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The major sources of income for public colleges and universities in the US are state governments, the federal government, auxiliary enterprises (housing, bookstores, etc.), tuition, and student fees. Although the amount of state tax support is rising in dollars, it is declining as a percentage of total income for many public institutions. Because of the increasing competition for state revenue, it represents less than 40% of total income for public institutions today, and may drop even more in the future. Tax dollars can support basic needs such as the building and maintenance of classrooms, libraries, laboratories, and can provide average salaries for staff members. But the "margin for excellence," represented by such enriching features of a sound educational program as cultural programs, continuing research, new courses of study, competitive faculty salaries, student aid, and museum and library collections, depends chiefly on private support. Recent figures from the Council for Financial Aid to Education show that public institutions receive only 15% of the voluntary support dollars for higher education. If public institutions are to maintain their educational quality and contribute to the country's needs for highly trained manpower and to a constantly evolving body of science and technology, they will require much more support from private sources. (WM)

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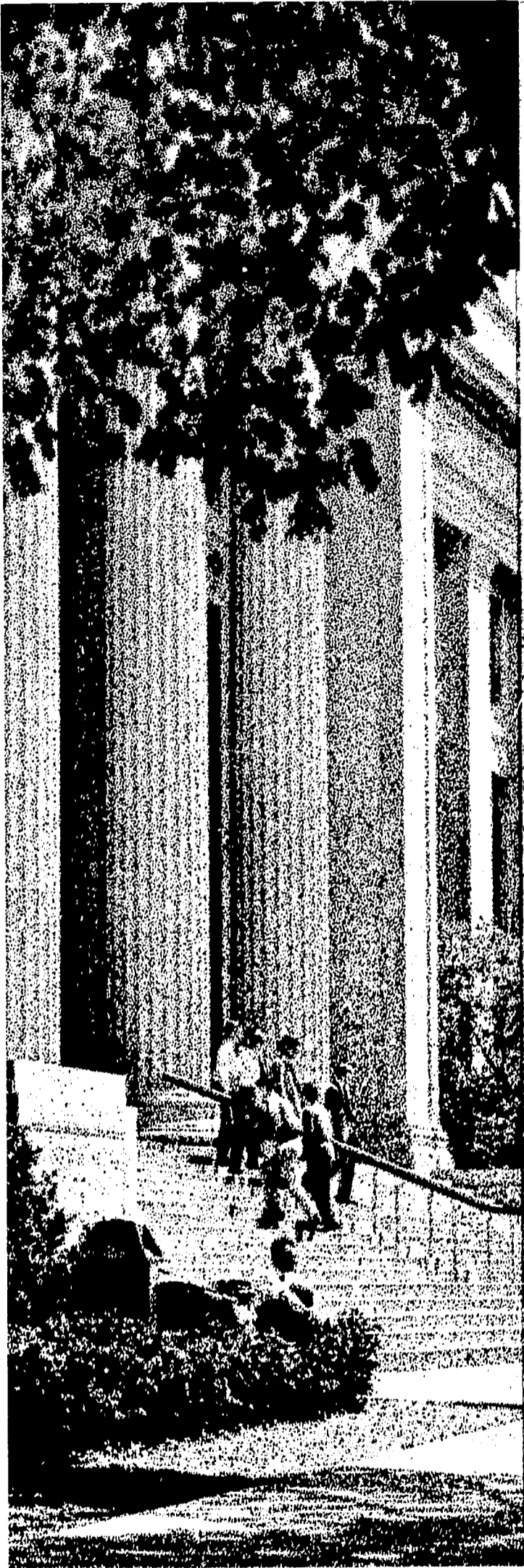


margin for excellence

The Role of Voluntary Support
in Public Higher Education

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
OFFICE OF EDUCATION

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This statement has been prepared by the Voluntary Support Committee of the National Association of State Universities and Land-Grant Colleges, in cooperation with the Association of State Colleges and Universities, to call attention to the importance of voluntary support to the nation's public colleges and universities. Publication of this statement was made possible by a special grant from the S & H Foundation, Inc. The Associations express appreciation to the S & H Foundation, Inc., for its financing of this publication and for its continued interest in and support of higher education in this country. This statement is not copyrighted and may be quoted and reproduced without permission.

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The Role of Voluntary Support in Public Higher Education

We recognize that only through a partnership of private money and public funds can we hope to build the kind of university which our state must have. The Regents herewith resolve to seek private financial support as a supplement to legislative funds, student fees, and federal grants.

These words are the heart of a resolution adopted recently by the Board of Regents of an active and growing medium-sized state university. The resolution called for a long-range program to attract private financial support for the university by presenting its needs to potential donors.

Similar policy statements guide state colleges and universities throughout the nation. Public institutions of higher learning are actively seeking private funds.

Why must state colleges and universities, which receive some of their income from tax funds, seek additional revenue from private sources? Why aren't tax support and student fees enough?

The reason is simple, yet compelling. As the resolution continues:

The Regents recognize that no state can . . . provide fully for the building and maintenance of a truly great university . . . A program of this type is possible at this stage in the development of the university only because state funds have been sufficient to develop the nucleus for a first-rate institution which will indeed serve to attract support from foundations, corporations, and individuals.

Tax funds generally can support the basic needs of public higher education. But the ingredients for academic excellence include private support.

Tax revenue can be used to build and maintain most classrooms, libraries, and laboratories. They can provide average salaries for staff members. But then there are all the enriching features of a sound educational program, that mean the difference between good and great universities: new and challenging courses of study, cultural programs, museum and library collections, continuing research, unusual equipment, student aid, competitive faculty salaries, special buildings.

These represent the "margin for excellence," which depends chiefly on private support.

At the Heart of Excellence

Why should public colleges and universities develop this margin for excellence? The answer is not a selfish one: the progress of the entire nation is at stake. Consider:

1. Public institutions are increasingly called upon to educate the nation's youth - tomorrow's leaders.

Since 1952, public institutions have enrolled more than half of all college and university students. Four-year state colleges and universities alone now enroll *one out of every two* students. Including junior colleges, public institutions today enroll two-thirds of all students, and their responsibilities will continue to grow.



Furthermore, public colleges and universities are being called on increasingly to educate the nation's most *talented youth*.

More than four-fifths of the freshmen at state and land-grant institutions (members of the National Association of State Universities and Land-Grant Colleges) rank in the top half of their high school graduating classes, and nearly a third rank in the top tenth. Standards are rising too, and competition for college admission is getting keener.

In 1966, more than one out of four state universities raised admission standards for in-state students and more than one of three raised standards for out-of-state students. The result was that one of every six state universities had to turn away qualified in-state applicants, and nearly half had to reject qualified out-of-state applicants.

In addition, the state and land-grant universities, while enrolling only about a third of all graduate students, account for more than half of the National Science Foundation's fellowship winners, 48 percent of the National Defense Education Act's Modern Language fellowship winners, and 27 percent of the Woodrow Wilson fellowship winners.

The nation's state and land-grant institutions are assembling faculties of high quality to meet the challenge of educating these talented young people. They now employ approximately 200,000 faculty and other professional staff members. Nearly half of the teaching members of the National Academy of Sciences, more than half of the Alfred P. Sloan fellows, more than one-third of the Guggenheim fellows, and one-third of all former Woodrow Wilson fellows teaching in the United States are on the faculties of state and land-grant institutions. These professors and their colleagues are making outstanding teaching and research contributions.

- **Where are more and more talented students in your state looking for a high quality education? To the state university.**

2. The nation's public universities are a major source of highly skilled manpower.

Although the 97 state universities and land-grant institutions in the United States represent less than five percent of the nation's more than 2,200 colleges and universities, they count among their alumni:

- **More than half of all living American Nobel Prize winners**

- Nearly half of the members of the National Academy of Sciences
- Half of the nation's governors, senators and congressmen
- Forty percent of its civilian federal executives
- Top executives in more than half of the nation's largest corporations
- Many outstanding labor leaders

State and land-grant institutions award three of every ten bachelor's degrees, four of every ten master's degrees, and six of every ten Ph.D.'s. (See box below.)

- **97 state and land-grant institutions award more than half of the nation's Ph.D.'s in these critical fields . . .**

Agriculture	Forestry
Biological Sciences	Geography
Business and Commerce	Home Economics
Education	Math and Statistics
Engineering	Physical Sciences
Fine and Applied Arts	Psychology

These are impressive statistics and they carry great significance for the nation as a whole, but particularly for American business and industry. At a leading electrical corporation, for instance, 47 percent of degree-holding employees are graduates of state and land-grant institutions. At a large chemical company the figure is 53 percent. At the nation's largest automobile company it is 39 percent. At a major aircraft company, 87 percent of all employees with college backgrounds received all or part of their higher education at state universities or other public colleges.

- **Where will your company and community find more and more vital talent in the years ahead? At the state university.**

3. Public institutions are sources of important research discoveries.

State and land-grant institutions spend more than \$1.2 billion annually on research in all fields of knowledge—or about

half of all American university research funds. From their laboratories have come such wide-ranging advances as:

- **Streptomycin**
 - **The television tube**
 - **The isolation of helium**
 - **The first development of hybrid corn**
 - **The isolation of the first enzyme**
 - **The test-tube synthesis of a ribonucleic acid**
 - **The teaching machine**
 - **The first modern photoelectric cell**
 - **Much of the nation's space research**
- **Where do many key advances take place? At the state university.**

4. The nation's state and land-grant institutions traditionally have sought to share the fruits of their research.

State and land-grant institutions believe that service is as important as teaching and research. They actively seek to assist individuals, corporations and government agencies. They work in rural and urban areas of their states and regions, throughout the United States, and in other countries. They willingly extend new ideas and technical know-how to those who can benefit from them.

- **Where do more and more people go for information and expert advice? To the state university.**

College and University Support—the Facts

Both public and private institutions rely on a combination of income sources. They depend on increases in *all* of these sources to continue their jobs.

All our colleges—public and private—need and deserve a vastly increased volume of voluntary support. Certainly our democratic free-enterprise system is capable of providing the support necessary to strengthen *all* our higher educational institutions.

All our colleges and universities operate in the public interest. For that reason, they all enjoy substantial tax exemptions on property and operational funds, as well as tax deductibility status on gifts they receive. Nearly all participate in federal research programs or benefit by scholarships, fellowships, and many other programs using public funds. (See Federal Support on page 9.)

**WHILE THE PRIVATE SUPPORT DOLLAR GROWS
THE STATE UNIVERSITY SHARE STAYS THE SAME**

Source: Council for Financial Aid to Education, Inc.

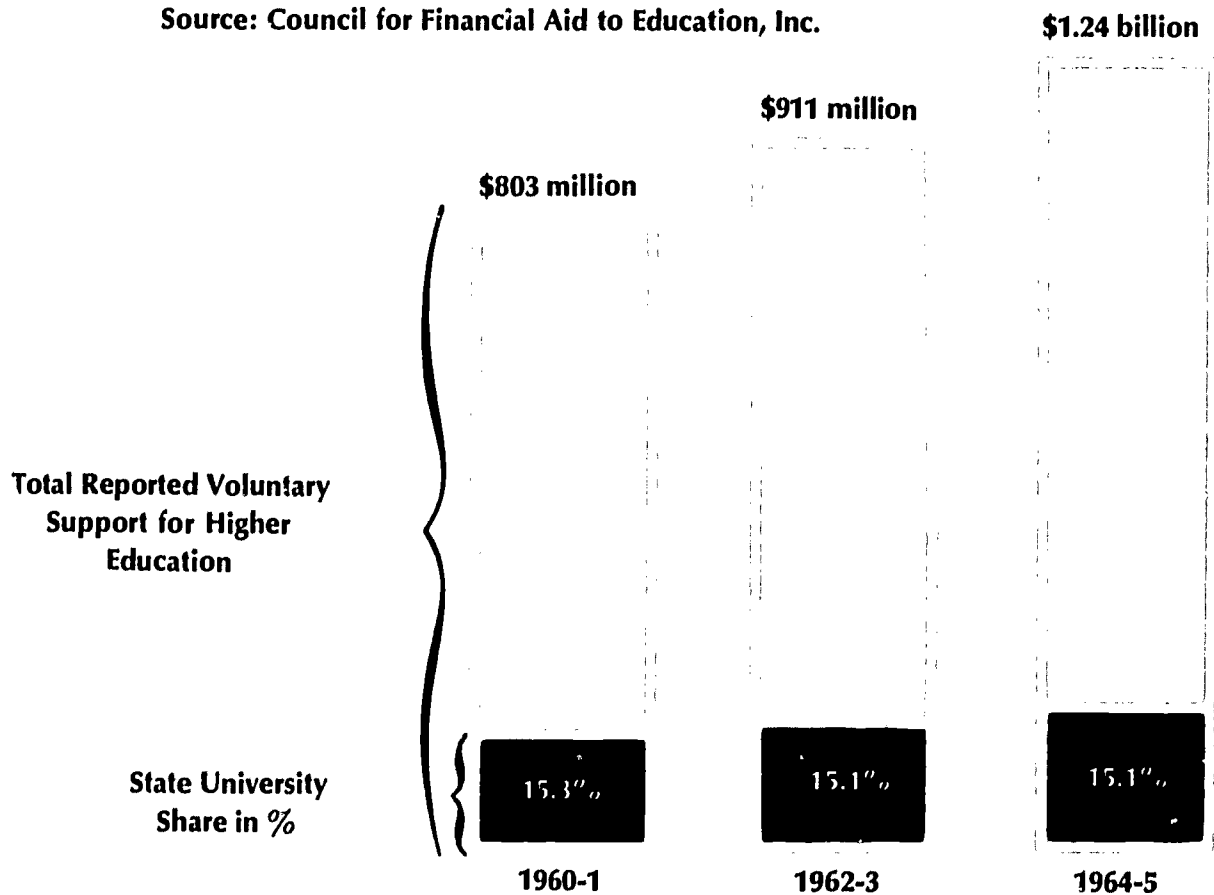


Chart A

Thus tax sources, direct or indirect, contribute substantially to the quality of both public and private institutions.

Private institutions that participate fully in federal programs today make a major contribution to the public interest. It is equally valid for public institutions to participate fully in voluntary support programs of corporations, foundations, and individuals and to use private gifts to build their strength. However, the latest figures from the Council for Financial Aid to Education show that *public institutions are receiving only 15 percent of the voluntary support dollars going to higher education.* (See chart A.)

To understand why public colleges and universities need private funds, let's see where U.S. colleges and universities get the \$10 billion they spend annually.

The major sources of income for the nation's more than 800 public colleges and universities are—in order—state governments, the federal government, auxiliary enterprises (housing, bookstores, food service, etc.) and tuition and student fees. The

main sources of income for the more than 1,400 private institutions are—in order—tuition and student fees, the federal government, auxiliary enterprises, and private gifts and grants. (See chart B.)

Let us look more closely at some of these sources:

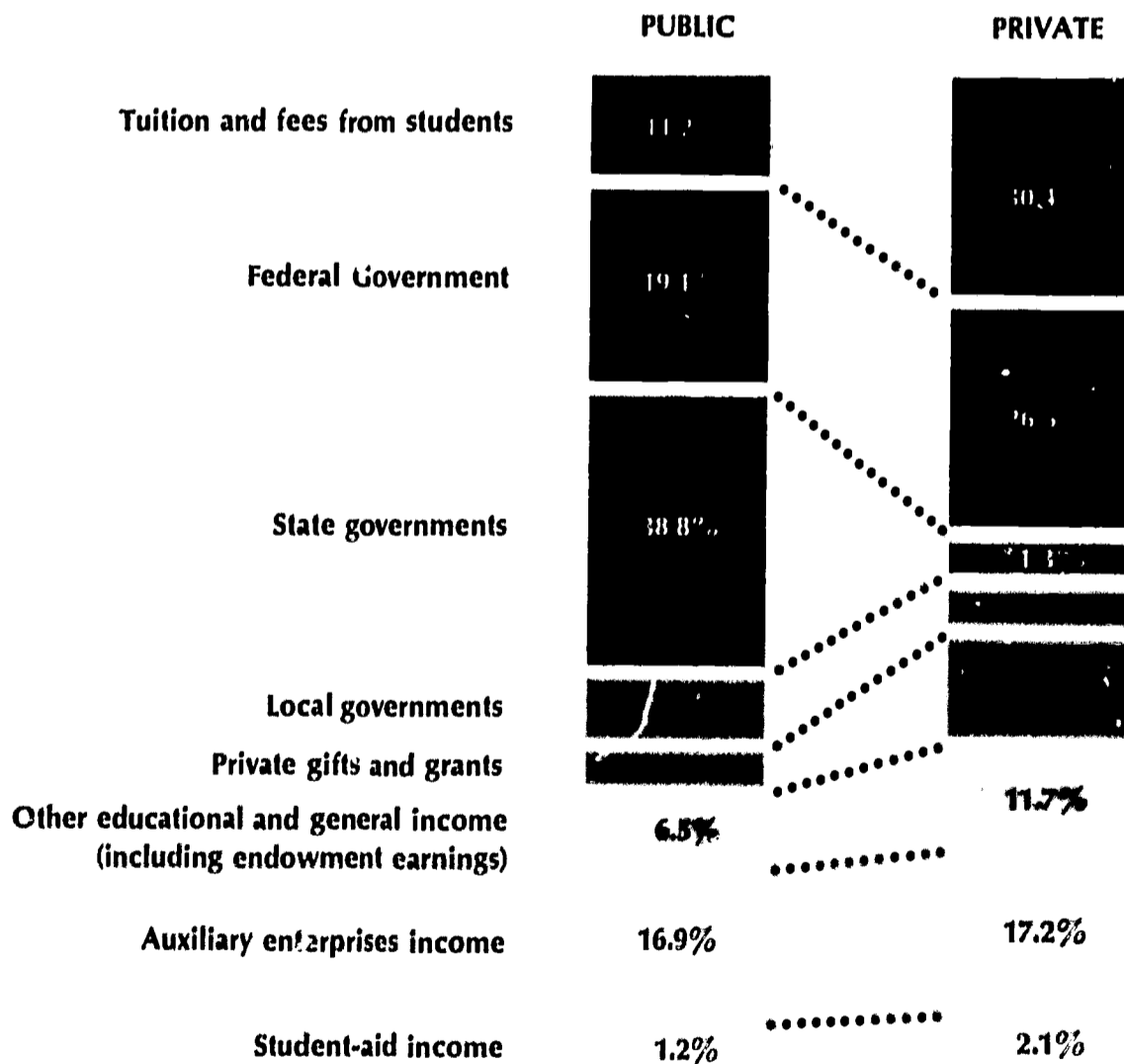
State Support

Just as a decline in tuition income would jeopardize the progress of every private college in the nation, a drop in state funds would threaten public institutions. The facts are, however, that although the amount of state tax support is rising *in dollars*, it is declining as a *percentage* of total income for many public institutions. Today, state tax support accounts for less than 40 percent of the income of state colleges and universities. With growing competition for state tax dollars, this percentage threatens to decline even more although dollar appropriations will continue to increase.

Source: U.S. Office of Education Figures for 1963-64

Chart B

CURRENT-FUND INCOME OF COLLEGES AND UNIVERSITIES



Because tax and appropriation policies vary from state to state, tax support ranges from 23 to 93 percent of the income at state institutions. The sources of state revenue also vary from state to state. But, generally it is clear that the corporate share of state and local tax payments that actually goes to college and university appropriations is far less than most corporations realize.

A recent study shows that major public institutions of higher education receive only *one to nine cents* of the corporate state and local tax dollar for current fund expenses and *up to two cents* for plant fund additions. Other state colleges and universities often get even less.

Corporate state and local tax dollars do not reach state colleges and universities outside the state in which the tax payments are made. However, corporations benefit from strong state institutions not only in their own states but also in other states. A New York organization may hire most of its new engineers from state universities in South Dakota and Indiana. A Georgia corporation may increase its efficiency as a result of university research in Oregon. An engineer working in Alabama may return to an Oklahoma university to update his job skills.

Corporations should not end their support of public higher education with payment of their tax bills. Their investment in strong state colleges and universities has repeatedly demonstrated a high rate of return—in terms of available student and faculty manpower, research and service. As the U.S. Chamber of Commerce has put it: "Business has a responsibility in the public interest and in its own interest to help higher education . . . tax payment support is not enough."

Federal Support

Individual and corporate tax burdens are often greatest at the federal level, where tax funds benefit *both* public and private institutions. In fact, private institutions as a group receive *more* federal tax dollars annually than public institutions, and federal dollars represent a larger share of private college and university income than public college and university income.

Despite considerable increases in federal funds for higher education, both public and private institutions need additional income from other sources. In fact, the need to raise matching funds to qualify for many federal grants has increased the need for private gifts at both public and private institutions.

Private Support

Although private gifts and grants are rapidly growing in dollar amount, they are holding steady at about 2.2 percent of public college and university income. The dollar increase has been very significant, however. It has come at a time when public colleges

and universities have been trying to improve the quality of their programs while meeting the increased demands for their teaching, research, and extension services.

The amount of money contributed to an individual state college or university by private donors varies greatly. Many state institutions have only recently begun fund-raising programs or are just beginning to organize them. Others report a rather sizable "grand total of support." In 1964-65, 47 received at least \$1 million in private gifts and grants while others received less than \$1,000.

Although state and land-grant institutions are trying to attract support, their donors are barely keeping up with the rest of the country. Between 1962-63 and 1964-65, private support for all of the nation's colleges and universities increased by 37



percent, while state institutions reported only a 30 percent increase in private giving.

Under current tax laws, corporations can deduct five percent of their taxable income for charitable contributions. Individuals are entitled to 30 percent deduction on adjusted gross income. Yet, in 1963, corporations contributed only 1.1 percent instead of their permitted five percent; and individuals, about 3.5 percent instead of their permitted 30 percent. *More than \$50 billion could have been given to nonprofit organizations, including universities.* Instead, only \$10 billion were contributed.

Further, almost half of the nation's 500 largest industrial corporations and hundreds of thousands of smaller companies have no programs to help our colleges and universities financially.

In short: Although private support is increasing, there is still much room for growth. And the needs of higher education are so great that only a massive upsurge in private support, along with other sources of income, will enable our institutions to meet successfully all of their responsibilities.

Student Support

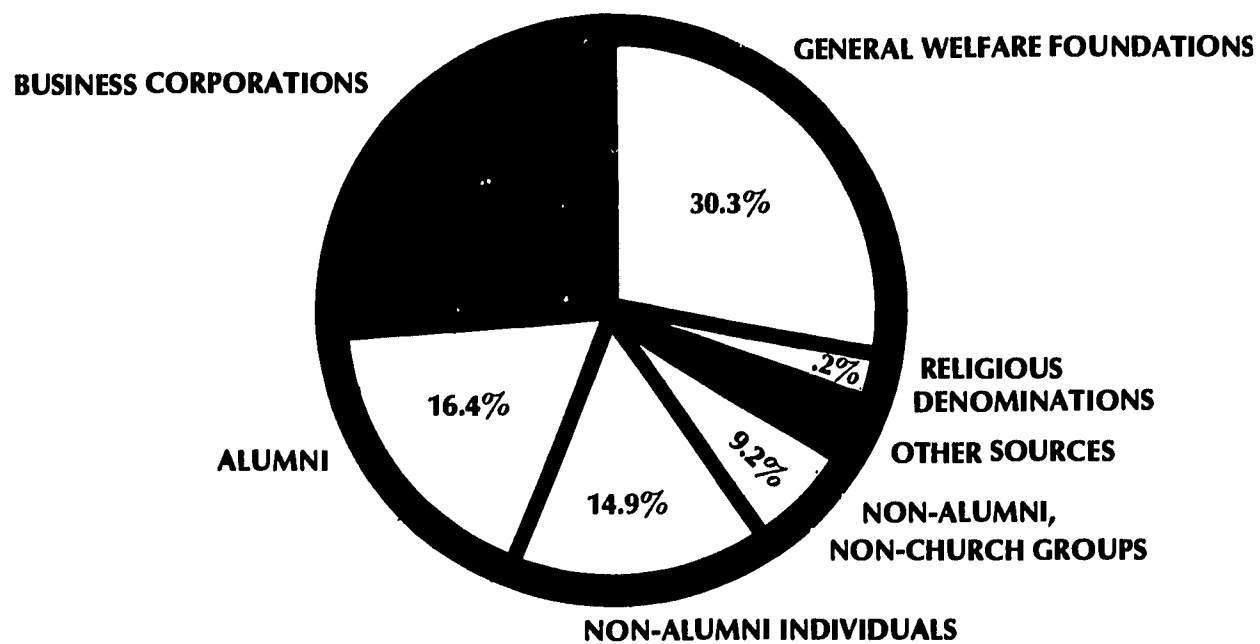
American college students pay higher tuition and a greater share of the cost of their education than students in any other country of the world. Yet, there constantly is pressure on colleges, particularly on state colleges and universities, to make students pay even more.

In recent years, students *have* been paying more. In fact, in the ten year period between 1953-54 and 1963-64, *only* student fees have increased as a share of instructional costs. *Instructional* income from the federal government, from state and local governments, and from private gifts and endowment earnings have all *declined* on a *percentage* basis. Students have been hard-hit by these increases. In the last ten years, student charges rose 80 percent although the cost of living rose only 17 percent.

Tuition fees, room and board rates no doubt will continue to rise, and every time this happens some worthy and able students will be priced out of the college market. Public college and university charges are modest compared to those at many private institutions, yet they are still high enough to cause hardship to many students and to deprive the nation of many talented graduates who would more than repay the low cost of a public higher education in increased taxes during their working years.

A college graduate earns an average of \$170,000 more in his lifetime than a high school graduate. He is therefore more able to repay society through taxes and voluntary gifts for the cost of his education.

**WHERE THE STATE UNIVERSITY
VOLUNTARY SUPPORT DOLLAR COMES FROM**



Source: Council for Financial Aid to Education, Inc. Figures for 1964-65

Chart C

How Public Institutions Spend Private Dollars

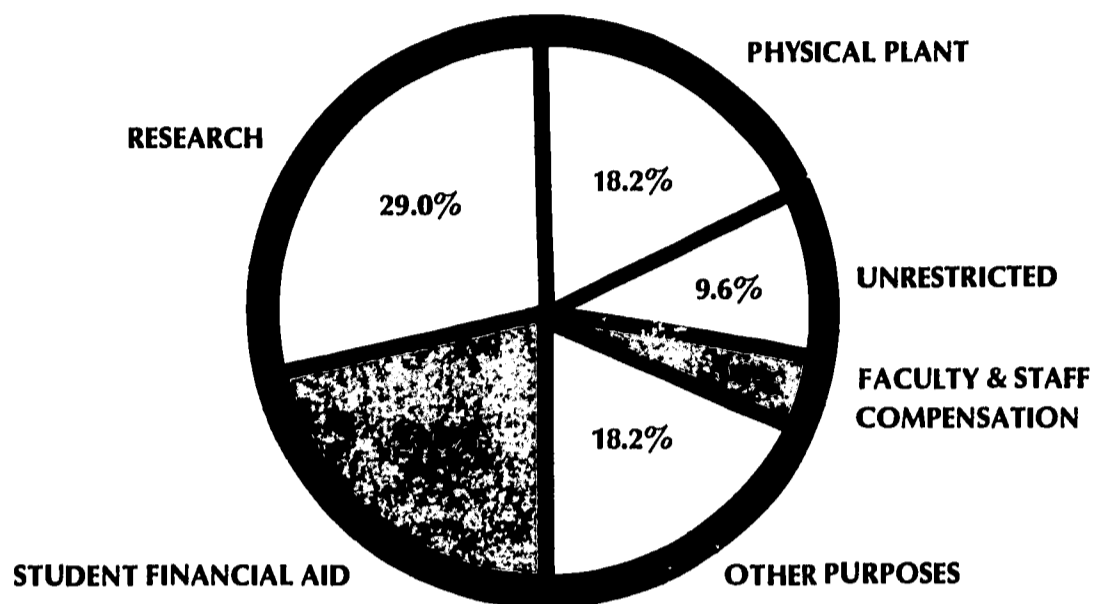
At public universities, private gifts are more likely to be used for special projects, organized research, or student aid than for day-to-day operations. The chief function of private gifts at public institutions is to provide a margin for excellence and enrich the total university program. (See chart D.)

In every case, the dollars given to state colleges and universities are used in strict accordance with donors' wishes. They are kept entirely separate from state appropriations. They do not revert to a state treasury, and they do not displace tax funds. A recent survey of the institutions belonging to the National Association of State Universities and Land-Grant Colleges showed that all can make these guarantees to prospective contributors.

Furthermore, gifts from alumni, corporations, and foundations represent significant and tangible endorsements of quality that often prompt legislators to increase their support.

Private gifts of many kinds and sizes have already helped state universities throughout the nation achieve distinction

**WHERE THE STATE UNIVERSITY
VOLUNTARY SUPPORT DOLLAR GOES**



Source: Council for Financial Aid to Education, Inc. Figures for 1964-65

Chart D

through activities for which tax funds were not available. Following are but a few examples of these contributions and how they have been used. (More detailed reports of such gifts will appear in subsequent publications.)

\$10,300 from student contributions toward a non-denominational chapel at Purdue University

\$1,000 from Mead Johnson and Company to support undergraduate research by students at the University of Kansas School of Pharmacy

\$50 million from a trust established by the founder of the Hershey Chocolate Corporation for the construction of a new Pennsylvania State University medical school, hospital, and research center

A total of \$76,000 from the Carnegie Corporation for the development of experimental small college units at the University of Kansas and at Rutgers, the State University of New Jersey

- **\$1.1 million from donors to a Minnesota Mason fund-raising drive for an addition to the University of Minnesota's Masonic Memorial Hospital**
- **\$100,000 from the Judson Dunaway Foundation to establish a computation center and management laboratory for the Whittemore School of Business and Economics at the University of New Hampshire**
- **More than \$2 million from corporations for the construction of a major center for improving science education at all levels, the Lawrence Hall of Science at the University of California at Berkeley**
- **\$300,000 from an anonymous donor to support a program of visits by authorities in all fields to Virginia Polytechnic Institute**
- **\$50,000 from the University of Missouri Alumni Association for site preparation and planning for a multipurpose auditorium after the state legislature eliminated funds for this purpose from the university's capital improvement appropriation**
- **\$1,245 from the senior class of 1964 for the purchase of 16 prints by state artists for the University of Wisconsin**
- **\$45,205 from the Hill Family Foundation to help in the development of a proposed educational television station at South Dakota State University**
- **\$1 million from an anonymous donor to achieve a matching income from state funds for faculty salary supplements for eminent scholars at the University of Virginia**
- **More than \$3 million from some 1,000 private Georgia business firms to supplement salaries over a ten-year period at both the University of Georgia and at Georgia Institute of Technology**
- **Various scripts, discs, reels, photographs, lyrics, and similar materials from several show business personalities for the study of the history of the theater at UCLA**
- **A 145-acre section of Armco Park in Middletown, Ohio, from the Armco Steel Corporation for development of a Miami University branch campus**
- **\$50,000 from the Pacific Power and Light Company to begin research at Oregon State University on improving agriculture on poorly drained soils**
- **\$650,000 from Kennecott Copper Company to support a new College of Medicine complex at University of Utah**
- **\$1 million from the Robert A. Welch Foundation in support of the cyclotron facility at Texas A & M University**
- **\$67,328 annually from the J. E. Serrine Textile Foundation to promote and improve the various programs offered by Clemson University's School of Industrial Management and Textile Science**

In addition to direct donations, many private firms participate in "matching gifts" programs, whereby they donate one dollar for every dollar contributed by their employees. All but one-tenth of the nearly 300 companies now making such contributions include public and private institutions on an equal basis.



The Nation's Stake in Private Support

The net effect of this kind of private support of public higher education has been to improve the nation's state and land-grant institutions. Using private dollars, these institutions have been able to raise the level of their teaching, research and service to others. Students, faculty members, foundations, labor unions, professional associations, corporations and individuals, all have a stake in this improvement. Of the corporate stake in particular, Robert C. Guinness, president of Standard Oil (Indiana), says:

The modern corporation's very existence depends on a steady flow of highly trained manpower and a constantly evolving body of science and technology —and our colleges and universities are the prime suppliers of these essential elements. Every corporation owes a great debt to our educational institutions for what they have done to fill these needs in the past, and what they are doing for us today. As for the future, we are going to rely upon them even more heavily. . . . Corporate support of higher education seems to me to be mandatory, if for no other reason than that of plain self-defense.

If public colleges and universities are to maintain the quality of education that prompts such testimonials, they must have considerably more private support in the coming years. In summary, growing private support is essential to:

- provide superior facilities for the growing body of outstanding students and teachers who work and study at public institutions;
- provide "venture capital" to initiate new and experimental teaching, research, and service projects for which it is difficult to obtain financial support;
- provide the broadest possible educational opportunities so that all talented and able youths will have the chance to contribute to society regardless of their social or economic background;
- fill the tax support gaps in areas for which tax funds may not be used or available because of other needs; and
- insure diversity, richness, and quality in higher education—public and private—in this country.

**MEMBERS OF THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES
& LAND-GRANT COLLEGES**

ALABAMA

Alabama A&M College
Auburn University
University of Alabama

ALASKA

University of Alaska

ARIZONA

Arizona State University
University of Arizona

ARKANSAS

Agricultural, Mechanical, & Normal College
University of Arkansas

CALIFORNIA

University of California

COLORADO

Colorado State University
University of Colorado

CONNECTICUT

University of Connecticut
Connecticut Agricultural Experiment Station

DELAWARE

Delaware State College
University of Delaware

FLORIDA

Florida A&M University
Florida State University
University of Florida

GEORGIA

Fort Valley State College
Georgia Institute of Technology
University of Georgia

HAWAII

University of Hawaii

IDAHO

University of Idaho

ILLINOIS

Southern Illinois University
University of Illinois

INDIANA

Indiana University
Purdue University

IOWA

Iowa State University
University of Iowa

KANSAS

Kansas State University
University of Kansas

KENTUCKY

Kentucky State College
University of Kentucky

LOUISIANA

Louisiana State University
Southern University

MAINE

University of Maine

MARYLAND

Maryland State College
University of Maryland

MASSACHUSETTS

Massachusetts Institute of Technology
University of Massachusetts

MICHIGAN

Michigan State University
University of Michigan
Wayne State University

MINNESOTA

University of Minnesota

MISSISSIPPI

Alcorn A&M College
Mississippi State University
University of Mississippi

MISSOURI

Lincoln University
University of Missouri

MONTANA

Montana State University
University of Montana

NEBRASKA

University of Nebraska

NEVADA

University of Nevada

NEW HAMPSHIRE

University of New Hampshire

NEW JERSEY

Rutgers University

NEW MEXICO

New Mexico State University
University of New Mexico

NEW YORK

Cornell University
State University of New York

NORTH CAROLINA

Agricultural & Technical College
North Carolina State University

University of North Carolina

NORTH DAKOTA

North Dakota State University
University of North Dakota

OHIO

Kent State University
Miami University

Ohio State University

Ohio University

OKLAHOMA

Langston University
Oklahoma State University

University of Oklahoma

OREGON

Oregon State University
University of Oregon

PENNSYLVANIA

Pennsylvania State University

PUERTO RICO

University of Puerto Rico

RHODE ISLAND

University of Rhode Island

SOUTH CAROLINA

Clemson University
South Carolina State College

University of South Carolina

SOUTH DAKOTA

South Dakota State University
University of South Dakota

TENNESSEE

Tennessee A&I State University
University of Tennessee

TEXAS

Prairie View A&M College
Texas A&M University

Texas Southern University

Texas Technological College

University of Houston

University of Texas

UTAH

Utah State University

University of Utah

VERMONT

University of Vermont

VIRGINIA

University of Virginia

Virginia Polytechnic Institute

Virginia State College

WASHINGTON

University of Washington
Washington State University

WEST VIRGINIA

West Virginia University

WISCONSIN

University of Wisconsin

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University of Wyoming