois Inst. of Technology	U. of New Mexico
	Temple U.

CONTINUED

FEDERAL FUNDS continued

This question is certain to be warmly debated in years to come. Coupled with philosophical support or opposition will be this pressing practical question: can private money, together with state and local government funds, solve higher education's financial problems, without resort to Washington? Next fall, when the great, long-predicted "tidal wave" of students at last reaches the nation's campuses, the time of testing will begin.

6.4 per cent from Gifts and Grants



PRIVATE INSTITUTIONS:
11.6% of their income
comes from gifts and grants.



PUBLIC INSTITUTIONS:
2.3% of their income
comes from gifts and grants.

AS A SOURCE of income for U.S. higher education, private gifts and grants are a comparatively small slice on the pie charts: 11.6% for the private colleges and universities, only 2.3% for public.

But, to both types of institution, private gifts and grants have an importance far greater than these percentages suggest.

"For us," says a representative of a public university in the Midwest, "private funds mean the difference between the adequate and the excellent. The university needs private funds to serve purposes for which state funds cannot be used: scholarships, fellowships, student loans, the purchase of rare books and art objects, research seed grants, experimental programs."

"Because the state provides basic needs," says another public-university man, "every gift dollar can be used to provide for a margin of excellence."

Says the spokesman for a private liberal arts college: "We must seek gifts and grants as we have never sought them before. They are our one hope of keeping educational quality up, tuition rates down, and the student body democratic. I'll even go so far as to say they are our main hope of keeping the college, as we know it, alive."

FROM 1954-55 through 1960-61, the independent Council for Financial Aid to Education has made a biennial survey of the country's colleges and universities, to learn how much private aid they received. In four surveys, the institutions answering the council's questionnaires reported they had received more than \$2.4 billion in voluntary gifts.

Major private universities received \$1,046 million.

Private coeducational colleges received \$628 million.

State universities received nearly \$320 million.

Professional schools received \$171 million.

Private women's colleges received \$126 million.

Private men's colleges received \$117 million.

Junior colleges received \$31 million.

Municipal universities received nearly \$16 million.

Over the years covered by the CFAE's surveys, these increases took place:

Gifts to the private universities went up 95.6%.

Gifts to private coed colleges went up 82%.

Gifts to state universities went up 184%.

Gifts to professional schools went up 134%.

Where did the money come from? Gifts and grants reported to the council came from these sources:

General welfare foundations gave \$653 million.

Non-alumni donors gave \$539.7 million.

Alumni and alumnae gave \$496 million.

Business corporations gave \$345.8 million.

Religious denominations gave \$216 million.

Non-alumni, non-church groups gave \$139 million.

Other sources gave \$66.6 million.

All seven sources increased their contributions over the period.

BUT THE RECORDS of past years are only preludes to the voluntary giving of the future, experts feel.

Dr. John A. Pollard, who conducts the surveys of the Council for Financial Aid to Education, estimates conservatively that higher education will require \$9 billion per year by 1969-70, for educational and general expenditures, endowment, and plant expansion. This would be 1.3 per cent of an expected \$700 billion Gross National Product.

Two billion dollars, Dr. Pollard believes, must come in the form of private gifts and grants. Highlights of his projections:

Business corporations will increase their contributions to higher education at a rate of 16.25 per cent a year. Their 1969-70 total: \$508 million.

Foundations will increase their contributions at a rate of 14.5 per cent a year. Their 1969-70 total: \$520.7 million.

Alumni will increase their contributions at a rate of 14.5 per cent a year. Their 1969-70 total: \$591 million.

Non-alumni individuals will increase their contributions at a rate of 12.6 per cent a year. Their 1969-70 total: \$524.6 million.

Religious denominations will increase their contributions at a rate of 12.7 per cent. Their 1969-70 total: \$215.6 million.

Non-alumni, non-church groups and other sources will increase their contributions at rates of 4 per cent and 1 per cent, respectively. Their 1969-70 total: \$62 million.

"I think we must seriously question whether these estimates are realistic," said a business man, in response to Dr. Pollard's estimate of 1969-70 gifts by corporations. "Corporate funds are not a bottomless pit; the support the corporations give to education is, after all, one of the costs of doing business. . . . It may become more difficult to provide for such support, along with other foreseeable increased costs, in setting product prices. We cannot assume that all this money is going to be available simply because we want it to be. The more fruit you shake from the tree, the more difficult it becomes to find still more."



**Coming: a need
for \$9 billion
a year. Impossible?**

CONTINUED

But others are more optimistic. Says the CFAE:

"Fifteen years ago nobody could safely have predicted the level of voluntary support of higher education in 1962. Its climb has been spectacular. . . .

"So, on the record, it probably *is* safe to say that the potential of voluntary support of U.S. higher education has only been scratched. The people have developed a quenchless thirst for higher learning and, equally, the means and the will to support its institutions adequately."

ALUMNI AND ALUMNAE will have a critical role to play in determining whether the projections turn out to have been sound or unrealistic.

Of basic importance, of course, are their own gifts to their alma maters. The American Alumni Council, in its most recent year's compilation, reported that alumni support, as measured from the reports of 927 colleges and universities, had totaled \$196.7 million—a new record.

Lest this figure cause alumni and alumnae to engage in unrestrained self-congratulations, however, let them consider these words from one of the country's veteran (and most outspoken) alumni secretaries:

"Of shocking concern is the lack of interest of most of the alumni. . . . The country over, only about one-fifth on the average pay dues to their alumni associations; only one-fourth on the average contribute to their alumni funds. There are, of course, heartwarming instances where participation reaches 70 and 80 per cent, but they are rare. . . ."

Commenting on these remarks, a fund-raising consultant wrote:

"The fact that about three-fourths of college and university alumni do not contribute anything at all to their alma maters seems to be a strong indication that they lack sufficient feeling of responsibility to support these institutions. There was a day when it could be argued that this support was not forthcoming because the common man simply did not have funds to contribute to universities. While this argument is undoubtedly used today, it carries a rather hollow ring in a nation owning nearly two cars for every family and so many pleasure boats that there is hardly space left for them on available water."

Alumni support has an importance even beyond the dollars that it yields to higher education. More than 220 business corporations will match their employees' contributions. And alumni support—particularly the percentage of alumni who make gifts—is frequently used by other prospective donors as a guide to how much *they* should give.

Most important, alumni and alumnae wear many hats. They are individual citizens, corporate leaders, voters, taxpayers, legislators, union members, church leaders. In every role, they have an effect on college and university destinies. Hence it is alumni and alumnae, more than any other group, who will determine whether the financial health of U.S. higher education will be good or bad in years to come.

What will the verdict be? No reader can escape the responsibility of rendering it.

The report on this and the preceding 15 pages is the product of a cooperative endeavor in which scores of schools, colleges, and universities are taking part. It was prepared under the direction of the group listed below, who form EDITORIAL PROJECTS FOR EDUCATION, a non-profit organization associated with the American Alumni Council. (The editors, of course, speak for themselves and not for their institutions.) Copyright © 1964 by Editorial Projects for Education, Inc. All rights reserved; no part may be reproduced without express permission of the editors. Printed in U.S.A.

DENTON BEAL

Carnegie Institute of Technology

DAVID A. BURR

The University of Oklahoma

DAN ENDSLEY

Stanford University

BEATRICE M. FIELD

Tulane University

MARALYN O. GILLESPIE

Swarthmore College

L. FRANKLIN HEALD

The University of New Hampshire

CHARLES M. HELMKEN

American Alumni Council

JOHN I. MATTILL

Massachusetts Institute of Technology

KEN METZLER

The University of Oregon

JOHN W. PATON

Wesleyan University

ROBERT L. PAYTON

Washington University

ROBERT M. RHODES

The University of Pennsylvania

VERNE A. STADTMAN

The University of California

FREDERIC A. STOTT

Phillips Academy, Andover

FRANK J. TATE

The Ohio State University

CHARLES E. WIDMAYER

Dartmouth College

DOROTHY F. WILLIAMS

Simmons College

RONALD A. WOLK

The Johns Hopkins University

ELIZABETH BOND WOOD

Sweet Briar College

CHESLEY WORTHINGTON

Brown University

CORBIN GWALTNEY

Executive Editor

Acknowledgments: The editors acknowledge with thanks the help of Sally Adams, *Washington State University*; Harriet Coble, *The University of Nebraska*; James Gunn, *The University of Kansas*; Jack McGuire, *The University of Texas*; Joe Sherman, *Clemson College*; Howard Sneath, *Duke University*; Jack Taylor, *The University of Missouri*. Photographs by Peter Dechert Associates: Walter Holt, Leif Skoogfors, Peter Dechert.

The Financial Picture at Oklahoma U

The 1964-65 estimated income for educational and general purposes, which includes maintenance and salaries for faculty and administration, will total \$11,473,234 for the Norman campus. Of this amount the student fee income will amount to \$3,263,290, or 28.44 per cent of the total estimated income. The student fee income includes all of the enrollment fees from students: credit hour, non-resident, individual instruction, etc.

Sales and services of educational departments include the income from general administrative offices, Admissions and Records, library fines, breakage and extra supplies, parking permits, traffic violations, etc., and will amount to \$167,500 or 1.46 per cent of the total.

The Extension Division is expected to realize \$811,500 or 7.07 per cent of the total.

Organized activities relating to instructional departments like the University School, Home Economics Laboratory, the reading laboratory, *Books Abroad*, the *Oklahoma Law Review*, Psychological Clinic, and WNAD radio station will have an estimated income of \$85,123 or .74 per cent.

Miscellaneous sources—from rental of University facilities, unrestricted gifts and grants—will total \$47,950 or .42 per cent of the total.

If the state appropriation for 1964-65 is the same amount as that allocated by the State Regents for Higher Education for 1963-64, the University will receive \$7,037,871 or 61.35 per cent of the total income.

It is interesting to note that the University is expected to furnish 38.65 per cent of the total income for educational and general purposes.

The total budget for 1964-65 for educational and general purposes is broken down by function as follows:

Administration and General Expense	\$ 1,326,940	11.57%
Resident Instruction	6,546,399	57.09%
Organized Activities Related to Instruction	400,508	3.49%
Organized Research	334,657	2.92%
Extension & Public Services	1,049,276	9.15%
Libraries	551,842	4.81%
Operation and Maintenance of the Physical Plant	1,258,028	10.97%
TOTAL	\$11,467,650	100.00%

The figures and the percentages shown above do not include income and expenditures from cash funds such as auxiliary enterprises and restricted funds (an auxiliary enterprise, for example, is the athletic department; federal grants fall in the category of restricted funds). The realized income from these sources for the school year 1962-63 amounted to slightly more than \$7,600,000. The total budget for the Norman campus for educational and general purposes, auxiliary enterprises, and restricted funds would be in excess of \$19,000,000 for the fiscal year 1964-65.—DUD GIEZENTANNER, business manager, University of Oklahoma