DOCUMENT RESUME

ED 058 838 HE 002 772

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TITLE	Redder and Much Redder: A Follow-up Study to "The Red and The Black."
INSTITUTION	Association of American Colleges, Washington, D.C.
PUB DATE	Sep 71
NOTE	18p.
EDRS PRICE	MF-$0.65 HC-$3.29
DESCRIPTORS	Educational Economics; *Educational Finance; Financial Needs; *Financial Support; *Higher Education; *Private Colleges; *Private Financial Support

ABSTRACT

This report is a follow-up study of a survey conducted to determine projected financial problems in private colleges and universities during the academic years of 1969-70 and 1970-71. The same 507 institutions were used in the present study and the findings of the survey show that during 1969-70, the actual deficit figures were 26% greater per institution than the projected figures had been. If the actual deficit figures for 1970-71 prove to be as much greater than the projected figures for that year as were those for 1969-70, these institutions will not be operable very long. The situation is definitely getting worse daily, and unless more is done immediately to correct this fiscal imbalance, each follow-up study made will be based on fewer colleges. (HS)

REDDER AND MUCH REDDER:

A Follow-Up Study

to "The Red and The Black"

A Supplementary Report
on the
Financial Status of
Private Colleges and Universities

by

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No longer Black as Well as Red

One year after the private colleges and universities in our study submitted projected data for 1969-70 and 1970-71 we made a follow-up survey to determine what the actual figures had been for 1969-70, what the respondents' updated projection was for fiscal year 1970-71 which was just closing, and, in general, how they viewed their financial prospects for the next two years.

To the reader already accustomed to the popcorn pattern according to which individual institutions jump into the black only to fall again into the red, while other institutions are doing the reverse, it will come as no surprise that some institutions are doing better than they had expected -- although that often meant just less of a deficit, not a surplus -- while other institutions are doing worse than their projections. The split appears to be about even in numbers of institutions, with the numerical edge going to those that are doing worse than expected. And if worse, then much worse.

When those who report doing better are aggregated with those who report doing worse, the actual experience proves gravely worse than expected. We confined our attention in this follow-up study to 507 colleges and universities that were included in our earlier report and that gave us updated information. Together they had projected a deficit of $104,000 per institution. It is depressing, therefore, to discover that the actual deficit for the average institution among these 507 institutions was $131,000 -- $27,000 (or 26 per cent) worse than anticipated. The gloom deepens by the discovery that their financial future is more grim than our earlier data indicated: their projections for 1970-71 are far more dismal than they were a year earlier.

These 507 institutions projected a deficit of $120,000 per institution which they now expect to go to $158,000! This is nearly eight times the deficit incurred by our average institution only two years earlier.

The picture is even more depressing when examined region by region. In every region but two 1970-71 is predicted to be a year of even severer deficits than proved to be true for 1969-70. In one of these regions it is now foreseen as likely to be only slightly less disasterous as 1969-70 proved to be. In only the Mountain region -- a mere eight institutions reporting -- is 1970-71 expected to prove better than 1969-70. What is especially distressing is that in four of the regions -- West South Central, East South Central, West North Central and East North Central -- the average institution one year ago actually looked forward to an improved position but now predicts that it will prove to have slipped into deeper deficits when the books are closed on fiscal 1970-71. In short, in every region but one -- the Mountain region -- the average institution now predicts a deficit more severe for 1970-71 than it foresaw a year ago.

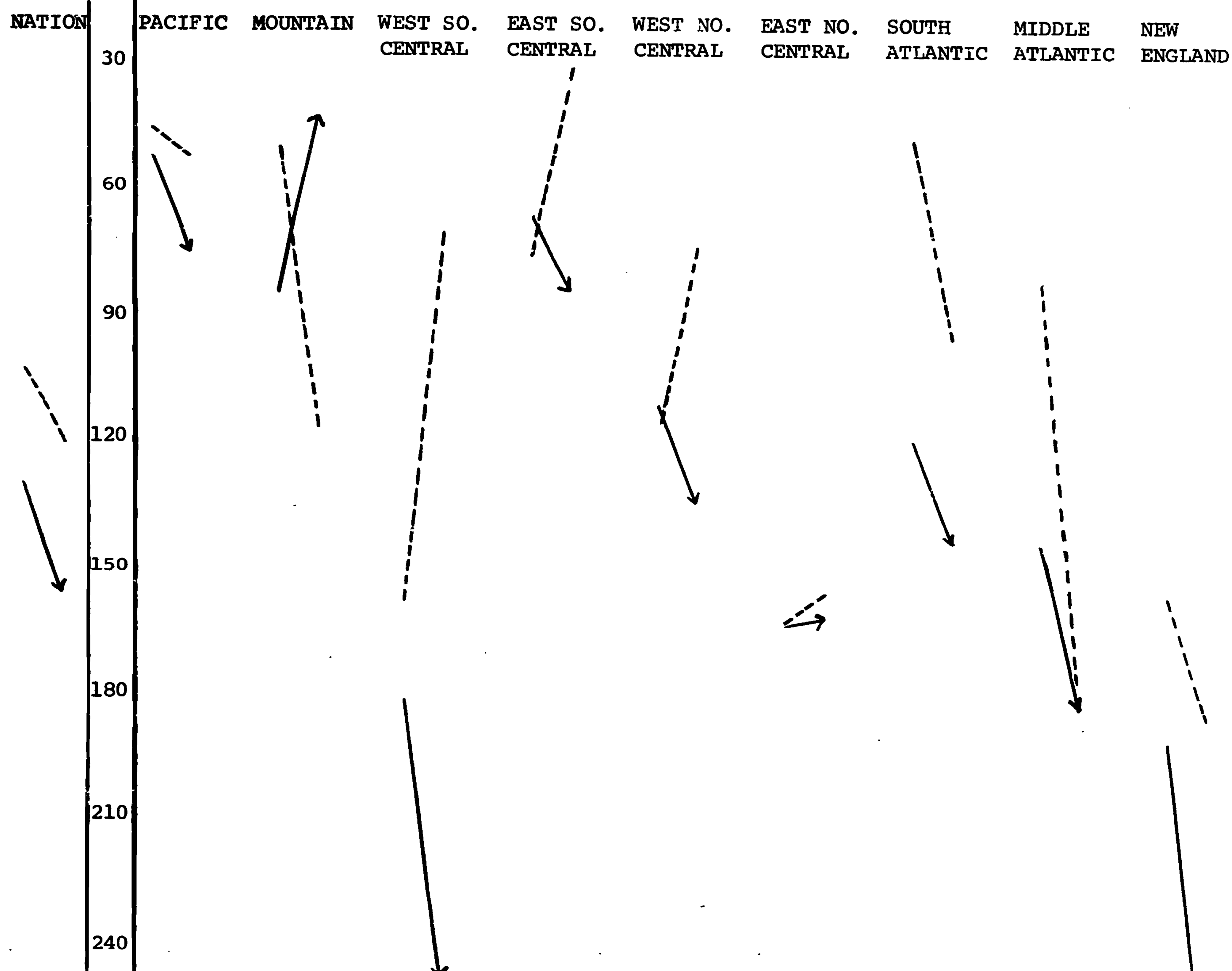
Bear in mind that all of these figures swim submerged in a sea of red ink. No longer -- as in the data for 1967-68 and even 1968-69 -- do we have the average institution in any region in the black or even on the break-even surface. It would take Pollyanna to derive much comfort from the fact that 1970-71 is projected to be slightly "better" in one small region than 1969-70 proved to be. Even in that region one can drown as quickly in 43 fathoms of red ink as in 116.

The following graph charts projected data and actual data for institutions in each of nine geographical regions, with a national summary for general comparison. The dotted lines show projections made a year ago. The line begins at the point of the projected deficit for fiscal 1969-70 for the average institution in that area and culminates at the point of the projected deficit for fiscal 1970-71. Note that we no longer need to talk of surpluses as well as deficits. All points on the graph are deficits in thousands of dollars.

The solid line with arrowhead attached shows the updated fiscal data. Its beginning point is the actual net current fund deficit for the average institution in each region for fiscal 1969-70. The head of the arrow indicates the updated projection for 1970-71. Note that the one region which appears to show a much improved outlook for 1970-71, the Mountain region, embraces but eight institutions of the 507 reporting. Not all regions are equal. Some, as George Orwell would say, are more equal than others.

Note also that even this grim picture masks an even grimmer reality. Behind these mounds of deficits lie the broken remains of curtailed operations, of abbreviated departments, of decimated academic programs, of faltering plans and languishing aspirations, of innovation untried and of creativity curbed. The deficits are this great even though all of these cut-backs have been made. If they had not been, the deficits must surely have been much higher.

Projected Deficits for 1969-70 and 1970-71 (dotted line), Actual
Deficit for 1969-70 and Updated Projection for 1970-71 (solid line)
In Thousands of Dollars, for the Nation and by Geographical Regions.



When the anticipations of a year ago regarding fiscal 1969-70 and 1970-71 are compared -- by degree level groupings -- with actual 1969-70 and updated 1970-71 data, we see that in two cases 1969-70 was fiscally better than had been foreseen and for one group -- those institutions offering the masters degree in four or more areas -- the forecast for 1970-71 looks better than it did a year ago. The "betterment," in this case, being a smaller deficit than was previously expected.

The deficits for Ph.D granting institutions are of substantially larger magnitude than those of institutions offering only lower degrees. While it is true that many smaller baccalaureate institutions are less able to bear their deficits than some large doctoral granting ones, an annual deficit of over one million dollars is a formidable figure for any institution even if substantially endowed and blessed with prosperous alumni. This, after all, is the figure after the annual earnings from endowment and the annual giving from alumni have been entered. These are institutions with very substantial program commitments which are very difficult to change.

The baccalaureate and masters degree granting institutions show themselves, as a group, to be reasonably accurate in their projections. For 1969-70 the group of institutions offering the baccalaureate degree hit its forecast almost on the nose and institutions offering the masters degree in three areas or less were only five per cent high. Perhaps an increasing severity for graduate institutions is reflected in the fact that those institutions offering the doctorate in four or more areas proved to be 37 per cent high in their collective forecast. The even greater disparity for institutions offering the doctorate in three areas or less is, however, compounded by a separate factor: the cold realism that settled upon a very small number of "average raisers" in this group during the past year. The following table supplies in thousands the dollar figures for these degree level groups.

Forecast and Actual Surpluses and Deficits (in thousands)
for the Average Institution by Degree Level Groups

	1969-70		1970-71	
	Projected Figure	Actual Figure	Projected Figure	Updated Figure
4-5 Year Baccalaureate	-52	-54	-52	-64
Masters in 3 Areas or Less	-74	-70	-69	-81
Masters in 4 Areas or More	-135	-112	-186	-129
Ph.D in 3 Areas or Less	36	-271	-48	-229
Ph.D in 4 Areas or More	-643	-883	-770	-1138

The same analysis made by enrollment groups reveals that for all groups except the one made up of institutions enrolling between 1001-2000 students and the one enrolling 500 students or less, the actual deficit for 1969-70 was greater than they had expected, and that for all the groups except the one with institutions enrolling 500 or less and the one with institutions enrolling between 2001-4000, the updated projection for 1970-71 is for a deficit more severe than they expected a year ago.

Forecast and Actual Surplus and Deficit (in thousands) for the Average Institution by Enrollment Groups

	1969-70		1970-71	
	Projected Figure	Actual Figure	Projected Figure	Updated Figure
1- 500	-44	-34	-66	-58
501-1000	-71	-75	-77	-86
1001-2000	-75	-69	-57	-88
2001-4000	-28	-51	-61	-33
4001- up	-405	-636	-544	-789

Special Problems of Small Colleges

If very large institutions are in trouble because of the extent of their program commitments and research, why are very small private colleges in special difficulty? The reasons are many. They include the apparent fact that smallness is not especially prized today as an American virtue. The benefits of smallness are frequently extolled -- for other people. When the chips are down we make our purchases from large companies, not small ones, we shop at giant supermarkets, not corner grocery stores, we live in large urban areas, not small towns -- and, typically, we attend large universities, not small colleges. We do these things partly out of necessity but also because we prefer bigness. Some of us may miss the intimacy and service of the corner grocery, but most of us prefer the variety, the speed, and the anonymity of the large supermarket. We intone hymns of praise to the small and simple; but we choose the large and complex. According to a study by Donald J. Reichard, institutions enrolling under 500 students constituted 44 per cent of the colleges and universities in the United States in 1937-38 and enrolled eighteen per cent of the students attending institutions of higher learning. Thirty years later they constituted 27 per cent of the institutions and accounted for two per cent of the students.

Many of the very small institutions are also single sex institutions -- girls colleges related to the Roman Catholic Church -- and girls colleges do not have the drawing power with today's generation that they have had in the past. To be small and single sex accentuates the problems of being either.

Further, most very small colleges are liberal arts colleges. In a time when the labor market is pressing many potential students into more markedly vocational or career-oriented education, institutions offering only the liberal arts will feel a diminished demand for their services.

Another part of the problem of the very small college is that proportions cannot be scaled down indefinitely. You can cut in half a recipe that calls for two eggs; but how can you cut it in half again? To be an institution of higher learning at all, a college must offer a minimum of basic educational services. It can cut back from a six man to a three man department -- although not swiftly or without acute pain -- but how do you cut that in half again? Even if three people can become one and a half persons by the use of part-time teachers, how many departments of one and a half persons can an institution have and still offer a balanced educational program? What happens to the closeness between students and faculty that smallness seemingly permits when part-time faculty are substituted for full-time faculty?

All institutions are vulnerable at the point of declining enrollments but the very small institution is especially vulnerable because each student loss means that the fixed costs must be absorbed by a smaller student body or be offset by endowment or other income. Since it is also a characteristic of very small colleges that they tend to have small endowments, a drop in enrollment means that the cost per remaining student rises more precipitously than in larger institutions and must either be reflected in increased tuition or in institutional deficits. Since tuitions are already high -- especially in relation to the costs of services rendered -- the result is apt to be an institutional deficit rather than increased tuition -- although it may be both. Very small colleges need larger per student financial buffers than larger institutions. Typically, very small colleges do not have these additional resources.

Institutional Forecasts for 1972-74

In the course of seeking these updated data we also asked institutions to respond to a broadly phrased question about their fiscal future. "In general," we asked, "how does your prognosis for the financial future of your institution in the next two years compare with your projection a year ago?" They had five options ranging from much better to much worse. As could be expected, the bulk (199) of those responding indicated that their future looked about the same to them now as it did a year earlier. Unhappily, "the same" fails to differentiate two implicit responses: "the same -- and bad" and "the same -- and good." In a similar manner "better" and "much better" may be still "bad" but simply less bad than earlier anticipated. One has little way of knowing, moreover, how often the more optimistic response was warranted by concrete indicators and how often sustained only by hope. In view of other specific data, however, it may be safely concluded that "better" more often means "less bad" than "good."

Even so, slightly more (126) expect 1972-74 to be better than than those (110) that expect it to be worse; and twice as many (32) expect it to be much better than the number of those (15) that expect it to be much worse.

We harked back to a categorization of these institutions based upon their net current fund surplus or deficit at the end of fiscal 1968-69 to see if their experience that year affected their response to this question. It is striking to note that, among institutions that ran deficits that year, in each range of deficit, there are more institutions that say the future looks better to them now than it did a year ago than there are institutions that say it looks worse; while on the other hand, among institutions that ran surpluses in 1968-69, in virtually every range of surplus, there are more institutions that say the immediate future looks worse than it did in the summer of 1970 than there are those that say it looks better.

Once again, "better" may not mean "good" -- indeed, it probably does not -- and there is little basis for discovering in these answers whether in specific instances the optimistic response is warranted or unwarranted. These figures suggest, however, that many institutions that ran a deficit in 1968-69 began hauling in the reins so that 1972-74 looks "better" to them than it did a year ago, while many institutions that ran surpluses in that year are no longer confident that the immediate future holds as much promise as they thought it did a year ago. These comparisons are set forth in the following tables.

Numbers of Institutions Responding in Each Category to the Question "In General, How Does Your Prognosis for The Financial Future of Your Institution in The Next Two Years Compare With Your Projection a Year Ago?" by 1968-69 Deficit Ranges

Deficit range	much better	better	the same	worse	much worse	did not report*
$ 24,999 or less	2	10	14	7	0	2
$ 25,000 to 49,999	2	10	11	6	1	0
$ 50,000 to 99,999	6	14	13	10	2	4
$100,000 to 149,999	4	10	15	3	0	3
$150,000 to 299,999	5	15	14	4	2	8
$300,000 to 599,999	4	3	6	3	0	3
$600,000 and up	1	8	4	6	0	2

Numbers of Institutions Responding in Each Category to the Question "In General, How Does Your Prognosis for The Financial Future of Your Institution in The Next Two Years Compare With Your Projection a Year Ago?" by 1968-69 Surplus Ranges

Deficit range	much better	better	the same	worse	much worse	did not report*
$ 24,999 or less	1	27	45	25	2	11
$ 25,000 to 49,999	2	9	17	10	2	5
$ 50,000 to 99,999	1	8	22	10	3	7
$100,000 to 149,999	0	3	12	8	1	4
$150,000 to 299,999	3	5	14	10	0	11
$300,000 to 599,999	1	3	8	2	1	1
$600,000 and up	0	1	4	6	1	1

* The category "did not report" refers to the number of institutions in each surplus or deficit range that are included in our 554 institutions but that did not respond in time to be included in this tabulation.

Prospective Demise -- 1968-69 Deficits

One question that quickly captures the imagination of those who become interested in the financial problems of higher education is, "How many colleges will fold how soon?" The death of a college is a dramatic event, while an imbalance in its statement of accounts is not. Journalists go looking for pictures of a gothic "Old Main" with ivy creeping into the broken windows, the front door boarded up, and a discreet "For Sale" sign peeping over the tall weeds of what was once a well manicured lawn. They want to accompany this picture with a statement of numbers -- how many and when?

The question is much more complex than it appears to be on the surface. The wisest response is probably, "Impossible to tell." Another tempting response is a Delphic utterance based upon convoluted formulae that would make the Gordian knot look like a cub scout's "granny" by comparison.

The number of threads that must be wound into the formulae, involving local as well as national conditions and trends, is very large indeed. But even if these calculations were perfectly made they would be unable to take into account the extent to which a college may continue to exist by altering its purposes and becoming a new kind of institution, by persuading donors to give and lenders to lend beyond normal expectations, or by curtailing services.

The calculations would also very imperfectly include a reckoning of the possible impact of favorable state legislation supporting private higher education, of changes in the tax laws encouraging philanthropy, of shifts in manpower needs or in student aspiration for higher education.

There is, moreover, more than one way for an institution to fold. It may cease to function in one place but move to another. It may cease to function as a private institution but continue as a publicly supported one. It may merge with another institution. It may declare formal bankruptcy. Or it may simply cease to be. Quietly, in the still of the night, as it were, it simply passes from the scene. In the past such colleges usually have been small, seldom four year institutions, even less frequently accredited ones. When they sink they leave only a faint ripple to mark their passing.

But this quiet scene may be violently upset in the near future. Only a little miscalculation could send a major institution to the bottom. If this should happen, it will not be with a tiny ripple but with a tidal wave of attention and reaction.

Overcoming our reluctance and ignoring our own caveats about the complexity we asked the following question of our data: "How many private institutions can take another year like fiscal 1968-69?" Assuming a policy of business as usual -- that is, for example, a tuition increase in the same proportion as in immediately preceeding years together with analogous increases from other sources of income but matched with salary costs and other expenditures that rise in proportion to income -- with no greater disparity between current fund revenue and current expenditure than existed in fiscal 1968-69, how many private colleges and universities can go how many years before exhausting their total liquid assets?

Total liquid assets we defined as the combination of any unappropriated surplus funds, any other reserves, and all funds functioning as endowment. We have no way of knowing, I repeat, how additionally persuasive a president and his board may be to prospective donors or possible lenders beyond the powers they have already demonstrated. Some colleges loosely call their funds functioning as endowment by the term "unrestricted endowment," a term which has another meaning when used precisely. We have no way of determining accurately the amount of money covered by this semantic blanket that would be available as liquid assets; but it is probably small. We do not know how many institutions may have disposable assets other than liquid reserves -- an urban university, say, with a residence hall to sell to a neighboring hospital. Nor can we do more than speculate about the possible hypothecation of endowment funds, a policy of desperation which we fear may become attractive to some private institutions. Finally, we do not here reckon with an institution's ability and willingness to cut back on programs in order to save money or with its ability to find and eliminate any "fat" in the institution. Some institutions can tighten the belt on the organizational slack. Others are already at the last notch.

Assuming business as usual, how many institutions can go how long running deficits of the magnitude they ran in 1968-69 without going broke?

Over one hundred institutions, we found, can go less than one year. Seventy-four of these 107 private accredited four year colleges and universities cannot last even a fraction of a year. They have exhausted their total liquid assets. Under a policy of business as usual, they have a life expectancy of zero years.

Twenty-one of these 74 institutions are in the West North Central region -- Iowa, Kansas, Minnesota, Missouri, Nebraska, North and South Dakota. Another 14 are in the East North Central region -- Illinois, Indiana, Michigan, Ohio, and Wisconsin. Ten are in the

Pacific region -- California, Oregon, Washington, Hawaii, and Alaska -- and nine are in the Middle Atlantic region -- New York, New Jersey, and Pennsylvania.

Two-thirds (52) of them are baccalaureate institutions and an additional thirteen are institutions offering the masters degree in three areas or less.

The enrollment group with the largest number of colleges near the end of their string is the group enrolling between 501 and 1000 students. Very nearly half (35) of the total are in this size grouping. The next largest number (26) are found in the group of institutions that enroll between 1001 and 2000 students. As a percentage, however, the group with the largest amount of institutions with no more liquid assets is the group whose institutions enroll 500 students or fewer. The seven institutions of this size with no more liquid assets are 21 per cent of the total number of institutions of that size in our study. The 35 institutions enrolling between 501 and 1000 students comprise 19 per cent of their total.

Twenty institutions -- thirteen per cent of their total -- are Roman Catholic related institutions. Twelve -- twenty per cent of their total -- are Methodist. Sixteen -- ten per cent of their total number -- are independent of any church relationship. Eight institutions or 24 per cent of their own total are United Presbyterian in the U.S.A. related institutions, while four of the sixteen institutions that are related to the Lutheran Church in America are in this condition.

In addition to the 74 that can go zero years with the kind of business as usual and its accompanying deficit that they experienced in fiscal '69, and the 33 that could go some fraction of one year -- or could have, in any year, some fraction of the 1968-69 deficit -- there are another eighteen that could go one year but less than two, ten more that could go two but less than three years, ten that could go three but less than five years, and seventeen that could go five but less than ten years.

In other words, if they kept going at the same pace -- which means, for the group, a better pace because the trend toward larger and larger deficits would have to be stayed -- within ten years 162 accredited four year private colleges and universities in our study -- or, by extrapolation, 223 in the entire nation -- would have exhausted their present liquid assets and would have no other options than to press (further) into debt -- debt secured only by future prospects, the good name of the institutions, the persuasion of its president, or the faith of the lender -- or go out of business.

The demographic characteristics of these 162 colleges and universities are set forth in the following table.

Demographic Characteristics of 162 Colleges and Universities That Would Exhaust Their Total Liquid Assets within Ten Years if Each Year Brought a Deficit as Large as They Experienced in 1968-69.

	INSTITUTIONS	
	NUMBER	PERCENTAGE *
I. DEGREE LEVEL		
4 or 5 year baccalaureate	107	31
masters in 3 areas or less	30	30
masters in 4 areas or more	11	20
Ph.D in 3 areas or less	5	25
Ph.D in 4 areas or more	9	23
II. ENROLLMENT LEVEL		
1- 500	11	32
501-1000	68	36
1001-2000	55	27
2001-4000	14	21
4001- up	14	23
III. REGION		
Pacific	15	35
Mountain	4	50
West South Central	9	32
East South Central	10	28
West North Central	35	43
East North Central	34	30
South Atlantic	19	23
Middle Atlantic	24	22
New England	12	25

*Percentage refers to the relationship between the number of institutions in the column opposite and the total number of institutions in that category. For example, 107 baccalaureate institutions are 31 per cent of all the baccalaureate institutions reporting in our study -- not 31 per cent of all institutions.

What these figures mean is that if they continued to run deficits no larger than they ran in 1968-69, within ten years thirty per cent of all private baccalaureate institutions as well as those offering the masters degree in no more than three areas, twenty per cent of those offering the masters degree in four or more areas, and nearly 25 per cent of all private Ph.D granting colleges and universities could be out of business.

Half of the private colleges in the Mountain region could be gone as well as 43 per cent of those in the West North Central region, 35 per cent of those in the Pacific region and 32 per cent in the West South Central region.

By enrollment levels, 36 per cent of the colleges enrolling between 501 and 1000 students, 32 per cent of those enrolling 500 or less, 27 per cent of those enrolling between 1001 and 2000, 21 per cent of those enrolling between 2001 and 4000, and 23 per cent of those enrolling over 4000 could be gone in ten years. If these institutions are permitted to vanish, our culture will have lost essential resources.

Prospective Demise -- 1970-71 Anticipated Deficits

Now for a look at the dark side of the picture.

Although bearing in mind the fact that, to judge by our experience with 1969-70 data, final figures tend to be much worse -- 27 thousand dollars or 26 per cent worse -- than projected figures, we repeated the analysis of deficit in relation to total liquid assets using the updated 1970-71 projected figures. We hazarded the assumption that there was no increase in the total liquid assets that were reported to us at the close of fiscal '69 unless the institution ran a surplus in either 1968-69 or in 1969-70. If it did, we added the surplus to its liquid assets. If, on the other hand, it ran a deficit in either or both of those years we subtracted that amount from its liquid assets before analyzing its 1970-71 deficit in relation to its total liquid assets. This process enabled us to take advantage of the surpluses that most institutions still ran in 1968-69 and puts as happy a face on these 1970-71 data as possible.

Bear in mind also that we repeated our question -- "How many can last how long?" -- only of institutions reporting anticipated deficits for 1970-71. If an institution reported that it expected a surplus -- warranted or unwarranted -- we took it at its word even if it had run deficits the two previous years and in the process had exhausted its total liquid assets. The result is a crude picture, to be sure, but probably a conservative one.

If private colleges and universities prove to run deficits in 1970-71 no greater than they have forecast, there will be 122 from our study alone that will have exhausted or exceeded their total liquid assets. They can go no more years without plunging into debt -- further into debt, in most cases. This, in turn, will make it additionally difficult to improve their situation in subsequent years for with the liquid assets go institutional elasticity and good credit standing, and in their place comes additional debt service. The more exhausted the swimmer becomes the greater burden he is asked to support. If the actual figures for 1970-71 prove to be as much worse than projected figures as was true for 1969-70, the devastating effect will be to add substantially to the number of institutions with zero years to go before exhausting their total liquid assets.

In addition to the 122 that can go zero more years there are 25 colleges and universities that could last some fraction of one year if the expected 1970-71 deficit repeats itself before exhausting their total liquid assets. Another 31 could last up to two years; sixteen more could last between two and three years; twenty more could last between three and five years and forty more could sustain deficits of the magnitude incurred in 1970-71 for between five and ten years before exhausting their total liquid assets. There were also seven institutions hoping for balanced budgets in 1970-71 that have already exhausted their liquid assets. Because they do not foresee an actual deficit, however, we have not included them in our reckoning.

In all, there are 254 institutions in our study expecting deficits in 1970-71 that will have exhausted their total liquid assets under a policy of business as usual within ten years. Half of them have already depleted their liquid assets. They are broke already. The number of institutions out of a total of 762 private accredited four year colleges and universities in the nation that may be presumed on the basis of extrapolation from our study to have exhausted their liquid assets within ten years is 365 -- one for every day of the year. Instead of naming the days for the births of the saints, we can name them for the deaths of the colleges that are named for the saints.

Translated into percentages these figures mean that under a policy of business as usual two-thirds of all the private colleges and universities in the West North Central region -- seven states in the geographical center of the country running south from Minnesota and the Dakotas to Missouri and Kansas -- could be out of business in ten years. Forty per cent of the colleges and universities in this region -- according to their updated projections -- have already exhausted their total liquid assets.

Over sixty per cent of those in the Mountain region could be gone within this ten year period. Over fifty per cent of those in the West South Central and East South Central regions and between forty and fifty per cent of those in the Pacific, East North Central, Middle Atlantic, and New England regions will have exhausted their total liquid assets in ten years and be eligible for bankruptcy. In the South Atlantic region "only" thirty-six per cent will be so stricken.

In ten years that will include 58 per cent of all private universities offering the doctorate in four or more areas -- sixteen per cent of them are already without liquid assets. It will include fifty per cent of all baccalaureate institutions and 45 per cent of those offering the masters degree in three areas or less. It will include 72 per cent of those institutions enrolling 500 students or less, 64 per cent of all Roman Catholic related institutions, 52 per cent of Methodist related colleges and universities, and forty per cent of those independent of church relationship. The demographic characteristics of these institutions is set forth in fuller detail in the following table.

Demographic Characteristics of 254 Colleges and Universities That Would Exhaust Their Total Liquid Assets within Ten Years if Each Year Brought a Deficit as Large as They Expected in 1970-71.

	INSTITUTIONS	
	NUMBER	PERCENTAGE*
I. DEGREE LEVEL		
4 or 5 year baccalaureate	163	50
masters in 3 areas or less	44	45
masters in 4 areas or more	19	37
Ph.D in 3 areas or less	6	30
Ph.D in 4 areas or more	22	58
II. ENROLLMENT LEVEL		
1- 500	21	72
501-1000	108	59
1001-2000	81	41
2001-4000	16	26
4001- up	28	47
III. REGION		
Pacific	17	40
Mountain	5	63
West South Central	14	54
East South Central	20	57
West North Central	54	67
East North Central	50	46
South Atlantic	27	36
Middle Atlantic	44	42
New England	22	48
Foreign	1	

*Percentage refers to the relationship between the number of institutions in the column opposite and the total number of institutions in that category. For example, 163 baccalaureate institutions are 50 per cent of all the baccalaureate institutions reporting in our study -- not 50 per cent of all institutions.

Will these colleges fold in the year in which they exhaust their liquid assets? No, not many. But how far below the zero line will thoughtful members of their boards of trustees let them go? How many years will their creditors let them go? One year? Two? Three? That will depend in part on how large their deficits are. The days -- not the years -- are numbered for colleges and universities that run deficits which are eight per cent or more of their total operating budgets. In 1968-69 nearly twenty per cent of those enrolling 500 or less did just that -- and so did sixteen per cent of those enrolling between 501-1000, eight per cent of those enrolling between 1001-2000, two per cent of those enrolling 2001-4000 and five per cent of those enrolling 4001 or more!

Even more impelling, perhaps, is the question: "How much longer will their publics -- alumni, donors, state and federal legislators -- let them go before bringing them the kind of aid that is necessary for their survival?" The situation is getting worse, not better. For all of their brave talk, as a group they have not "turned the corner." They cannot last indefinitely. Each follow-up study we make will be based upon fewer colleges unless more is done immediately to correct this fiscal imbalance.