DOCUMENT RESUME

ED 115 194 HE 007 099

TITLE	Report of the Regents Advisory Commission on the Problems of Postsecondary Institutions.
INSTITUTION	State Univ. of New York, Albany. Office of the Regents.
PUB DATE	1 Sep 75
NOTE	211p.
EDRS PRICE	MF-$0.76 HC-$10.78 Plus Postage
DESCRIPTORS	Educational Finance; Enrollment Trends; *Higher Education; Population Trends; *Post Secondary Education; Private Colleges; *Public Policy; *State Boards of Education; State Universities; *Statewide Planning
IDENTIFIERS	*New York

ABSTRACT

Enrollment decline exacerbates the problems, especially the financial problems, confronting individual institutions in higher education systems. This produces and is likely to continue to produce greater problems in New York State because of the large size and rapid growth of the public higher education school system and the current and prospective population trends of the state. The Regents Advisory Commission, established to examine the role of public policy in the solution of these problems, discusses these issues in general terms. The staff report provides more detailed documentation and explication of the sources and the extent of institutional financial problems and of trends and prospects in enrollments. The Commission seeks a state policy that permits institutions, public and private, to compete under state financing policies based on fair rules of the game, as they seek to attract students and serve public needs. (Author/KE)

REPORT OF THE REGENTS ADVISORY COMMISSION ON THE FINANCIAL PROBLEMS OF POSTSECONDARY INSTITUTIONS

September 1, 1975

THE REGENTS ADVISORY COMMISSION
ON THE FINANCIAL PROBLEMS OF
POSTSECONDARY INSTITUTIONS

September 1, 1975

The Honorable the Members of the
Board of Regents of the State of
New York
The State Education Building
Albany, New York

We are pleased to submit herewith the report of your Advisory Commission on the Financial Problems of Postsecondary Institutions.

You have asked the members of this Commission to develop and recommend policies which you might apply in addressing the financial problems of New York State's institutions of higher education. The specific questions included in the charges appear to be based largely on the institutional problems which will emerge as the enrollment of full-time undergraduate students plateaus and declines through the latter half of this decade and through the 1980's. While we recognize that these developments will impose increasing problems on public and private institutions, we are also aware of the fact that many institutions in the State and nation have encountered financial problems and have been in difficulty since the late 1960's. In addition to enrollment problems, the financial distress is attributable to a host of internal and external forces. The distress has affected individual institutions in varying degrees within both the private and public sectors.

The Commission takes note that one of the principal goals of the Regents is that of maintaining and strengthening a comprehensive system of postsecondary education. The charges to the Commission fall mainly under the dictates of that goal and we have addressed both our research and our recommendations to assisting the Regents in the achievement of that goal.

THE REGENTS ADVISORY COMMISSION ON THE FINANCIAL PROBLEMS OF POSTSECONDARY INSTITUTIONS

Nathan M. Pusey, Chairman; President Emeritus, Harvard University
Albert M. Ammerman, President, Suffolk County Community College
Earl F. Cheit, Senior Research Fellow, Carnegie Council on Policy Studies in Higher Education
Constance E. Cook, Attorney
Harold Delaney, President, Manhattanville College
Melvin A. Eggers, Chancellor, Syracuse University
Leon M. Goldstein, President, Kingsborough Community College
David Grossman, Vice President, Chase Manhattan Bank
Robert L. Ketter, President, State University of New York at Buffalo
John W. McConnell, Cornell University
Elizabeth J. McCormack, Special Assistant to the President, Rockefeller Brothers Fund
Robert L. Payton, President, Hofstra University
Martha E. Peterson*, President, Barnard College
Reverend William L. Reilly, President, LeMoyne College
Donald H. Riddle, President, John Jay College of Criminal Justice
W. Allen Wallis, Chancellor, The University of Rochester

---

*Resigned July 1975.

Staff Director: Norman A. Mercer, Coordinator,
Postsecondary Policy Evaluation
The State Education Department

Our report sets forth our perception of the past, current and prospective financial and enrollment problems of the colleges and universities of the State in the context of the development of the entire higher educational system of the past two decades. We then set forth the principles which we believe the Regents should adopt and the specific recommendations for policies and procedures in handling the financial problems of institutions.

We have enjoyed our work. While all of us had knowledge of the postsecondary education system of New York State, we have all learned much more about that system and its problems. Every member of the Commission contributed perceptions and insights to the lively discussions which occurred at each meeting. Though not all differences of opinion were resolved in the discussions, we were pleased by the very high degree of agreement achieved.

We commend this report and its proposals to you. We should like also to express the hope that all who are concerned for the problems it covers will read the <u>Staff Report</u> which accompanies it, for our recommendations have been shaped largely by the important factual information it presents.

Very truly yours,

Nathan M Pusey

Nathan M. Pusey, Chairman

SUMMARY OF THE REPORT

Report of the Commission

I. The Problem: Its Origins and Nature

1. The rate of enrollment growth in institutions of higher education has been decreasing in recent years, and will continue to fall between 1975 and 1980. During the decade of the 80's and continuing, perhaps, through 1995, enrollments of full-time undergraduate students drawn from the traditional age groups and student cohorts, will decline.

2. Retarded enrollment growth followed by absolute enrollment decline will exacerbate the problems confronting individual institutions in higher educational systems.

3. Financial stress, manifest for a number of years, will be accentuated by continued increases of costs. Although there are differences in perceptions of the emerging problem, few can deny the basic data on population trends and the projections of these trends for the nation and the State of New York for the years ahead.

4. A number of sources have generated increasing financial problems since the mid-1960's: general inflation, plateauing income, demands for additional and different educational programs, expansion of programs for and admissions of economically and educationally disadvantaged students and a large expansion of facilities heavily financed by debt.

5. The impact of these developments and factors has produced and is likely to continue to produce greater problems in New York State because of (a) the sheer size of the higher education enterprise in the State, (b) the rapid and tremendous growth and development of two public higher education systems, superimposed upon an already large and diversified population of private institutions and (c) the current and prospective population trends of the State, a significantly lower growth rate than the rest of the nation.

6. Given their perception of current and emerging problems for higher education, the State Board of Regents, in the Fall of 1974, established the Regents Advisory Commission on the Financial Problems of Postsecondary Institutions.

7. The Regents expressed to the members of the Commission their belief that public policies should be devised to address the evolving financial problems of higher educational institutions, especially those attributable to declining enrollments, with the hope that when the "process of enrollment decline is completed, the State's higher education enterprise can emerge strengthened and still more responsive to public needs."

8. While the problems experienced by institutions, including higher educational institutions, may be attributed to (a) managerial performance, (b) external forces and events and (c) public policies, it is especially the last which is of concern to this Commission. If public policies have contributed much to the growth and development of higher education in the State, they have also been, in part, responsible for some of the problems which exist.

9. New York State lacked a comprehensive public higher educational system until the post-World War II period. Massive growth and development of that system occurred during the decade of the 1960's when higher educational enrollments and programs were expanding markedly throughout the nation.

10. The private sector in New York State also grew, during this period, in facilities, programs and enrollments. But the growth of the public and private systems which was stimulated and supported by population growth and Federal and State policies was largely complementary during the 1960's and early 1970's. Inevitably, because of the size and structure of the two systems, complementarity has given way, in recent years, to competitive growth. If the total resources are to be used efficiently, with a minimization of conflict between the sectors and with a maximization of opportunity for students, public policies toward the entire system and toward all individual institutions must be adopted.

11. The three principal Regents goals for higher education in the State are (a) improving access, (b) maintaining and strengthening a comprehensive system and (c) improving accountability. The second of these goals is most germane to the charge to this Commission.

12. In their charges to the Commission, the Regents have asked for recommendations of (a) policies which institutions should adopt to provide them with flexibility, (b) policies which the State should adopt to help institutions adjust to lower levels of operation, (c) possible State procedures for providing temporary aid to institutions and the development of appropriate criteria for identification of institutions in financial difficulty and (d) State policies to facilitate closure of institutions, alternate uses of facilities, financial reorganization and other actions to assist institutions to solve their problems in the best interests of their students and other constituencies.

13. The Commission acknowledges that much of what it says in this report applies primarily to the independent institutions but it emphasizes that it is concerned with all institutions, public and independent.

14. In order to concentrate on the central issues and to achieve consensus on both problems and recommendations, the Commission has set forth the issues in broad and general terms in its own report and appends to that report and allows to stand on its own, a Staff Report providing more detailed documentation and explication of the sources and extent of institutional financial problems, trends and prospects in enrollments and other matters bearing upon present and prospective conditions in higher education.

II. Commission's Recommendations for Regents Policies and Procedures

1. New State policies must be addressed to institutional financial distress which (a) is immediate but temporary and (b) long-run, indicative of possible disaster for the institution and its constituencies.

2. Regents policies and actions should be guided by their aspirations for what the higher education system of the State should be in the year 2000.

3. The Commission perceives that most of the growth of and building for the State's system has been accomplished and that little further expansion in either the public or private sectors will occur or should occur. We recommend that the Regents, in their review of institutional construction and program plans, resist such further expansion, except where amply justified by special needs. We suggest that efforts be made, as feasible, to adapt existing buildings to emerging needs before new construction is undertaken.

4. The Regents should adopt the principle that no decision be made without consideration of all sectors of postsecondary education, public and private, and all individual institutions which may be affected, on both a regional and statewide basis. A rational and equitable system of tuition charges for students in all public and private institutions should be developed. One major step in this process would be continued review of the Tuition Assistance Program and adjustments in the grant formulae directed toward minimizing differences in net tuition costs borne by students.

5. In their 1976 Statewide Plan, the Regents should recommend to the Governor and the Legislature an overall statewide policy for financing higher education. A guiding principle of that policy should be that the distinction in public financing between public and private institutions be one of degree and that, through programs and devices already available and those to be developed, the State should narrow differences in net tuition costs to students attending public and private institutions so that students are encouraged to choose an institution that best meets their needs without being unduly influenced by differences in costs of attendance and by the distribution of public subsidies.

6. Other measures should be adopted to stabilize gross tuition rates, to maintain subsidized low tuition at public institutions and subsidize moderate tuition at private institutions, to continue to guarantee access by low-income and economically and educationally disadvantaged students.

7. Further, the State should give opportunity to all institutions, public and private, to apply for State funds for the expansion of special programs to meet important public needs.

8. In summary, the Commission seeks a State policy that permits institutions, public and private, to compete under State financing policies based on fair rules of the game, as they seek to attract students and serve public needs.

9. Even-handed treatment of all institutions and fair rules of the game mean that the financial and other problems of institutions, public or independent, be addressed in the context of the State's total system of higher education. It would mean, for example, that no special State aid be granted to any institution from any source, on any authority, unless all institutions are given opportunity to present their problems and apply for such aid.

Specific Recommendations

1. The Regents should take maximum advantage of available information on the financial condition and other aspects of all degree-granting higher educational institutions. At the same time, the Regents, through annual review, should seek to keep down the burden of reporting which falls upon the institutions.

2. The Regents should establish specific criteria for investigation by the Commissioner in the case of an institution experiencing financial distress or confronted by imminent financial problems.

3. The Regents should establish formal procedures for investigation by the Commissioner into the affairs of an individual institution which has severe financial problems.

4. The Regents should create an Institutional Review Panel of approximately 30 members. The members should be distinguished citizens drawn from the fields of education, business, finance and government. The

4. (Continued) panel may include members from other states than New York but no members drawn from governmental employment should be from New York State. The members should be appointed by the Regents upon recommendation by the Commissioner. For each case of an institution or cases of institutions requiring review, the Commissioner will recommend to the Regents the selection of 5 to 7 members from the total panel to serve as an Ad Hoc Institutional Review Panel.

5. The Regents should provide the Ad Hoc Institutional Review Panel with specific criteria for evaluating the institutional cases and for making decisions. The decision of the Panel will be in the form of a recommendation to the Commissioner.

6. The Commissioner should provide the Ad Hoc Institutional Review Panel with a number of options for Regents and State action which it may recommend.

7. An emergency loan fund for allocations to institutions in temporary financial difficulty should be established.

8. The requirements for incorporation of higher educational institutions which are now set forth in Section 218 of the Education Law should be specified in greater detail and should be made somewhat more restrictive. Educational as well as resource criteria for chartering should be stipulated and should be sufficiently strong to assure the viability and development of an institution during its first two or three years.

9. The Regents should urge institutions, public and private, to contract with one another for the education of students.

10. The Regents should broaden their capacity to advise and assist institutions in management.

Dissenting Statements by Individual Members of the Commission

I. Statement submitted by Robert L. Ketter, President, State University of New York at Buffalo

1. The report fails to consider the base need to develop a rational, long-range fiscal plan for higher education in New York State. The immediate, but unstated objective of the Commission, was to secure increased funding for the State's non-public institutions. The Commission has ignored primary aspects of its original charge.

2. The general financial climate of the State has changed radically in the past six months, but the report fails to acknowledge this change.

3. It was assumed that the State's private institutions of higher education have severe financial problems but that these did not exist in the public sector. But, the State has decreased its funding of public institutions and it is doubtful that it can provide further aid to private institutions.

4. Given the anticipated decline in enrollments, it is obvious that a restructuring of educational delivery must be seriously considered.

5. There is a question of the distinction between public and private institutions, the significance which the differences might hold for New York's system of higher education and the implications for patterns of support and for accountability.

6. The Commission report does not address the issue of maintaining and improving the quality of educational programs. The Commission's report is merely tangential to the issues and provides free license to the State Education Department.

II. Statement submitted by Commission members Leon M. Goldstein, President, Kingsborough Community College and Donald H. Riddle, President, John Jay College of Criminal Justice

1. We must disagree with the proposal of imposing tuition charges on full-time matriculated undergraduate students at

the City University of New York. Tuition-free undergraduate education for City residents has a long tradition and rests upon certain principles which have long been held by educational and governmental leaders of New York City.

2. Higher Education is a democratizing force; it is a way out of poverty; it is needed to produce knowledgeable and skilled manpower.

3. Tuition free open admission has produced the highest college-going rate for high school graduates in the nation. Tuition free access is also essential to holding middle income families in New York City.

4. CUNY's student population should not be divided on the basis of family income, a process which would create the situation of "non-payees" sitting next to those compelled to pay substantial tuitions.

5. Free tuition at CUNY serves as an integrating force.

6. The Commission's recommendation for "tuition equalization" is unclear and probably inconsistent with current State policy.

Report of the Staff to the Commission

I. The Financial Problem

1. A number of studies have documented the financial troubles of colleges and universities in the nation and State: those by Cheit, Jellema, Jenny and Wynn and staff of the New York State Education Department.

2. In general, the studies are alike in that they identify the problems of (a) inflation, (b) plateauing income, (c) growth of facilities burdened by debt and (d) the total commitments of institutions including instruction, research and public service.

3. Institutions are now confronted with what some have labeled a "new condition": the current and continuing slowdown in the rate of growth of enrollments and the prospective decline in the numbers of enrolled students after 1980.

II. Population and Enrollment Trends and Prospects

1. Population growth has been slowing down for the United States for many years and the growth rate is even lower in New York State than in the rest of the nation. A number of factors have contributed to lower birth rates.

2. In New York State, after several decades of growth, both the high school graduation rate and the college entrance rate of high school graduates have apparently leveled off.

3. As the State's higher educational system has grown over the past two decades, the distribution of students between public and private sectors has changed dramatically: the public sector now enrolls about two-thirds of all full-time undergraduates, the private sector, one-third, a reversal of the situation 20 years earlier. (The report then sets forth considerable detail on the growth and changing distribution of enrollments of students in public and independent institutions.)

4. Projections developed by the State Education Department indicate a decrease in full-time undergraduate enrollments of about 24 percent between 1980 and 1990. The Department projections assume little relative change in the shares of total enrollments between the public and dependent sectors.

III. Compensating Factors: Institutional Health Maintenance

1. Certain factors and developments may counteract or compensate for the prospective decline in full-time undergraduate enrollments. Among these are possible increases in high school retention rates, high school graduation rates and college-going rates. All of these rates are relatively high in New York State at the present time and appear to have plateaued. Even so, improvements in societal and family conditions and in educational practices may generate increases in one or more of these rates.

2. It is possible that college attendance will increase because of a smaller number of children per family, that birth rates may again increase and that immigration barriers will be reduced, resulting in a larger pool of potential college students.

3. Changes in Federal and State financing policies, especially those covering student financial assistance, may stimulate higher college enrollments.

4. There may also be increased enrollments of those seeking continuing education and those attending on a part-time basis. Increasing numbers of married women may also return to college.

5. The staff does not believe that the total effect of these compensating factors may be great enough to alleviate the impact of declining full-time undergraduate enrollments.

IV. What Is A Healthy Higher Educational Institution?

1. A Carnegie Foundation study (More Than Survival) has identified a number of attributes of the financially healthy institution.

2. The financially healthy institution, typically is characterized by: mature age, prestige, high "quality" of facilities, programs, faculty and students. It is also one which can be selective in admissions, operates at or close to designed capacity, has endowment funds sufficient to cover a significant part of its operating costs.

3. The larger, more diversified, institution with the attributes noted above, is also likely to be more flexible and structurally adaptable to changes in student needs and demands and changes in mission assumed by it or thrust upon it.

V. Institutional Response to Enrollment Decline and Financial Distress

1. A number of actions are available to institutional managements as they seek to respond to enrollment decline and financial distress. Local initiative and institutional self-help are crucial if institutions are to survive and remain healthy.

2. Among the changes and responses are: change of institutional mission, modification of academic programs, regional planning and institutional cooperation, and changes in institutional organization.

3. The institution which cannot survive on its own may seek to consolidate its operations with another institution.

4. If survival appears impossible, the routes of bankruptcy, dissolution and surrender of charter may be called for.

VI. Institutional Financial Crises, Past and Present

1. Almost all higher educational institutions in New York State and throughout the nation have had financial problems in varying degrees in recent years and continue to have them. Both public and private institutions have been afflicted as have institutions which are large and small, rich and poor.

2. In New York State, the Regents and the Education Department staff have been well informed on the financial condition, problems and prospects of the chartered colleges and universities of the State. They have been involved in a number of crises and have participated in the resolution of institutional problems. (The report cites a number of specific cases of institutional financial distress and the ways in which they have been handled.)

3. Because of these ways in which individual institutional financial problems have been addressed and because of the consequences for the system of intervention by third parties, the Regents seek the adoption of uniform, consistent policies with respect to all institutions.

I

THE PROBLEM: ITS ORIGINS AND NATURE

There are many who believe that, if not a specter, at least a troublesome prospect is haunting higher education in the United States. That prospect is for declining rates of enrollment growth in institutions of higher education between 1975 and 1980 and absolute declines in enrollment through the decade of the 80's and, perhaps, continuing through 1995. Population trends and cycles obviously have a direct and significant impact upon an activity or "industry" primarily engaged in serving people.

Retarded enrollment growth followed by absolute enrollment decline will exacerbate the problems confronting individual institutions and higher educational systems, coming as they do after two decades of rapid and massive growth of facilities and activities accompanied by continuously escalating costs. Given the nature of the educational enterprise, costs will continue their escalation and, owing to the operation, maintenance and debt service obligations on the physical plant now in place, a significant part of these costs will be fixed and largely unavoidable.

Although there are considerable differences among those viewing the scene as to the level and composition of enrollment changes which will occur over the next twenty years, few can argue with the basic data on population trends of recent years and the projections of the size and age composition of the population of the country projected for the next twenty years. Those developments, themselves, are sufficient to call for continuous and systematic planning for higher education by institutional managements and public officials.

The new population trends and enrollment prospects, then, add to the other variables presenting problems to institutional and governmental managers and planners. Education in general and higher education in particular, a labor-intensive, people-using and people-serving enterprise, have been afflicted by a number of sources which have generated an increasing financial problem since the mid-1960's, continuing almost unabated today, and likely to remain: (1) general inflation since the end of World War II, accelerating sharply in the past eight years and much greater for higher education than for the economy as a whole, (2) plateauing sources of income for both private and public institutions--gifts, grants, endowment income, tax revenues, etc., (3) increasing demands for additional, new and different educational programs, (4) marked expansion of programs for and admissions of economically and educationally disadvantaged students requiring costly supplemental services and (5) a large expansion of facilities, heavily financed by debt and giving rise to sharply increased costs of operation and maintenance as well as the fixed burden of debt service.

The problems occasioned by the massive growth of the entire enterprise throughout these past twenty years and by the developments noted above, have been nationwide, indeed worldwide, but they have been, now are, and are likely to be greater and more acute for New York State for at least three reasons: (1) the sheer size of the higher education enterprise in the State, (2) the rapid and tremendous growth and development of two public higher education systems, superimposed upon an already large and diversified population of private institutions, and (3) the current and prospective population trends of the State: a significantly lower growth rate than the rest of the nation.

Aware of these problems and developments in the nation at large and, obviously, more particularly aware of, the present and prospective problems confronting higher education in New York State, the Board of Regents, in the Fall of 1974, asked us to serve as members of the Regents Advisory Commission on the Financial Problems of Postsecondary Institutions. In their invitational letter, the Regents expressed their belief that sound, rational and equitable public policies can be devised and implemented to address these evolving problems and that, when the imminent "process of enrollment decline is completed, the State's higher education enterprise can emerge strengthened and still more responsive to public needs."

If past and current problems in higher education in New York, some in common with those of institutions and systems throughout the nation, but many attributable to the special circumstances obtaining in the State, have been difficult to resolve and have not been uniformly handled with a happy consensus of public and private institutional and governmental leaders, those which will emerge over the next five years but, particularly, in the decade of the 80's, will indeed be intractable. They will generate inter-sectoral, intra-regional and inter-institutional stress unless public and institutional policies and procedures are in place. These next five years provide an opportunity to develop, test and implement such policies.

Sources of Problems

The problems experienced by the operational, institutional entities of a society may be attributable to three major sources: (1) the behavior and performance of the internal managers, (2) external forces and events-- general economic factors, technological change, population trends, etc., and (3) public policies--legislative programs, the timing, levels and structures of governmental expenditures and systems of taxation.

To the extent that problems have been generated by internal management, they may be solved, or at least ameliorated, by changes in management personnel and behavior. Difficulties attributable to genuinely external factors affecting the society as a whole can only be addressed by accommodation and adjustment by institutions and the problems ultimately solved by the passing of the external events and the gradual restructuring, over time, of the society's institutions. Institutional problems which are initiated or generated by public policy can be, and presumably should be, resolved by changes in public policy.

All three sources of institutional stress or malaise operate simultaneously, and, at any given time, have differential effects upon individual institutions and groups of institutions. Moreover, they work in both directions: each may have a strengthening and salutary impact upon an institution as well as a debilitating and harmful effect. A confusion of attribution often occurs: internal management may congratulate itself on the growth and progress of its enterprise which is dominantly attributable to a shift in consumer choice, a technological innovation external to the enterprise or public policy which favors its own sector. Governing boards may chastise or dismiss managerial leaders for institutional distress caused by external factors beyond the control of the managers.

So it is with higher educational institutions and systems. The financial and other problems of some colleges and universities in New York State, and the nation, may be owing to management failures. The health and success of other institutions may, similarly, be attributed to the energies and skills of their management personnel.

External factors impinge upon all higher educational institutions but with varying degrees of impact and with varying institutional responses in accommodation and adjustment.

But we come now to public policy, the area which is of primary concern to this Commission. The Regents of the State of New York are a public policy-making body; they have created this Commission and they seek its assistance in developing appropriate public policies toward institutions in financial distress.

The Governor of this State, or any state, is the acknowledged leader in the formation and implementation of governmental policy. The State's Legislature, in its own right, develops and enacts legislation which determines and establishes public policy. Executive agencies administer-and contribute also to the development of policy change.

In the democracy of the United States, with its numerous levels and structures of governmental entities, public policy respecting any field or issue emerges through the process of historical evolution. One would find it difficult, if not impossible, to point to a major social or economic area in which public policy has been created, full blown, de novo. Policy emerges from the cumulative behavior, over time, of the decision- and policy-makers in the governmental sector.

The present size, composition, quality and condition of the higher educational institutions of the State and of its various sectors are largely the result of public policy. New York has more than 200 degree-granting higher educational institutions. Private colleges and universities dominated the scene until the early 1960's. Obviously, the absence of a comprehensive State university system both permitted and stimulated the founding and growth of private colleges. The State has 135 private higher institutions ranging from the small two-year junior college to the major comprehensive university.

Numerous and inexorable forces called for and stimulated the massive growth of the higher educational system of New York State and the nation in the post-World War II period. The literature on that subject is replete but we allude to these factors briefly since they have special significance for New York State. The GI bill brought tens of thousands of students to the colleges and universities: many of these students could not and would not have pursued higher education in the depression years of the 1930's. Those veterans of the wars not only doubled and tripled institutional enrollments in the 40's and 50's, but they also stimulated the aspirations of increasing numbers of high school students of those years for higher education and initiated the marked expansion in enrollments which has continued to this day. The Russian sputnik made the expansion in size and the improvement in the quality of the higher education establishment a national commitment. Federal funds flowed in increasing amounts for the construction of new and additional facilities, for equipment and materials, for subsidies of students and for pure and applied research. The nation's economic growth brought increased levels of family personal incomes and enabled more and more families to permit their children to enter the colleges.

High school completion rates rose year after year; the college attendance rate of high school graduates also rose steadily. The claims of young people of economic, social and ethnic groups with very low college attendance rates in the past for access to and opportunity for higher education forced institutional doors to open wider and governments to provide financial support. Elitism in higher education, however one might define it, was dying; mass higher education had arrived and universal higher education was on the way.

Private and public institutions and institutional systems, aided by great infusions of Federal and State funds, expanded plants, developed new and varied academic programs, hired multiples of their previous faculties and staffs and, in general, met the demands with energy and purpose.

When all of these forces and factors began, in the latter half of the 1940's, New York State was not quite ready. While many, if not most, states of the nation had developed public higher educational systems, New York had no comparable State college and university system upon which to build. True, it had a number of teachers colleges and a few specialized institutions. The City of New York had four colleges which, perhaps perforce, were elitest in academic standards and admissions criteria. The private sector was large and strong but it was neither large nor strong enough to meet the demands which were on the way. There was a need in the State for prompt and significant changes in public policy.

The Commission sees no need to review here the growth and development of the State's public higher educational systems over the past 25 years. The most significant new public policy was the creation, in 1948, of the State University of New York. The University's 35 senior and specialized institutions of today are hardly to be compared with the structure of the State's public higher education component of the late 1940's.

Additional legislation provided for the founding of community colleges. They grew in number and size, year by year, and the

State now has 38 such institutions located in all of the principal population density areas.

The City University of New York was created as a new corporate educational entity by legislative action in 1961. Its growth from 4 to 11 institutions* and its geometric growth in enrollments have brought about a new and significant presence of public institutions in the metropolis.

In all, the growth of the public sector has meant more than a doubling of the higher education capacity of the State over the past 20 years. During those years, the private sector grew also both in the size of individual institutions and the entry of new institutions. The simple fact is that the State now has a very large and highly developed resource capacity: several billion dollars worth of educational plant, equipment, libraries, laboratories. Much of this plant, with the aid of Federal and State grants and loans, has been built or acquired within the past 20 years. Most of it is in excellent condition. The colleges and universities, public and private, are staffed by thousands of highly trained teaching and research faculty; they are managed, directed and maintained by additional thousands of auxiliary personnel.

*Legislation adopted in 1975 incorporates the City's 8 community colleges into the City University, raising the total to 19 institutions.

Throughout the nation and in New York, then, the total higher educational enterprise, public and private, has grown and developed and its mission and structure have been changed largely as a result of public policy: Federal policies based upon national goals and purposes, and State policies tied to these as well as to the State's own needs and goals.*

If public policies have been dominant in creating this vast and complex higher educational system, they have also thrust upon the governmental and educational leadership of the State the responsibility for thorough and comprehensive research and planning for that system.

Regents' Goals and Their Implementation

The Regents' authority and responsibility for higher educational planning were initially established by legislation adopted in 1961. Their legislative authority has since been broadened and strengthened by amendments to the appropriate sections of the Education Law. Both to guide themselves and to direct their staff, the Regents have, year by year, adopted certain broad basic goals for higher education in the State. Having been modified from time to time, these goals are now set

*The implications of public policies in New York State and details on the growth of the system and changes in its structure are covered in the Staff Report which accompanies this Report of the Commission.

forth as follows:

1. Improving access to postsecondary educational opportunities
2. Maintaining and strengthening a comprehensive system of postsecondary education
3. Improving accountability for quality academic and professional performance.

The Commission notes that, though these goals are few in number, they are broad in coverage. One can subsume under them, and the Regents do, a large number and significant range of program objectives and activities. The goals are addressed to institutions and to students and they are addressed also to the quality of programs and the performance of professional personnel.

Throughout the years, student access to higher education has been improved and increased by the continuous expansion and improvement in programs of financial aid to students. The Regents scholarships, adopted many years ago, were supplemented in 1961 by the system of scholar incentive grants. The latter grant system was intended not only to aid students but to assist the private institutions by enabling them to enroll more students of limited financial means, especially as the public institutions grew in number and size. The grant program has been improved periodically, the most significant improvement occurring with the adoption of the new Tuition Assistance Program in 1974. A number of other special scholarship programs are available for certain groups of students and for those who enroll in certain programs deemed to be of high public priority.

Higher educational access and the opportunity to acquire educational credentials are provided to many through the Regents External Degree Program. The Regents are also seeking new ways to serve and support part-time students, non-traditional student groups and those citizens of all ages who pursue life-long learning.

The Regents' goal of maintaining and improving the quality of academic and professional education programs is implemented through the Department's program approval and registration procedures. In recent years, the staff have assisted institutions in developing self-assessment techniques. Programs leading to master's degrees have been under review for several years. Following up on the recommendations of a special commission, Department staff are coordinating the review of all major doctoral education programs, a project which will entail several years of work.

New York is a leader in the movement toward performance-based teacher education and certification.

Standards of professional practice are implemented through the administration of licensing examinations, review of the credentials of applicants and the issuance of licenses in a number of professions. Alleged negligence in performance and misconduct on the part of professional practitioners are investigated by a special unit under the Regents and the Regents, themselves, review and make decisions on the cases brought before them and impose disciplinary penalties as called for.

The charge to this Commission derives principally from the Regents' goal and responsibility for maintaining and strengthening a comprehensive system of postsecondary education. The activities of the Regents in pursuit of this goal include the preparation and dissemination of the quadrennial statewide plans and progress reports, passing upon the applications of institutions for new educational programs and charter amendments and other activities directed toward orderly development of educational institutions and programs. The Regents also promote regional planning and interinstitutional cooperation. Institutional financial viability is strengthened by the Department's administration of general grants to private colleges and universities and special grant programs for health professions education. In all of these programs and activities, the Regents seek to achieve efficient use of all the State's higher education resources, public and private, economy in institutional operation, equity in the treatment of all institutions and the sustenance of high quality. These aims are also consistent with the maintenance of diversity in the system and the provision of ample choices to students.

The Creation of this Commission and the Charge to It

It is abundantly evident to this Commission that the State of New York, with the leadership of its Governors, Legislature, Board of Regents and institutional executive officers, has created an outstanding system of higher education. Public policies over the past 20 years have contributed heavily to the size and shape of that system. But if the State's public policy makers merit credit for much that has been done and for the gains which have been made, they also bear responsibility for some of the major problems which have afflicted some of the institutions and sectors, problems which may soon increase in intensity. The public policy makers, then, must also contribute to the resolution of these problems by the development of sound policies for reaching rational, economic and equitable decisions.

The crucial questions confronting the Regents are these: <u>What is to happen as this great higher education industry of the State which has these great resources of plant, capital and people faces declining demand for its product? Will some institutions go bankrupt? Will debts be defaulted? -Public authorities be enmeshed in financial debacles? -Colleges involved in litigation over contractual obligations to faculty and staff? -Mortgaged facilities abandoned to banks? What is to happen when one-half of this vast enterprise is privately owned and one-half is publicly owned and operated? Will private institutions bear the major burden of decline? Will the State be expected to keep all the public institutions operating?</u>

The Regents have created this Commission to assist them in developing policies appropriate for the resolution of the problems implicit in these questions. First, the members of this Regents Advisory Commission state that they concur in the Regents' goals as enunciated above. Secondly, we emphasize that the Commission has not been asked to address all of the issues in higher education in New York State which bear upon the size, structure, management and financing of the entire system.

Its specific charge is quite narrow: to develop and recommend policies required by the emerging financial problems primarily attributable to present and prospective enrollment trends. The Regents have given us the following charges:

1. What specific policies should institutions adopt in order to provide them with the flexibility they may need to adjust to changing levels of operation?

2. How, if at all, should the State help institutions adjust to lower levels of operation? Should the State help institutions reduce their debt service, facilities costs, and faculty payroll levels? Is there a need for new legislation providing for the financial reorganization of higher institutions?

3. What action, if any, should the State take to provide institutions with temporary funds to cover unexpected declines in revenue resulting from sudden enrollment decline? What criteria should be established to identify institutions in financial difficulty? What commitments should institutions be required to make in order to qualify for temporary State help?

4. What mechanisms, if any, should the State establish to facilitate closure of institutions that are either unable to mount viable programs or which are unable to finance budget expenditures on a long-term basis? What criteria will distinguish these institutions from those in need of only temporary assistance? What are the State's obligations to students attending such institutions and how can they best be implemented? What alternative uses for the facilities can be found?

The Regents indicated that the Commission may wish to define additional areas for consideration and it is quite possible that, in the pages to follow, one may find topics and suggestions which we believe are quite germane to the charges presented to us even though they may go beyond the immediate compass of those specific charges.

We wish to note, also, that the first charge to us seems to call not for our recommendations for Regents' and State policies but for suggestions to institutions for policies which they should adopt. This charge has been addressed in two ways. First, we have recommended a broadening of the Regents' capacity to advise and assist institutions in management. Secondly, the Staff Report contains a section on institutional self-help, identifying various steps which institutions might take to achieve greater flexibility and capacity to adjust to changing conditions and levels of operation.

The members of the Commission agree upon certain facts and prospects:

1. That many higher institutions in New York State have been experiencing financial distress for some years, that such distress continues today and is likely to have greater impact on institutional viability in the years ahead.

2. The financial problems of institutions, public and private, will continue to be accentuated by escalating costs.
3. Full-time undergraduate enrollments drawn from the traditional age groups and student cohorts in New York State will reach a plateau in the next few years and will decline during the 1980's. The decrease in total full-time enrollments will have differential effects upon individual institutions and sectors and will produce increasing financial distress for a number of institutions.
4. Several factors may operate to maintain enrollment levels: changes in educational methods and policies which will improve high school retention rates and graduation rates. Other factors may compensate for declining full-time enrollments: increases in part-time students, continuing education, married women returning to college, etc. -supported by public financial aid.

The Commission acknowledges that much of what it says in this report, including the recommendations, applies primarily to the independent institutions. Consistent with the charge to us, we are, of course, concerned with all institutions, public and independent. But we recognize that there are differences between the public and private sectors in governance and control which result in differences in response to enrollment decline, financial stress and other problems. While each institutional unit of the State University of New York is administered by its own executive officer and staff, it is also subject to control of enrollment, budget, programs, etc., by a central authority which, in turn, is subject to the dictates of the Legislature and the Governor. The institutions of the City University of New York are, similarly, locally managed but subject to higher authority, planning, and decision making.

Thus, central authorities will largely decide how enrollment and enrollment declines will be distributed among institutions and the way in which financial needs of the institutions will be handled in the context of the needs of the universities as totalities and the needs of all other State and City agencies and programs.

The independent institutions are by definition, individually controlled and managed and the response of each to current and prospective problems is necessarily a matter of the decision of each board of trustees and administration.

We recognize, also, that there are and will be significant differences in the amount and impact of enrollment decline and financial stress in the various regions of the State: Long Island, New York City, upstate urban and rural areas.

Nonetheless, we intend our recommendations to apply, so far as possible, to all institutions, so that problems can be solved in an orderly, efficient and equitable manner in the best interests of individual institutions, public and independent sectors, students and faculties, --all in the interest of maintaining and strengthening the entire higher educational system of the State.

II

COMMISSION'S RECOMMENDATIONS FOR REGENTS' POLICIES AND PROCEDURES

The Commission concurs with the Regents' basic goals for higher education in New York State: improving access, maintaining and strengthening a comprehensive system and improving accountability. The specific charge to the Commission directs its concerns primarily to the second of these goals.

The Commission also indicates its general acceptance of the facts, as developed by its staff and other researchers, concerning the basic conditions, problems and issues respecting the higher education system of the State and the projections for the future. As should be expected, the individual members of the Commission do not necessarily agree on the nature, causes and intensity of the financial problems of individual institutions, sectors or the system as a whole. Nor do they necessarily agree with the <u>details</u> of the projections which have been made for higher educational enrollments in the years ahead and the possible impacts of those enrollment changes.

Because of these differences in perceptions and opinions, the Commission prefers to let the following Staff Report stand on its own. The Regents, other State policy-making bodies and the general reader are, thus, free to evaluate the staff's presentation of the problems and issues at hand and to evaluate the staff's findings as they wish.

We emphasize, again, that the charges to the Commission are relatively narrow, as indicated by the Commission's title. We have not been asked to identify, analyze and recommend policies on all of the issues confronting higher education in New York State. We have been asked to address ourselves to the financial problems of postsecondary institutions and to recommend policies and procedures for the Regents to follow as they meet their responsibilities, in the years ahead, for assisting institutions in meeting those problems and for decision-making based on the best interests of the higher education system of the State as a whole.

The specific institutional conditions which require attention and which merit the development of new State policy are:

1. Immediate, but temporary, financial distress
2. Long-run financial distress indicative of possible impending disaster for the institution and its constituencies.

Basic Perceptions and Principles

The Regents seek to maintain and strengthen a comprehensive system of postsecondary education in New York State. To accomplish this, we suggest that Regents' policies and actions should be rooted in and guided by their aspirations for what the higher education system of the State should be in the year 2000. What should be its size, its composition with respect to public and private institutions and various types of institutions within the sectors, its programs and its resources?

Secondly, we perceive that most of the growth of and building for the system has been accomplished and that little further expansion in either the public or private sectors will occur or should occur. We recommend that the Regents, in their review of institutional construction and program plans, resist such further expansion, except where amply justified by special needs.

We acknowledge that some growth and changes will be justified and will occur. The State University has several developing institutions which, although their construction plans have been scaled down, will continue to develop facilities and programs now well on the way. We accept, also, the fact that the City University of New York is in need of more adequate and appropriate facilities for a number of its institutions; here too, construction in progress will be completed and certain plans for new facilities will be carried out. A number of private institutions will also be replacing inadequate, inappropriate and debilitated facilities. Much, if not most, of this construction is, therefore, for replacement rather than for growth.

Finally, we accept the prospect that present and emerging priorities and needs will justify the chartering of some new institutions and the construction of some facilities. We suggest that efforts be made, as feasible, to adapt existing buildings to emerging needs before new construction is undertaken.

Corollary to the Regents' resistance to further expansion should be increased emphasis by the Regents of a certain principle as they review construction and program proposals: the principle that no decision should be made without consideration of all sectors of postsecondary education, public and private, and all individual institutions which may be affected, on both a regional and statewide basis. We realize that the Regents already implement such a principle but we are convinced that its application should be more stringent in the immediate years ahead.

The Commission acknowledges and approves the fact that both public and private institutions have been taking actions and making decisions to control both institutional and program growth. The City University has been reviewing all of its academic programs and will soon report the results of its review. The Chancellor of the State University has recently called for a "thorough self-appraisal" of the system's units, programs and operations, to be conducted over the next year. Such reappraisals by the public systems are meritorious on the grounds of the dictates of good planning even though they have, in part, been made imperative by budgetary restraints.

We look with favor also on the activities of many private institutions in reassessment of their missions and programs and their efforts to bring all of their operations under better control. Here too, that which is done voluntarily is mandated, also, by the constraints on resources available to them.

The Commission perceives, further, that New York State has adopted the policy that the costs of higher education should be shared by the State government, the Federal government, local governments, institutions, private philanthropy and students. The adoption of the new Tuition Assistance Program indicates that the State takes the position that there should be a limit on the costs to be borne by students and by families. The Bundy program, providing direct aid to non-public institutions, implements State policy to share in the direct support of the operations of these institutions.

The Commission holds that, if the principle of cost sharing is to be fully implemented on a rational and equitable basis, even more needs to be done. First of all, non-public institutions must find ways, assisted by governments, to stabilize tuition rates and rates of increase. Secondly, tuition policies and practices of the various community colleges should be based upon some common criteria and, insofar as possible, equalized. Thirdly, the tuition and fee policies of the State and City Universities should also be based upon common criteria with the objective of having tuition charges and income covering a certain percentage of the operating costs of the institutions.

In effect, the Regents and other educational leaders of the State should seek to rationalize a comprehensive system of tuition charges. Such a system can only be developed if, first, the leaders decide on what should be an appropriate share of costs to be covered by tuition income. This decision, in turn, should be tied in with targets or formulae for the entire system of cost sharing and, thus, the financing of higher education.

The Commission suggests and recommends that one major step in this process be continued review of the Tuition Assistance Program and adjustments in the grant formulae directed toward minimizing differences in net tuition costs borne by students. Institutional control of tuition and public programs to reduce differences in net costs to students are essential to attainment of the Regents' objectives of improving and equalizing access of students to institutions and maintaining the financial viability of institutions. Market forces will be more broadly and equitably at work in that student choices will no longer be strongly influenced by differences in prices,-in costs to them. Institutions will succeed or fail on the basis of the quality and attractiveness of the programs and opportunities they offer to students. Adoption of such policy will mean that the retrenchment of the higher educational system of the State which may be necessary in the years ahead will be an equitable one and one which results in the survival and strengthening of the best and most effective institutions.

The Commission recommends that the Regents, in their 1976 Statewide Plan, recommend to the Governor and the Legislature an overall statewide policy for financing higher education, and that the plan be based upon the following principles:

1. That the distinction in public financing between public and private institutions be one of degree, and that, through the Tuition Assistance Program and other public scholarship and student aid programs, the State narrow the differences in net tuition costs to students attending public and private institutions so that students are encouraged to choose an institution that best meets their needs without being unduly influenced by differences in costs of attendance and by the distribution of public subsidies.
2. That the State and institutions adopt measures to stabilize gross tuition rates charged to students, in real terms, at or close to levels established in the Fall of 1974.
3. That the public and institutional programs and actions implementing the two foregoing principles be directed at maintaining subsidized low tuition levels at public institutions and subsidized moderate tuition charges for students attending private institutions.

4. That the State, through these devices, continue to assure access by low income students to institutions that best meet their needs, whether in the public or private sector, and that the needs of economically and educationally disadvantaged students continue to be met by publicly supported special opportunity programs at both private and public institutions.
5. That the State, in extending special programs to meet such special statewide needs as medical education and professional and vocational training, provide independent as well as public institutions with the opportunity to qualify for State funds made available to encourage the establishment or extension of such programs. This does not mean that every program offered by a public institution have its counterpart in the independent sector or vice versa. The policy is intended to provide all institutions with the <u>opportunity</u> to submit program proposals and apply for State support. Such a policy is not only equitable but can also assure the State that the programs offered and funded will be those which, by virtue of character, quality, location, etc., best meet the needs of the State.

<u>Put another way, the Commission seeks a State policy that permits institutions, public and private, to compete under State financing policies based on fair rules of the game, as they seek to attract students and serve public needs.</u>

The foregoing principles suggest that tuition levels at public and private institutions be permitted to rise in money terms, but no faster than general price level increases; that the State allocate its direct institutional subsidies among all sectors to hold down tuition increases, that the Tuition Assistance Program be adjusted to reflect tuition increases that do occur and that the State consider independent institutions as well as public institutions in financing expansion of high priority programs.

The Commission believes that these principles and recommendations are consistent with and integral to a basic principle which should guide the Regents and other policy makers:

> <u>that New York State adopt an even-handed treatment of all institutions. Even-handed treatment means that the financial or other problems of any one institution or sector, public or independent, be addressed in the context of the State's total system of higher education. It would mean, for example, that no special State aid be granted to any institution from any source, on any authority, unless all institutions are given opportunity to present their problems and apply for such aid.</u>

The key word in this statement is "special". In recent years, executive, legislative and educational leaders of the State have been confronted with a number of cases of institutions in financial difficulty. The Commission anticipates that a larger number of such problem cases will arise in the future. The Commission does not believe that decisions made on an *ad hoc* basis can be economically or educationally equitable and sound. Adoption of the stated principle may, indeed, be essential to the avoidance of chaos in both the State's higher educational system and the State's budgetary appropriation process.

Having stated these basic perceptions, principles, and recommendations, the Commission now offers some specific recommendations tied, more explicitly, to its specific charges.

Specific Recommendations

> The Regents should take maximum advantage of available information on the financial condition and other aspects of all degree-granting higher educational institutions. At the same time, the Regents, through annual review, should seek to keep down the burden of reporting which falls upon the institutions.

We note that Section 215 of the Education Law already gives authority to the Regents and the Commissioner to visit and require reports of institutions.

We acknowledge, further, that the Education Department already receives a number of reports from each institution via the Federal Higher Education General Information Survey and the Department's Higher Education Data System. Both of these systems are modified year to year on the basis of suggestions received from the field and those of the staff. Nonetheless, if more and better information is needed, and on a more timely basis, it should be acquired. Adequate, accurate and timely information is of the essence if the Regents are to remain on top of and ahead of problem cases.

But information is not enough. Increased staff efforts will also be required in the condensation, analysis and evaluation of information if the monitoring process is to be improved and useful in appraisal of the condition of each institution.

> The Regents should establish specific criteria for investigation by the Commissioner in the case of an institution experiencing financial distress or confronted by imminent financial problems.

Continuous and careful monitoring of institutions should enable the Commissioner to determine when a more direct inquiry is desirable and needed. Through a review of the available information and additional information requested from the institution, Education Department staff would be able to determine the nature, intensity, causes and duration of financial distress.

The criteria employed in such measurement and evaluation might include, for example, the following:

1. A fall in enrollment of 5 percent or more and parallel reduction of tuition receipts.
2. Current operating deficit over several successive years. Absorption of or elimination of net current fund balance which is customarily held in reserve. In the case of public institutions, budgetary cuts which produce deficits.
3. Charge-off of current operating deficit to quasi-endowment or funds functioning as endowment, if such charge-offs would eliminate the fund balance within, say, three years.
4. Reduction of available liquid net assets, exclusive of those of plant, loan and agency funds, below a prudent portion of operating requirements for one fiscal year.
5. Decreases in enrollment which have occurred in spite of increases in the percent of student admissions in ratio to student applications.
6. Increases in operating expenditures other than those which have been imposed upon comparable institutions by external factors such as the prices of energy sources, library and laboratory acquisitions, etc.

The mere fact that the Commissioner and his staff would be requesting additional information from the institution might be sufficient to induce institutional officers to invite intervention by the Commissioner.

Historically, the Commissioner or his designated staff has contacted institutional officers or conducted some type of inquiry whenever that seemed appropriate on the basis of complaints filed with him by students, faculty or other constituencies of the institution. At the very least, such contact is necessary to determine the validity of complaints. Similarly, the Commissioner should make a contact or conduct an inquiry if any members of these constituent groups filed complaints with him based upon alleged financial problems of the institution.

The Commissioner should also investigate when studies of an institution's condition or other information received would indicate imminent harm to students, faculty, creditors, or others affected by the condition or conduct of the institution.

The Commissioner should investigate if the trustees or administration of an institution failed to keep him informed of evolving problems which were evident from available information and where it appeared the administration and trustees seemed unwilling to make the institution's problems known or unable or unwilling to address those problems.

The Commissioner should investigate when it appears that the condition or operational practices of an institution are having or would have a deleterious effect upon other higher educational institutions in the relevant region, other than those effects attributable to co-existence and ordinary institutional competition.

As it is now, the Commissioner's investigation or intervention should always be motivated by the desire to assist the institution in solving its problems. The Commission believes that only by such assistance can the Commissioner also best protect the interests of students, faculty and others affected by the condition and operations of the institution.

> The Regents should establish formal procedures for investigation by the Commissioner into the affairs of an individual institution which has severe financial problems.

Having determined that an investigation is called for, the Commissioner should proceed somewhat as follows:

1. As a first step, the Commissioner should call upon the chief executive officer and the trustees, or a delegation of trustees, to meet with him.
2. The problems, condition and prospects of the institution would be reviewed by the Commissioner (and/or his

designated Education Department staff) and representatives of the institution.

3. If current, or imminent financial problems are adequately confirmed by such review and discussion, the Commissioner should ask the institutional representatives to present a plan and timetable for solution of such problems. Such plan should be submitted by the institution within a prescribed time after requested.
4. The Commissioner should review the plan and determine whether it is realistic, feasible and equitable with respect to all parties concerned.
5. If no plan is submitted or if the plan does not meet explicit standards of reasonableness, feasibility and equity, the Commissioner should refer the institution's case to an Institutional Review Panel, composed of citizens outside the institution and the Education Department. He would inform the Regents and the institution of his decision to call upon the Review Panel.

The Regents should create an Institutional Review Panel of approximately 30 members. The members should be distinguished citizens drawn from the fields of education, business, finance and government. The panel may include members from other states than New York but no members drawn from governmental employment should be from New York State. The members should be appointed by the Regents upon recommendation by the Commissioner. For each case of an institution or cases of institutions requiring review, the Commissioner will recommend to the Regents the selection of 5 to 7 members from the total panel to serve as an Ad Hoc Institutional Review Panel.

The Commissioner and his staff, with the cooperation of the institution or institutions involved, will prepare a documented case for consideration by the panel.

The charge to the panel will be to review the case or cases before it and to recommend action by the Regents and the State with respect to each such case.

The Regents should provide the Ad Hoc Institutional Review Panel with specific criteria for evaluating the institutional cases and for making decisions. The decision of the Panel will be in the form of a recommendation to the Commissioner.

The criteria to be employed by the Panel should include, but not necessarily be limited to, the following:

1. The efforts made by the institution to resolve its problems and the potential of the institution to do so.
2. The type, size, age and location of the institution.
3. The importance of the institution to the higher education system of the State, region and community. In reviewing these matters, the panel should consider the type, size, age, location, and other aspects of other higher educational institutions within a relevant commuting area and the ability of such institutions to either make use of the facilities of the troubled institution under review and/or to absorb the students of such institution should closure be called for.
4. The importance of the institution to the economic, social and cultural base and structure of the community. While these aspects of the institution and the community are not educational in nature, they may be important in determining the extent to which the institution does serve and might increase its service to the community in programs and activities other than purely educational ones.

5. The institution's contribution to the discovery of new knowledge and its methods of dissemination of knowledge, i.e., is the institution unique in character or in the level and nature of its activities as a total higher educational institution.

The Commissioner should provide the Ad Hoc Institutional Review Panel with a number of options for Regents and State action which it may recommend.

The Commission suggests that the options identified by the Commissioner might include the following:

1. The granting by the State of a short-term loan or the offering of an emergency grant to assist the institution if its troubles appear to be temporary in nature. Particular care would have to be exercised in choosing this option. The reason is that the prior reviews of an institution's problems and the steps which have been earlier taken by the institution and the Commissioner to address those problems have already been found inadequate and have required the referral of the case to the *Ad Hoc* Panel. Moreover, if all that is needed is a short-term loan, the institution should be able to secure one from private financial sources and should have done so or do so. If such private sources have not been willing to extend or are not now willing

to extend such loan to the institution, it would appear that they consider the institution's financial condition to be too precarious. The State should not substitute its own funds in such circumstances. Further, we presume that, by the time the institution's case has been referred to the <u>Ad Hoc</u> Panel, it has already been determined that the institution's problems are not temporary in nature.

2. The panel might recommend that a new category of institutions be created somewhat along the lines of the Pennsylvania model. These would be "State-related" institutions and would include those which are of significant size and importance because of their location, program and students served. Criteria should be developed for the definition of such status. An institution qualifying for this status would be provided with a permanent State subsidy based upon a formula determined by the Regents and other State authorities.

3. The panel might recommend a merger of two or more institutions or a merger of a private institution with one of those in the State University or City University System. Such a merger would be accomplished by way of procedures already available under State law.

4. Two or more institutions might engage in contracts for the education of students. The contracts could be between two private institutions or between public and private institutions. Where this recommendation is made by the panel to the Regents, the latter, in the case of public-private contracts, would have to secure the complete cooperation of the trustees and administrations of the public institutions.

5. Grants to be made by the State to the institution for coverage of interest and principal on debt or retirement of such debt as Dormitory Authority bonds. Again, this recommendation would only be advisable if the institution's troubles were temporary. It might require a substantial outlay of State funds and, hence, would require that a very strong case be made for the institution's survival.

6. A recommendation for dissolution, sale of plant, or acquisition of assets by some other public purpose enterprise might be made to the Regents. In this case, the panel might recommend that the Commissioner provide aid or advice to the institution on proceeding toward this resolution.

7. If a recommendation is made that the institution be provided with emergency State aid or loans or other action be taken to maintain its viability, it should be required to provide detailed and continuing accounting to the Commissioner.

8. If the institution is a public one, the panel's recommendation to the Regents should also be sent to the appropriate institutional governing board for information and such governing board or the administrative leaders of the public institution should subsequently meet with the Commissioner for a review and evaluation of the panel's recommendation.

An emergency loan fund for allocations to institutions in temporary financial difficulty should be established.

The Commission has indicated above that the Commissioner and his staff will have conducted a careful investigation to determine whether the financial troubles of an institution are chronic and rooted in sources which are not easily corrected. The *Ad Hoc* Review Panel will also have this information and be able to make this determination. Moreover, a decision will already have been made as to the importance of the institution to the higher educational system of the State and as to whether it merits special financial assistance. Given these caveats for the review and decision-making process, the Commission recommends that the Regents ask that the Governor and the Legislature establish an emergency fund from which special grants or loans would be made to institutions in temporary financial difficulty.

The fund, of course, would have to be created by a State appropriation and it could be in the order of $5-10 million. If used primarily to make loans rather than grants, it would be a revolving fund and would not require replenishment by annual appropriations. The loans would be made with very low or no interest charges for a period of three to five years. Such a time period should be sufficient for an institution to restore its financial viability and repay the loan--if, indeed, its financial troubles were or are temporary. Along with the Education Department's assistance to management and the institution's own renewed efforts, such financial aid should help the institution to adjust to a lower level of operation if that change is necessary.

> The requirements for incorporation of higher educational institutions which are now set forth in Section 218 of the Education Law should be specified in greater detail and should be made somewhat more restrictive. Educational as well as resource criteria for chartering should be stipulated and should be sufficiently strong to assure the viability and development of an institution during its first two or three years.

A review of the experience of a number of institutions which have been incorporated by the Regents since 1950 or which have been given additional degree powers since that year, indicates that many of these institutions have not had sufficient capital funds in the form of endowment or available reserves to sustain themselves over temporary periods of adversity.

Beyond the plant and fiscal resources, an institution should also be able to demonstrate that it can provide the faculty and staff, library and other educational materials and equipment needed to attract a student body of sufficient size and quality to make it a going concern. In these respects, a college does not differ from a business enterprise, many of which fail in their first year or two of operation because of inadequate capital and products or services which simply do not attract enough customers.

> The Regents should urge institutions, public and private, to contract with one another for the education of students.

If the State is to make efficient use of its best higher educational resources, students enrolled in a given institution where capacity is limited could attend other institutions in the same area which are operating below capacity. If public monies are to be conserved, the public institutions should always examine these contractual responsibilities before seeking to expand their own facilities. The Commission notes that, at the present time, the private institutions cf the State are estimated to have places available for as many as 50,000 additional full-time undergraduates, including 15,000 in freshman classes. These figures would indicate that the private sector as a totality is operating at about 30 percent below undergraduate capacity. Several of the State's public community colleges are operating well below designed capacity while others have enrollments far beyond those they had anticipated and can effectively handle. The Commission recognizes that community college students are dominantly commuting students and cannot be shifted from one community college to another. But there are other public and private institutions with which community colleges could contract and, thus, both provide better educational services to students and make better use of educational facilities.

<u>The Regents should broaden their capacity to advise and assist institutions in management.</u>

The following Staff Report points to the need for institutions to do as much as possible to help themselves and has identified a number of ways in which institutions can do so.

The Commission acknowledges that the Education Department already provides staff assistance to institutions seeking help on a wide range of management problems. Except for instances in which crises have occurred, this assistance is given upon the <u>invitation</u> of the institution. It appears to the Commission, first, that more institutions should invite such assistance. Secondly, the institutions which ask for assistance are often already in trouble of one type or another and have certain readily identifiable weaknesses. The Commission suggests that those institutions which are academically strong and seem to be managed well might also seek assistance to do even better. It is important that the best institutions be strengthened. For these reasons, we recommend an enlargement of the Education Department's capacity in this area.

The Commission concludes its recommendations at this point. Obviously, it would be possible to recommend any number of additional specific measures and policies which the Regents might adopt for addressing the financial problems of the colleges and universities of the State. But we believe that we have set forth perceptions and principles sufficiently broad and recommendations sufficiently specific to cover the charges given to us.

Education Law gives the Regents wide-ranging and detailed powers for overseeing higher education, as well as all education, in the State. What we have provided here, in both general and specific terms, will surely be supplemented by policies and procedures which the Regents themselves develop. We are confident that these policies and powers will enable the Regents to implement procedures and make decisions assuring the achievement of their goal to maintain and strengthen a comprehensive higher educational system for New York State.

DISSENTING STATEMENTS

BY INDIVIDUAL MEMBERS

OF THE COMMISSION

Statement Submitted by Commission Member

Robert L. Ketter, President
State University of New York at Buffalo

In September of this year, the Regents' Advisory Commission on the Financial Problems of Postsecondary Institutions met to discuss its semi-final draft report, which it anticipated submitting shortly to the Board. Discussion during that meeting was lively, and as a result of comments and criticisms offered, it was agreed that basic revisions would be required and a new draft developed. Upon review of the new draft, however, it became apparent that, while some areas of the original statement had been modified, the basic substance of the report remained much the same. Consequently, it was felt that this--a minority statement--was very much needed to address fundamental questions not presently considered.

First, the existing report fails to consider the base need to develop a rational, long-range fiscal plan for higher education in New York State. Rather, it is apparent that the immediate, but unstated objective of the Commission, was to secure increased funding for the State's non-public institutions. By proceeding in this fashion, the Commission has ignored primary aspects of the original charge it received from the Regents: i.e., How, <u>if at all</u>...; What action, <u>if any</u>...; What mechanisms, <u>if any</u>...

The urgent need for such long-range planning became more pronounced after the Commission was given its initial charge. As all know, the general financial climate in the State of New York has undergone a radical change during the past six months--a change which has altered the very perspective by which the State may view higher education--and yet the existing report fails to acknowledge this reversal in circumstance. When the Commission was formed, it was assumed, almost as a given, that the State's private institutions of higher education were facing grave financial difficulties and that the State could and should alleviate these in some way. Correspondingly, it was presumed that no such situation existed in the public sector. Now, however, the State has in fact decreased its financing of public institutions--and there is reason to question whether or not it has the capacity to provide further aid to the privates. The problem, then, which this Commission has failed to address, but which must be decided before we can intelligently consider specific issues and solutions, is no longer how to place private instititions on competitive financial grounds with public ones, but rather, how do we rationally plan for the long-range well being of higher education in New York State?

This situation is further compounded by predictions which indicate a decrease in State-wide postsecondary enrollments after 1980. If this occurs and the present financial condition continues, it is obvious that more than "percentage" budgetary reductions for individual or groups of institutions will be needed. The restructuring of educational delivery will have to be seriously considered. Such a restructuring may well call for the elimination of programs, of institutional consolidation and merger, and even institutional retrenchment--both public and private. In such circumstances, the questions of who, how, and when lead to deeper philosophical issues which the Commission has failed to consider, but nevertheless must be addressed.

Bound in these issues is the question of distinction between public and private institutions. What significance do such differences hold for the New York system of higher education? What do they imply for patterns of support, and what do these patterns necessitate in terms of accountability?

Relatedly, how does this convergence of concerns and future actions impinge upon the quality of educational opportunity available in our State? In no way does what the present Commission offer adequately address this issue--how to maintain and improve quality in our educational programs. Surely, while this may be difficult in the face of decreasing finances, should it not be our primary objective--rather than the apparent one of simply keeping afloat as many institutions as possible?

There is, then, a continuing need for this Commission--the need for it to identify and come to grips with, the substantive issues facing higher education in New York State. It cannot, in good conscience, dispose of its responsibility to the higher education community by forwarding a report which is merely tangential to the issues--and which provides free license, in its name, to the State Education Department.

Statement Submitted by Commission Members

Leon M. Goldstein, President
Kingsborough Community College
and
Donald H. Riddle, President
John Jay College of Criminal Justice

We must respectfully disagree with our colleagues on the Commission who support the policy of imposing tuition charges for full-time matriculated undergraduate students at the City University. The Commission report states:

> "...the tuition and fee policies of the State and City Universities should be based upon common criteria with the objective of having tuition charges and income covering a certain percentage of the operating costs of the institutions.
>
> In effect, the Regents and other educational leaders of the State should seek to rationalize a comprehensive system of tuition charges. Such a system can only be developed if, first, leaders decide on what should be an appropriate share of costs to be covered by tuition income. This decision, in turn, should be tied in with targets or formulae for the entire system of cost sharing and, thus, the financing of higher education."

1. Tuition-free undergraduate education for New York City residents at colleges of the City University is a tradition that goes back to 1848. It was established that year following an overwhelmingly affirmative vote by the people of New York City in a special minicipal referendum authorized by act of the State Legislature.

Throughout the history of CUNY and its predecessor municipal colleges, the people of New York City and their elected representatives have defended the tradition of "free tuition". That phrase is somewhat misleading as a university-wide condition, since non-City residents, graduate students, and non-matriculants at CUNY are all required to pay a tuition fee similar to that charged by units of State University.

The logic offered in defense of the tuition-free principle at CUNY includes the following points:

- Higher education is a democratizing force that enhances the quality of life. It should, therefore, be made accessible with minimum impediments to as many residents of our City as is possible.
- Postsecondary education has proven the most effective way out of poverty for wave after wave of poor immigrants who arrive in New York City. A modern metropolis requires knowledge and skills to meet the needs of sophisticated commerce and industry if it is to experience economic prosperity. That manpower resource is best obtained through quality institutions of higher education made readily accessible to a broad spectrum of the population. It is a sound investment for the economically

alert urban community. It is the best device for interrupting the modern inner-city poverty cycle. College educated citizens rarely are listed on welfare rolls.

- No public policy of financing higher education has been as successful in providing widespread accessibility to college as has City University's system of tuition-free open admissions. The college-going rate in New York City is close to 80% among high school graduates, the highest in the nation.
- New York City also faces the problem of holding middle income families in its five boroughs. Tuition-free access for residents is a powerful incentive providing an effective educational and economic magnet for tens of thousands of New York City families.

The proposal to charge tuition is usually followed by the statement that this imposition will be based upon "ability to pay". But this ostensible fiscal progressivism fades into another regressive "user tax" when held up to critical examination. CUNY's student population is not now divided based upon family income. Although the university's student body is predominantly low and lower middle income, there is no economic distinction such as would be created by "non-payees" sitting in class next to those compelled to pay substantial tuitions.

Free tuition at CUNY serves as an integrating force, making the university's campuses vital bridges between New York City's diverse ethnic, racial and economic communities. Today, with CUNY's enrollment providing a fairly accurate reflection of the ethnic and racial makeup of the City's high school graduating class, the free tuition open admissions policy is more important than ever as a guarantee of New York's future. To fracture that tradition by imposing tuition, along with means tests, would place an enormous economic burden upon tens of thousands of New York City families and destroy the significance of City University while effectively frustrating its mission.

2. We also find the recommendation for "tuition equalization" unclear, and probably inconsistent with current State policy. It is for these reasons that we cannot support this proposal.

REPORT OF THE STAFF

TO THE

REGENTS ADVISORY COMMISSION

ON THE FINANCIAL PROBLEMS

OF POSTSECONDARY INSTITUTIONS

I

THE FINANCIAL PROBLEM

The financial troubles which the colleges and universities of the nation have encountered in the past ten years have been amply documented in their own individual annual financial reports, in published studies and in papers delivered at the annual meetings of numerous regional and national higher education associations. The study of a sample of 41 public and private colleges and universities conducted by Earl Cheit and published by the Carnegie Commission on Higher Education in 1971 is well known for its analysis of the nature, depth and sources of current and imminent institutional financial problems [1]*. On the basis of his sample, the Carnegie Commission staff concluded that some 540 institutions were already in financial difficulty in 1970 and that another 1,000 were headed that way.

*Works cited are in the References at the end of the report and appear there in the order in which they are first cited in the text.

In the same year, William Jellema, working for the Association of American Colleges, published a more detailed study of more than 500 colleges and universities in which he indicated that scattered deficits occurred in 1967-68, increased in number and size by 1968-69 and became much more generalized and larger in size by 1969-70. He concluded that the financial situation of private colleges was rapidly deteriorating and that there was little hope for improvement unless significant governmental aid were forthcoming [2]. Cheit updated his study in 1973, largely confirming his earlier findings of financial distress [3].

Jenny and Wynn studied the financial fortunes of 48 private colleges through the "golden years" [4] and also produced a followup at the close of those years [5]. Their detailed analyses of the financial statements and other reports of individual institutions identified the same character, depth and causes of financial distress as did Cheit and Jellema.

In New York State, the Governor and the Regents appointed, in 1967, a Select Committee on the Future of Private and Independent Higher Education in New York State, which published its report entitled <u>New York State and Private Higher Education</u> in January of 1968 [6]. The Committee, chaired by McGeorge Bundy, found that the private higher institutions of the State were facing increasing financial problems and that some form of continuing State assistance was desirable. Their recommendations culminated in the adoption of new legislation providing aid to eligible private colleges and universities on the basis of degrees conferred, now popularly known as Bundy Aid.

In April of 1971, the New York State Education Department published its first report on the financial condition and problems of the State-aided institutions [7]. The Department conducted a second study of the State-aided institutions and published its findings on the condition of the 88 private institutions then receiving State aid in March of 1974 [8]. Both of these reports produced findings and conclusions comparable to those noted above, with the possible exception that the number and proportion of the State's private institutions which were in financial difficulty and the intensity of their financial problems may be greater than those of private institutions generally in the nation.

A brief summary of these issues and problems is in order.

Sources of Financial Problems Since the Mid-1960's

1. Inflation

The unabated national economic inflation since the end of World War II has had a particularly severe impact upon higher educational institutions. Education is a service industry, a labor-intensive activity with little potential for substituting capital for labor and increasing basic productivity (neglecting, for the moment, institutionalized resistance to the adoption of productivity-increasing machinery and techniques which have become available). Typically, 70 to 75 percent of the costs or expenditures of the average college are payments for labor services. While any inflation has its greatest impact upon industries with low potential for productivity increases, the accelerated inflation of the past few years has been especially damaging to the ability of colleges to balance budgets.

Two other industries upon which educational institutions depend heavily have also had sharply increasing prices in recent years, although, ostensibly, for different reasons. The prices of books, journals, and other published materials have increased markedly since the mid-1960's, thus imposing significant burdens upon higher educational institutions (and their students) for the acquisition of these essential stock-in-trade items for their libraries. Secondly, energy costs have doubled, tripled or quadrupled depending upon the relative usage, by each institution, of oil, gas or electricity. These costs, which may not have been an important part of the total operating costs of institutions in the past, have now become such. Overall, higher education costs (or prices of the production factors employed) have risen 50 percent more than have prices generally [9].

2. Plateauing Income

Higher educational institutions have four basic sources of income to support their educational activities and programs (i.e., excluding research and public service): student payments, governmental grants and subsidies, endowment and other property income, and philanthropy in the form of gifts, grants, bequests, etc. Of course, they may also borrow but we presume that debt should not be incurred on a continuing basis to meet current operating expenditures but only to compensate for irregular cash flows. In general, public institutions have either none or very limited endowment funds and, in general, they do not and cannot depend upon such funds for significant contributions to their operations. Among the private institutions, only three of the State's five major universities have endowment funds of sufficient amount to make important contributions to their operating expenditures. Only 15 of the other 130 private institutions have endowment funds in excess of $10 million at book value. It should be noted, in passing, that only endowment available for institutional use can contribute income to the support of institutional operations. That which is restricted for student aid comes into the institution's coffers through the tuition income route and assists the institution only in permitting it to broaden its student admissions and to reduce scholarship grants which otherwise would be unfunded and draw down net cash tuition receipts.

Thus, endowment funds and endowment income are not an important source of income for most institutions. Moreover, new philanthropic contributions to endowment funds generally flow to those older, more prestigious institutions which already have endowments of some size. Between 1969 and 1972, the total endowment funds of the 88 institutions receiving Bundy aid increased by 23 percent in book value. Educational and general expenditures of these same institutions also increased by 23 percent. Hence, it appears that the level of endowment assets kept pace with the growth of expenditures. However, the measure here employed is that of total endowment funds rather than net fund balances. Many institutions made inter-fund borrowings during this period, drawing upon quasi-endowment to meet deficits and debt service requirements. In some cases, the quasi-endowments were simply permanently reduced; in others, the amounts taken from those funds were acknowledged as a receivable for the endowment and a payable by the current or other funds. The intricacies of these financial and accounting rearrangements cannot and need not be explained here. The point is that many institutions have reduced the free endowment funds available for investments and the production of earnings and the overall earning capacity of such funds for the private institutions in New York has not kept pace with rising budgets.

While the 1960's produced both growth of funds and growth of income (again, of importance to only some 20 institutions), the securities and financial markets in the past several years have sharply reduced the market values of endowment assets. The current and prospective financial outlook is not salutary. Annual receipts of gifts from alumni, friends, foundations, etc., have increased year by year but have not kept pace with the rise of institutional expenditures. These sources, too, have been of some significance only to a small number of the large, older and prestigious institutions. In recent years, this source has tended to level off in absolute terms, thus contributing a smaller proportion to the increasing budgets.

The Federal government has yet to implement the direct institutional aid provisions of the Education Amendments of 1972. The administration's current budget, moreover, makes no allocation for this purpose. In New York State, fortunately, the Legislature's adoption of the recommendation of the Governor and the Regents for direct institutional aid has given the now 90 eligible private institutions funds averaging 5 to 6 percent of educational and general income. The grants initiated in 1969 amounted to that ratio but were eroded as costs continued to climb through 1973. In the latter year, the Legislature approved an increase in the formula averaging about 60 percent, restoring the ratio of State aid to operating outlays. But, inflation continues and the relative contribution of these funds continues to fall.

The public institutions of the State obviously receive the bulk of their operating funds from State tax receipts and those of local governments, New York City in the case of the City University and the various counties in the case of the community colleges. But all of these governmental units and sectors have had other highly important public purposes claiming taxpayer funds. The State held the budget of the State University almost constant for the 1971-72 years and the University turned to students with an increase in tuition rates. The financial needs and problems of the City of New York, much publicized this past year, hardly need further elucidation in this document. It should suffice to say that the City fathers will have to take a hard look at the financial arrangements for the City University along with those of all other agencies of the City.

The financial status of the State's 38 community colleges (30 upstate and 8 under the sponsorship of the Board of Higher Education of the City of New York) is highly differentiated. The original intent, implemented in Education Law, was to have a tri-partite sharing of the operating costs of these institutions, with approximately one-third of the funds coming from student tuition payments, one-third from the local county sponsors and one-third from the State. The community colleges vary greatly in size, scope and diversity of programs, fiscal capacity and effort of local sponsors and the relative contribution of State funds. Some of them are healthy going concerns with large enrollments and strong student demand for programs. Others are so small in enrollment and demand as to be well below the minimum size needed to achieve a satisfactory level of efficiency and economy in their operation. Here too, some local governmental sponsors are much less able than others to support their institutions. Some are poorly located in areas of low population density. The community college sector as a whole and the individual institutions have been under study for several years. We can only briefly allude to the problems besetting these institutions and to the need for revisions in financing arrangements.

This brings us to the last source of funds for the support of higher education and, for private institutions, the largest source: student tuition payments. The picture is indeed a mixed one with considerable diversity among private institutions, between and among the three public sectors and between the public and the private sectors. It has been noted that the community colleges tap students for approximately one-third of their operating budgets, but the range of tuition charges is considerable. The State University levies tuition charges nominally approximating one-quarter to one-third of the annual operating costs per student enrolled but these funds are earmarked for the "income funds" of the University as a whole, two-thirds of which are allocated toward debt service requirements. The remaining one-third contributes to the operating budget of the University but amounts to only about 10 percent of that budget. The City University of New York charges no tuition to its full-time matriculated undergraduate students. It does charge various levels of tuition to part-time undergraduate students and full and part-time graduate students. Obviously, then, policy and practice on tuition charges vary greatly in the public sector, the income from such charges contributes quite differentially to the operating expenditures of the various institutions and the entire "system" and process would appear quite confusing to the outsider.

In the private sector, the picture is much more clear and sharply focused: private institutions draw upon tuition receipts as their major source of income and have, perforce, raised these charges year by year to meet the great part of budgetary increments. Tuition income provides almost 60 percent of total educational and general income of the major private universities of the State. In general, the smaller the endowment base of the institution, the larger, proportionately, is the contribution of tuition receipts. While tuition provides between 45 and 55 percent of the educational income of Columbia, Cornell and Rochester, it provides between 75 and 85 percent of such income for Syracuse and New York Universities. But for the other 130 private colleges and universities of the State, tuition receipts provide between 75 and 100 percent of educational and general income (such income by definition excludes income from the operation of auxiliary enterprises: residence halls, food services and facilities, student unions, book stores, etc., and student aid income). The 20 "large colleges" receiving Bundy aid tap tuition receipts for 81 percent of educational income (virtually all data on the private institutions here and throughout the report are cited from the Education Department reports of 1971 and 1974). The range of such tuition contributions for these colleges was 68 percent to 92 percent, with the lower percentages generally applicable to the wealthier institutions and the higher to the less well endowed colleges.

Tuition receipts represent 75 percent of the educational income of the 25 small colleges receiving State aid. Independent law schools draw 95 percent of their funds from this source. Engineering and technical colleges tap tuition for 70 percent of their needs. Two-year colleges depend upon tuition for almost 90 percent of their educational funds.

There is little doubt that the student bears most of the cost of the educational services provided to him by the private institutions. He has borne most of the cost increases by paying tuition rates which have been increased, on the average, by 7 to 8 percent per year since 1966. In order to recruit and retain students confronted by tuition charges now averaging more than $2,500 per year, the private institutions have had to forgive tuition or grant scholarship aid in increasing amounts and proportions of tuition levied. It is well known that Federal student aid has been available only to the lowest income students, virtually those at the poverty level, and that State student aid programs have, until the adoption of new formulae and levels in 1974, been only nominal in amount and much more helpful to students attending public institutions than those attending private institutions. For all

State-aided institutions, unfunded student aid (or tuition forgiveness), rose from 7.8 percent of tuition income in 1966-67 to almost 9 percent in 1969-70 and to 10 percent in 1972-73. This means that some 10 percent of the tuition receipts which institutions report as income is not, in fact, collected at all. Again, only a very few institutions have any substantial amount of endowed scholarship funds or receive, annually, very much in the form of gifts and grants for student aid purposes. Considerably more than half of all scholarship aid granted by the private institutions represents a reduction of tuition receipts or a burden upon general revenues from other sources. In 1966-67, 57 percent of all student aid granted by the State-aided institutions was unfunded; the proportion increased to more than 62 percent by 1972-73.

There is little doubt that the high and sharply rising tuition rates of the private institutions have presented a formidable barrier to the enrollment of students in these institutions. It is well documented that existing publicly funded student aid programs and the efforts of the institutions themselves have been insufficient to reduce this barrier by very much. Nor is the barrier significant only for the low and middle-income students; many upper-income families see no logic in paying tuition charges of $2,500 to $3,000 per year plus, for the resident student, additional charges for room and board bringing the total outlay to almost $5,000 per year, as long as there are lower cost alternatives. Yet, there is one final anomaly which must be noted. While tuition income (in accounting terms, the full tuition billed to students) has remained constant between 1969-70 and 1972-73 in ratio to total educational income, at approximately 68 percent of that income for all State-aided institutions, the increasing amounts and proportions of unfunded student aid and the sharply rising institutional expenditures have resulted in net cash tuition receipts contributing a smaller proportion to educational expenditures. The ratio of net cash tuition income to such expenditures fell from 71 percent in 1969-70 to 61 percent in 1972-73. Thus, educational expenditures are not only outrunning those sources of income which have remained constant or increased only modestly but also that principal source of income upon which most private institutions rely. Conceding that this finding might be puzzling to the reader, we restate it: tuition charges to students have been increased, tuition income has risen, the costs of producing educational services have risen faster than both and, finally, enrollments of students (the tuition payers) in private institutions have already plateaued, have decreased in many institutions, and, in one recent year, have decreased in total. In effect, the private institutions appear to be fighting a losing battle.

Yet, one cannot make a general statement on the financial and educational health of all the private colleges and universities. The 135 institutions in the State's private sector differ widely in their attributes of age, location, size, wealth, and range and quality of programs. Differences in these attributes bear strongly on their patterns of income and expenditures which have been painted in broad brush in the foregoing section. We shall comment in greater detail on these differential aspects of the institutions and the consequent differences in financial condition and prospects for stability and survival in a later section of this report.

Facilities Growth and Debt

Attention, thus far, has been directed to the current operating aspects of New York's colleges and universities: levels and trends of current expenditures and sources of income. Certainly, much of the total financial problem confronting these institutions, public and private, is attributable to the great and rapid growth of the entire "higher education industry" of the State in the past 15 years. As is true of other industries faced with constantly rising demand, growing numbers of customers and, to continue the analogy, a "sellers market", the higher education industry of the State has grown by the expansion of its preexisting institutions (enterprises) and by the entry into the industry of a large number of new, additional institutions. Other aspects and implications of that growth and development will be covered early on. Here we concern ourselves with the growth in physical facilities and the growth of concomitant debt. Two-thirds of the physical facilities now owned and operated by the State's colleges and universities have been constructed since 1946 (Table I)* The State University of New York, including the community colleges under its aegis, had, in 1972, 56 million gross square feet of physical facilities valued at $2.1 billion. Eighty-five percent of these facilities have been constructed since 1946. Considerable construction is still in progress with facilities estimated to require $770 million of funds planned for construction prior to 1980.

The City University of New York has only in recent years begun its major construction programs. It has only some 13 million gross square feet of facilities valued at less than one-half

*All tables appear in the Appendix.

billion dollars, with less than half of them having been constructed since 1946. The facilities needs of the University are admittedly great, given the growth of the institution's enrollments and program commitments and the inadequacy of many of the facilities now in use.

The private institutions have 100 million gross square feet of space, valued at almost $3 billion, 60 percent of which has been constructed since 1946.

In all, it is estimated that these facilities are sufficient to accommodate about one million full-time equivalent students. The house has, indeed, grown with its family but its operation and maintenance require large outlays of funds and the payments of interest and amortization of long-term debt impose heavy burdens upon institutions and taxpayers. While two-thirds of all these facilities have been constructed since 1946, it must also be noted that more than 40 percent of the construction occurred during the decade of 1962-72.

The largest single source of funds for this construction has been the Dormitory Authority of the State of New York. Established in 1944 to provide residential facilities for the State University, the Authority has expanded into all types of facilities for private institutions, the City University and the community colleges. The Authority has participated in over $2 billion worth of college and university construction through 1974 (Table II). In the 30-year period 1944-74, the Authority issued bonds and notes for the construction of facilities of the private colleges in the amount of $700 million. State and City Universities each have incurred Dormitory Authority debt exceeding one-half billion dollars and the community colleges of the State incurred Authority debt of almost $250 million. At the present time, the total indebtedness of these public and private institutions to the Authority is $1.6 billion. Technically, the Dormitory Authority owns the facilities until its bonds are retired. The institutions "lease" the facilities and make annual payments of rent and interest which are used to retire the Authority's bond issues.

Beyond this single source of financing, State, county and city direct appropriations from tax revenues have provided another "undetermined" dollar amount for public campuses. The New York State Housing Finance Agency has issued bonds and notes totaling $1.2 billion for State University construction. At the present time, State University debt service requirements exceed $135 million per year, an amount greater by $20 million than the total tuition income of all its institutions.

The Federal Higher Education Facilities Act of 1963 has made possible grants totaling $172 million and loans of almost $60 million to the public and private colleges of the State for total construction projects valued at $690 million.

The Federal Housing and Urban Development Agency has also provided a substantial amount of loans for residential buildings.

The private institutions have raised the necessary additional funds for their new facilities through private borrowings, philanthropic sources and transfers from endowments.

In 1973, the long-term debt borne by the 88 State-aided private institutions came to $937 million. The annual requirement for service on this debt was $67 million. While there are great differences in the relative burden of debt among the institutions, the overall burden of debt on academic and administrative buildings comes to approximately 3.5 percent of educational and general income. The debt service on auxiliary facilities requires 22 percent of auxiliary income (SED, 1974). In total, these requirements for debt service would appear to be manageable, provided all institutions maintain enrollments and income levels, keep their dormitories filled near to capacity and have students consume many of their meals in campus dining halls. But the interest and principal of these debts are not payable by the institutions as a group and the public and private lending agencies cannot collect from the collective private sector. Debt service is a fixed charge, recurring year after year, and it must be met by each and every individual college and university. For a large number of institutions, the debt service is the most immediate and pressing obligation in both size and inevitability. As institutions encounter financial difficulties, these fixed debt obligations may force them into bankruptcy and receivership. But the repercussions of such events are not restricted to the colleges alone; the lending institutions, such as the Dormitory Authority, are also faced with formidable problems as institutions default and bond holders are left holding only their bond certificates.

Research, Public Service and Other Institutional Commitments

We have concerned ourselves, thus far, with those categories of expenditures and sources of income directly pertinent to the instructional missions and programs of the institutions. But beyond the delivery of educational services to students, dissemination of knowledge, colleges and universities also have the mission and obligation to discover and create new knowledge, preserve knowledge and provide services to their broader communities and governments, i.e., to conduct research and to publish its findings, to maintain and develop libraries and other storehouses of information and to conduct certain specialized programs for various groups of the citizenry and for governmental agencies. While many smaller colleges and their faculties and other staff have these commitments, they comprise a significant part of the activities of major universities, engineering and technical schools, medical schools and other specialized or professional education institutions. The funding of research by philanthropic foundations and agencies of the Federal government has been a major source of income for these institutions for the past 15 years and has been the source and stimulus for a large part of the construction of new facilities, purchase of equipment, growth of library capacity and holdings and employment of faculty and adjunct staff. For some of the larger universities and specialized institutions, research support contributes a very significant percentage of operating funds, in a few cases, one-half or more of such funds. Hence, the ebb and flow of the levels or sources of such funds have a sizeable impact upon the fiscal soundness and stability of these institutions. While not neglecting or denigrating the relevance of this problem for the major institutions, we are, here, primarily concerned with the financial condition and prospects of institutions in general and with those financial quantities and relationships pertinent to the basic educational mission of the institutions. The research-weighted and oriented institutions obviously must engage in very careful continuous planning so as to have the operational flexibility required to make adjustments as research funding changes level and direction. Our perceptions indicate that it is unlikely that the New York State government (or other state governments) will subsidize research activities, the continued operation of specialized facilities and the employment of faculty researchers as the levels of foundation and Federal governmental research support fall. Few, if any, states will substitute state taxpayer funds for foundation or Federal funding of research or public service activities; the general view is that, if these agencies look upon certain of these activities as having lower priority over time, they should not be sustained by governmental units less able to sustain them and with other high public purpose priorities requiring attention. Therefore, we only comment on the issue, for the sake of completeness of coverage, and leave it to other groups, primarily the institutions themselves, to address themselves to it.

Conclusions on the Financial Problem

There is little doubt that the colleges and universities of New York State and the nation have been caught in a treacherous cost-income squeeze for at least the past ten years and one which has become accentuated in recent years. While not necessarily more acute, it is a more intractable problem for the private institutions than for the public. It has been affecting the financial viability of the less well endowed, private general colleges and two-year institutions more than those, probably, which have significant endowment bases and the advantages of age, tradition, prestige, and location. It is well known that one major university and one engineering institute have had and continue to have major problems in resolving financial crises.

Given the size of the total higher education enterprise in New York State, the large number of private and public institutions, and the differences among these institutions, one cannot generalize. The financial situation and emerging problem of each individual institution must be studied and evaluated as an individual case.

Along with those internal and external conditions and events which have affected the financial stability of higher educational institutions for some years, and which continue to have their impact, the institutions are now confronted with what some have labeled a "new condition". This condition is the current and continuing slowdown in the rate of growth of enrollments and the prospective decline in the numbers of enrolled students after 1980. It is to this topic to which we now turn.

II

POPULATION AND ENROLLMENT TRENDS AND PROSPECTS

Trends and Prospects for the Nation as a Whole

In recent years and months, a number of study groups, higher educational research specialists and Federal and state demographers have been pointing to the falling rate of growth of enrollments in colleges and universities, have been projecting a continuing fall in that growth rate through 1980 and, more important, a decline in the absolute level of enrollments through the 1980's and, possibly, through 1995. Perhaps the most valuable and useful of these studies is that recently published by the Carnegie Foundation for the Advancement of Teaching, with the title More Than Survival [10]. The volume is useful in that it summarizes the findings of most of the researchers, including the Foundation's own, and, in highly concise and condensed terms, sets forth the differential nature of the prospective enrollment decline, its implications for individual institutions, public and private sectors, and various types of institutions, identifies the types of financial and other distress which will afflict the higher education community and suggests various strategies and tactics which may be employed by both individual institutions and public policy makers to adjust to changing conditions and to ameliorate or remedy the problems which will emerge. We refer the reader to that study for the national picture of these issues, as well as for the proposals for institutional and public policy with which we concur and which we commend to the Regents and other policy makers in New York State.

The data and analysis of the first section of this staff report may have convinced the reader that there is no deep or intricate mystery to the financial problems of institutions; nor is there, we believe, to the trends in higher educational enrollments in the country and New York State. Basically, it is simply a demographic phenomenon. Population growth has been slowing down in the United States since the founding of the nation. While growth per decade and per year remained remarkably constant at about 33 percent and 3 percent, respectively, during the first 70 years of the nation's development (or since the first census was taken in 1790), it fell sharply during the Civil War decade and has generally been lower than average during depression and war years (Table III). The depression decade of the 1930's saw the lowest birth rate and population growth rate in the nation's history. This pattern continued through the five years of World War II. The baby boom of the immediate post-war years produced large numbers of college-age students of the decade of the 1960's and, along with other causes and stimuli brought the high and increasing levels of college enrollments of that decade.

Surely, it was not to continue forever. The nation's population grew by 4.5 million fewer persons in the decade of the 60's than in that of the 50's. The arrival of the "pill", changing individual and social values, attitudes and behavior, especially with respect to marriage, the family, parents without partners, partners without children, the pall of the atomic bomb and imminent demise for all--all of these and other factors have brought a sharp decline in fertility and birth rates. Demographers now project a falling rate of population growth through the year 2000 with the annual growth rate falling to less than 1 percent during the 1970's, lower again during the 1980's and, possibly as low as .7 percent in the 1990's. Of immediate relevance is the fall in the birth rate which has occurred during the late 60's and early 70's and, more specifically, the impact which these lower birth rates will have upon the age distribution of the population, and, particularly, the size and change in size of the traditional college age population.

Population Trends in the United States and New York State

Of more specific and particular concern to the Regents are the past, current and prospective population trends in New York State, how they differ from those of the rest of the nation as a whole and how these trends and differences will influence the potential college enrollments in the State. Since 1950--and perhaps earlier--we go back no further,- population growth has been substantially lower in New York State than for the nation as a whole and, necessarily, for the nation exclusive of New York State (Table IV). The reasons are, perhaps, historically self-evident. A region and its population grow and develop to some level of maturity. New York is an eastern seaboard state, one of the original thirteen states, the entry point for most of the immigration from Europe; it began early and the major part of its industrial, commercial, financial and population growth occurred in the nineteenth and the first half of the twentieth centuries. The slowdown in its population growth may be attributable to this early maturation but, in the past two decades, it may also be attributable to such factors as its economic and meteorological climate, the attractiveness and opportunities of other states and regions and the general increased mobility of the nation's population. While the population of the rest of the nation increased by 19 percent during the 1950's, that of New York rose by only 13 percent or about 30 percent more slowly. As the nation's total population grew more slowly during the 1960's, by less than 14 percent, the growth rate in New York was less than 9 percent. In the past four years, the population of New York has been growing at only one-third the rate of the rest of the country.

For the entire decade of the 1970's, the rest of the nation is projected to grow in population by about 10 percent; but New York's population will grow by less than half that rate. In the decade of the 80's, the rest of the nation's population is expected to grow by slightly more than 10 percent with New York's population growing by about 6.8 percent (Table V).

Changing population growth rates also produce significant changes in the age distribution of the population. The 15-24 year age group, that from which the traditional college enrollments is drawn, will grow more in size in New York than the rest of the nation during the decade of the 70's (18.3 percent versus 12.8 percent); but then, in the 1980's, it will decrease in size more rapidly than will that of the rest of the nation, with a fall of 17.6 percent versus 14.8 percent.

If these differences between New York State and the rest of the nation were small or statistically insignificant, given the fact that they are, after all, projections and forecasts, they would have little relevance for the concerns of the Regents Commission and, indeed, would not require planners in New York to consider trends much different from those which have already been predicted for the nation as a whole. But the differences are large and significant and, along with other current and prospective conditions in and attributes of New York, make New York's higher educational financial and enrollment problems substantially different from and more acute than those of other states and the nation at large.

The Special Case of New York

Higher education issues and problems in New York State differ from those in other states because of three factors: the size of the enterprise, the public-private mix and population trends.

The last of these three factors has been, we hope, adequately identified and explicated in the foregoing section. We turn now to the other two.

New York State has some 220 degree-granting colleges and universities (the count varies slightly depending upon the identification and classification of independently chartered versus affiliated institutions). Private colleges and universities dominated the scene until the early 1960's. Obviously, the absence of a comprehensive state university system both permitted and stimulated the founding and growth of private colleges. The State has 138 private higher institutions ranging from the small two-year junior college to the major comprehensive university (Table VI). The growth of the State University of New York over the past 15 years is certainly the most dramatic that has ever occurred in any state system. In all, the State University has under its aegis 72 institutions, including 28 offering programs leading to the baccalaureate and higher degrees, 6 two-year agricultural and technical institutes and 38 community colleges. This large and complex system is hardly to be compared with the structure of the State's public higher education component of the late 1940's.

The City University of New York has grown from 4 colleges in the 1930's to 11 senior institutions today* and its growth has brought about a new and significant presence of public institutions in the metropolis.

The growth and development of the public sector has been the major factor in a doubling of the higher education capacity of the State over the past 20 years and it has also brought about dramatic changes in the distribution of student enrollments. In the Fall of 1974, the public and private institutions of the State enrolled 502 thousand full-time undergraduate students. This number was supplemented by an additional 233 thousand part-time undergraduates. Full-time graduate and professional degree students exceeded 60 thousand and part-time students at these levels numbered almost 126 thousand. Thus, the total number of students in attendance at the public and private higher institutions of the State is about 922 thousand (Table VII). While private institutions were dominant until the post-World War II period, they now enroll only 35 percent of the full-time undergraduates. The various institutions of the State University are now enrolling a proportion approaching 40 percent of such students and those of the City University of New York enroll about 25 percent.

*Legislation adopted in 1975 incorporates the eight community colleges located in the City into the City University of New York, thus bringing the system to 19 institutions.

The private institutions continue to enroll about two-thirds of graduate and professional students.

While the State's population is about 8.5 percent of that of the nation, its institutions of higher education enroll 10 percent or more of the country's students--depending partly, again, on how one counts such students.

We have earlier commented on the growth of physical facilities and the total investment in such facilities, exceeding $5 billion.

Annual expenditures for all purposes by the private institutions now exceed $1.5 billion per year. The aggregate budgets of the State University, counting funds from all sources, exceed $800 million; those of the City University of New York are approaching one-half billion dollars. State appropriations for all higher education purposes (including a large part of the budgets here noted) exceeded $1 billion for the first time two years ago and now are at the level of $1.2 billion per year. Hence, in all, the State's higher education enterprise accounts for about $3 billion of annual expenditures. It is a massive undertaking, important not only to those who serve in it and those it serves, but to the economy of the entire State.

Past and Prospective Trends in Levels and Distribution of Enrollments

In discussing the size of the higher educational system of Ne York State, we have also alluded briefly to its composition and structure. The latter aspects of the system, composition and structure, and the changes which have occurred, are most important to any evaluation of the current and prospective enrollment and financial problems of the State's institutions. While the distribution of control, facilities and faculty are basic elements of structure, it is most readily made evident by the growth in levels and changes in distribution of enrollments.

Total headcount enrollments in the State's colleges and universities of 382 thousand in 1960 increased by almost 50 percent to 569 thousand in 1965 and rose by another 34 percent between 1965 and 1970 to a level of 764 thousand (Table VIII). We have seen that those enrollments reached a level of 922 thousand in the Fall of 1974 (Table VI), a further increase, in the latest four-year period, of 21 percent. All sectors, public and private, and almost every individual institution grew during the decade of the 1960's, but so also did most systems and institutions throughout the country. More interesting and more pertinent to New York's case was the change in distribution of enrollments.

Private institutions grew by about one-third during the decade; enrollments in the senior institutions of the State University almost tripled; those in the rapidly developing community colleges under the supervision of State University grew by four-fold; finally, the colleges of the City University of New York more than doubled their enrollments.

The pattern of development has continued through the current year. In the past four years, enrollments of State University institutions, including the community colleges, have risen by almost 28 percent, those of the City University by 30 percent and those of the private institutions by an additional 10 percent.

The differential growth of the sectors has obviously produced marked changes in the relative shares of the sectors. While State University institutions enrolled about 22 percent of all students in 1960, they now enroll twice that percentage. The share of City University, excluding the eight community colleges under its jurisdiction, rose only slightly from 16 to 18 percent of the total--although total growth, as we have noted, was substantial. The relative share of the private institutions has fallen from 62 percent in 1960 to 37 percent today.

We should make emphatically clear at this point that nothing pejorative or invidious is intended by these comparisons and analyses. They are simply the facts and the causes for these changes are well known and well justified by the needs of the State and the goals of its educational leaders. It is manifest that total enrollments in the State would not and could not have grown as they did unless access to higher education was made much greater than existed at the end of World War II. Indeed, one could hold that it was the shame of the Empire State that it lacked a comprehensive public higher educational system, while other states much poorer in resources and fiscal capacity had developed such systems decades earlier.

The public community colleges, by number, mission and location, have been of major importance in opening access and opportunity for higher education for young people (and many older) of the State. We note that their enrollments, combined with those of the two-year agricultural and technical institutes, exceed those of the senior institutions of the State University. The same points apply to the growth of the City University of New York. The private institutions have continued to grow and their expansion, not only in enrollments, but in facilities and total resources has been described earlier. In summary, New York State could not have shared in the massive growth of higher educational enrollments which the nation experienced during the 1960's without the expansion and development of its public institutions. While some additional numbers of high school graduates who could not have found access in New York would have attended institutions out of State, it is quite probable that a far greater number of such potential students would simply not have attended college.

But the growth in size and the change in structure of New York's higher educational system requires careful, detailed and continuous planning. The Regents well know this and have stated it in their goal to maintain and strengthen a comprehensive system of postsecondary education.

Trends and Projections of Undergraduate Enrollments

At the risk of repetition but to avoid the risk of losing track of one of the principal purposes of this review and analysis, we now reemphasize that the bogey that plagues the prognosticators is the prospective decline in the numbers of full-time undergraduate students in the 1980's. Whatever one can say about the enrollment of other students and other compensating developments and strategies in secondary and higher education, it appears highly likely that there will be a marked decrease in the population of 15-24 year olds, in the number of high school graduates and in the number of students enrolling as full-time undergraduates. Thus, the largest student group, those who provide the basic reason for being of most colleges, those who support and justify the employment of full-time faculty and staff and the operation of facilities throughout the conventional daytime hours and throughout the traditional academic year,--will be significantly smaller. To recapitulate further, for reasons and evidence already cited, this development is likely to have greater impact on the higher education institutions of New York State than it will for those in other states and the nation at large.

We have already seen the pattern of change in level and distribution of total enrollments in the State's institutions during the decade of the 1960's: enrollments of full and part-time students at all degree levels. The pattern of development of full-time undergraduate enrollments is similar but a review of it is central to our concerns. While full-time undergraduate enrollments, State-wide, doubled between 1963 and 1973, the distribution of students between the public and private sectors changed greatly (Table IX). The State University enrolled

27 percent of such students in 1963; the ratio increased to 39 percent by 1973. By far the largest part of this change occurred through the growth of the community colleges. While the senior institutions of SUNY more than doubled their enrollments, the two-year colleges increased theirs by three-fold (Table X).

City University experienced comparable growth, full-time undergraduates almost doubling in number with enrollments in the eight City community colleges increasing by more than 450 percent.

Enrollments in the private institutions increased by 38 thousand or 29 percent.

The City University of New York increased its share of the total from 18.5 percent to 26.1 percent. The much lower absolute total growth in the private sector resulted in its share of enrollments dropping from 55 percent to 35 percent.

Germane to our perception of the future is a review of enrollment growth trends in the recent past. Enrollment continued to grow at an increasing rate through 1970, peaking at 9.7 percent in 1969-70 over the previous year (Table XI). The growth rate fell to 6.3 percent the following year and to a low of 1.3 percent in 1971-72. It has since risen somewhat but the 3.8 percent growth between 1972 and 1973 is well below the average growth rate of the 1960's.

The distribution of growth between sectors is highly pertinent. While the public institutions continued their growth through the current year, private institutions have had a mixed record, year by year, with the overall growth since 1967 being negligible. These institutions have experienced decreases in enrollments in 5 of the 7 years. Their enrollments have recovered somewhat, increasing by 4 percent in the Fall of 1974 over that of 1973.

If projections become plans and plans become realized, the pattern in the future will appear as shown in Table IX. State University will continue to grow in full-time undergraduate enrollments through 1980 with its share of such enrollments rising to 43 percent of the total. Enrollments in the institutions of the City University are expected to fall by some 13 percent by 1980 with the share falling to 22.4 percent. Although enrollments in private institutions may increase a little over the next few years, they are expected to be at about the same level in 1980 as in 1973, with the relative share of enrollment also remaining at about 35 percent. One may presume that the State University will have reached maturity and accomplished its basic enrollment and facilities goals by 1980. Hence, the relative shares of enrollments of the three sectors are not expected to change by very much in the decade of the 1980's as total enrollments decline. The projections made by the State Education Department show a decrease in full-time undergraduate enrollments of 23.6 percent between 1980 and 1990. The fact that the Department projects little relative change in shares would indicate that it assumes that the pattern of 1980 will continue through the subsequent decade and that all sectors will share relatively equally in the decline. That result, of course, depends very much upon public policy.

Part-time undergraduate enrollments also increased substantially between 1963 and 1973 and in these, the relative shares changed even more than did those for full-time enrollments. We shall make little comment on these enrollments, leaving it to the reader to peruse Table XII. We do point out that the community colleges, both upstate and in New York City, experienced tremendous growth in such enrollments and enroll the vast majority of these students. During the 10 years, the private institutions saw an absolute decrease of 15 percent in the enrollment of part-time undergraduates, an experience quite against the trend of the times. Apparently, if increases in part-time enrollments are to be one of the compensating factors for declining full-time enrollments in the future, the private institutions must reverse the trend of these past years. Here, again, their success will be influenced by public policy-particularly that concerned with public financial aid to part-time students.

Graduate and Professional Enrollments

When the grounds keeper at Oxford University was asked how he kept the lawns so lush and beautiful, he replied, "Well--first, you start a hundred years ago". This also explains, in large part, the fact that the private colleges and universities of New York continue to enroll two-thirds of the graduate and professional education students. Although the State University has increased its enrollment of such students from about 4 thousand in 1963 to more than 14 thousand in 1973, it now enrolls only one-quarter of the total. Graduate and professional education was not a major mission of the city colleges of New York and only in recent years have these enrollments increased to the level of about 5 thousand students (Table XIII).

The major private universities, a few smaller universities and large colleges, and a number of specialized institutions have built up, over 100 years and more, the facilities, libraries and faculties to offer programs for advanced degrees and professional degrees. It is likely that they will continue to hold a dominant position in these fields.

Although the numbers of students engaged in graduate education are substantially smaller than in undergraduate pursuits, advanced education programs and enrollments will continue to be highly important to the sustenance and maintenance of those institutions which have long conducted them. Contrary to the projected trends in undergraduate enrollments, it is anticipated that the numbers of students pursuing graduate and professional degrees will continue to grow in the years immediately ahead and maintain relative stability through the 1980's.

Projected Enrollments for 1980 and 1990: A Closer View

The points have been made, if not over-made, that population growth in the United States and in New York State is slowing down, that those growth rates will continue to decline for the next 20 years, that the traditional college-age population is following the same pattern, that there will be fewer high school graduates in the years ahead, and that full-time undergraduate enrollments will increase only modestly between 1975 and 1980 and decline sharply through 1990. We take, now, a closer look at the projections for New York State and the implications of those projections for various groups of higher educational institutions.

Studies conducted by the State Education Department indicate that the number of high school graduates will be at about the same level in 1980 as in 1973 (Table XIV). That number will then decrease through most years of the 1980's and reach a level of only 167 thousand by 1990. This level will be equal to that of the 1960 high school graduating class, a decrease in the ten-year period of 31 percent. Assuming that the college-going rate will remain at the present level, this will mean that the number of full-time freshmen enrolling in the State's institutions in 1980 will also be at about the 1973 level, if not slightly lower. By 1990, the freshman class will drop below 100 thousand students, a 31 percent fall from the levels of 1973 and 1980.

Changes in the level of total full-time undergraduate enrollments will, of course, occur more slowly as each entering class changes in size. The total of such enrollments will continue to increase with the 1980 level being a bit more than

2 percent above the 1973 level. The public institutions will grow by almost 4 percent but the private institutions are expected to only maintain current enrollment levels, possibly having slightly lower levels. By 1990, institutions will enroll about 23 percent fewer students than in 1980.

It is anticipated that part-time undergraduate enrollments will continue to grow, by about 16 percent through 1980 and by an additional 4 percent over the following ten-year period. Graduate and professional enrollments are also expected to grow by some 18 percent between 1973 and 1980 and by an additional 7.5 percent between 1980 and 1990. The latter ten-year period, however, may see a decrease of as much as 6 percent in full-time graduate and professional enrollments, with part-time enrollments growing by as much as 14 percent.

The Education Department has also made projections for each of almost 200 public and private institutions and has classified them by the level of expected enrollment decline between 1973 and 1990 (Table XV). An analysis of these projections and their implications for institutional and public policy has been prepared by Dr. T. Edward Hollander, Deputy Commissioner for Higher and Professional Education of the State Education Department. He presented his paper to the Executive Committee of the Association of Colleges and Universities of the State of New York in June of 1974 [11]. Again, we refer our readers to that primary source, but shall comment briefly on the findings of the Department's studies.

Although the average or total decline in full-time undergraduate enrollments is expected to be about 23 percent, there will obviously be marked variances from this average rate for individual institutions. It is projected that 27 institutions will be confronted by enrollment declines of 40 percent or more by 1990. Private institutions, 21 of them, comprise the bulk of this category. Forty-three institutions may see enrollment declines between 30 and 40 percent and an additional 45 institutions, declines of 20 to 30 percent. Hence, well over half of all the individual institutions will have enrollment declines exceeding the average rate of 23 percent.

Enrollment decreases of 10 to 20 percent will be experienced by 31 institutions. Finally, an estimated 44 institutions will have only modest decreases of 10 percent or less and a few of them, the older, more prestigious and attractive institutions, will maintain enrollments or grow moderately.

Private institutions will comprise the majority of those sustaining enrollment decreases and these numbers will also comprise a larger percentage of the institutions in the private sector than will obtain in the public sector. While 28 of the 44 institutions expected to have modest or no decreases in enrollment are private, this number represents only about 25 percent of the total for which projections have been made. bout one-half of the senior institutions of the State University are expected to maintain enrollments or to grow somewhat.

Tables XVI through XX present a detailed breakdown of the prospective enrollment declines by percentage of decline and by categories of public and private institutions. In consideration for the spate of statistics with which he has already been assaulted, we shall not subject the reader to a further detailed commentary. He is invited to review these tables for further enlightenment. Nonetheless, a few points should be made. Our question is: How many of those institutions which are facing significant enrollment declines have already experienced decreases and, therefore, have shown vulnerability to decreases in the total enrollment pool? Since the public institutions are not totally subject to the free choices of student applicants but have their individual enrollments controlled somewhat by central authority, we deem it inappropriate to evaluate their individual enrollment patterns. Hence, we confine ourselves to the private sector.

Of the 14 private institutions (excluding seminaries) facing enrollment declines of 40 percent or more, 3 have already had decreases in enrollments since 1966 of 25 to 50 percent. An additional 8 have had decreases since 1969 ranging from 5 to 30 percent.

Four of the 26 private colleges in category II have had enrollment decreases of 8 to 24 percent since 1966. Another 11 of these institutions have had decreases, since 1969, of 5 to 60 percent in undergraduate enrollments.

Of the 28 institutions for which enrollment declines of 20 to 30 percent are projected, 3 have seen falls in enrollment of 4 to 25 percent since 1966 and 13 have had decreases ranging up to 35 percent since 1969.

Of the 8 private institutions which must anticipate enrollment decreases of 10 to 20 percent by 1990, 2 have had losses of 8 and 24 percent since 1966 and 3 others have had losses between 10 and 20 percent since 1969.

Finally, of the 28 private institutions which can anticipate relative stability, only 3 have had modest decreases since 1969.

As might be expected, a large number of those institutions which have already suffered enrollment losses are small in total enrollment and range of programs, have little prestige of a statewide or national nature, have little endowment funds and, in all, are vulnerable to decreases in the number of potential students and to changes in student choices. A few of them are located in rural areas and others in regions which have had little economic growth, stable or declining population and a new presence of public community colleges. One other factor may be significant: 35 of the institutions in the first four categories, facing enrollment declines of 10 percent or more, were either founded, received their initial degree powers or moved to baccalaureate level degree programs since 1950. Most of these, in fact, have moved to this status since 1960 and, perhaps, while sustaining themselves through the enrollment boom of the 1960's, have found it much more difficult to do so in recent years. With some exceptions, admittedly, most of them are unlikely to be able to maintain enrollments in the future and the projections made for them probably have more validity and certainty than those for other institutions.

Another aspect of this picture should be emphasized: we have been counting the number of institutions facing enrollment decline; equally, if not more, important is the number of students which these institutions enroll and the ratio of such number to total or sectoral enrollments. It must be acknowledged that a high proportion of the institutions are small in size. At the same time, the Regents have chartered these institutions and, along with institutional trustees, must acknowledge responsibility for their existence and for what happens to them, to their faculties and staffs and to their students.

We come back then, once again, to the Regents' purpose in creating an Advisory Commission: to provide the Regents with some guidelines and procedures for a rational and equitable handling of colleges encountering financial distress, inevitably closely tied to enrollment decline; and to suggest Regents' policies which will assure the State of the survival of the best, efficient use of higher education resources and equitable decision-making for the entire system.

III

COMPENSATING FACTORS: INSTITUTIONAL HEALTH MAINTENANCE

If one is pursuaded that full-time undergraduate enrollments will fall through the 1980's, can one anticipate that certain factors and developments will compensate for this decline and enable many institutions to make adequate use of their resources and maintain financial soundness and stability? Some analysts, of course, deny that the basic enrollments will decrease and hold that there will be increasing aspirations for higher education among the populace which will serve to maintain enrollments or even increase them in the future.

New York State already has a high college attendance rate. The college-going rate rose from 53 percent of high school graduates in 1963 to a high of 65.6 percent in 1971. It has declined 1 point per year since then to a level of 62.3 percent in the Fall of 1974.

Behind the college-going rate, of course, is the high school graduation rate and the high school retention rate. In the mid-1930's, the public high schools of New York State graduated only 38 percent of those pupils who had earlier entered the ninth grade. This very low retention rate, which characterized the nation as a whole, increased continuously through 1968. It rose to 46 percent in 1946 and to 63 percent by 1950. In 1968, the ratio of high school graduates peaked at 77 percent of the high school entering class. Since then it has fallen somewhat and has apparently stabilized at about 74 percent. It is higher than this average upstate and about 10 points lower in New York City. Obviously, there is still room for improvement in the high school retention and graduation rate. If changes can be made in elementary and secondary educational processes so that pupils remain enrolled through high school graduation, a much larger pool of possible college applicants will be available. Patently, the schools cannot do this alone: significant changes must also occur in social values and goals, the nature of family life and the cultural attributes and aspirations of the nation's people.

These changes and improvements will probably occur but we do not foresee that either the rapidity or the extent of these changes will be sufficient to raise high school retention in New York by very much or very rapidly over its present relatively high and stable level. If the high school graduating class is not to move much above its present rate of 74 percent and if the college-going rate also remains stabilized at an average of, say, 63 percent of high school graduates, the college enrollment pool, with the total number of high school graduates rising only slowly, is not likely to result in much further growth of college enrollment. Consequently, if these two key ratios cannot be increased markedly, the enrollment decline of the 1980's is likely to be close to the rate projected.

Birth Rates, Family Structure and Immigration

New York State had the lowest birth rate in its history in 1973. The fertility rate has now reached or is approaching the level of 2.1 which demographers estimate to be the zero population growth rate. For a number of reasons, as we have seen, fertility and birth rates are likely to remain low. Obviously, a return to higher birth rates or a totally unpredictable, significant increase in the rate for several years running would produce a larger college enrollment pool an appropriate number of years after those events. On balance, we do not believe that population and enrollment projections will be significantly affected by a return of the nation and State to higher birth rates.

Yet, if the birth rate does remain low, will it not also mean smaller families; perhaps, for those families which have children at all, an average of only two children per family? Will this not then result in more attention to the education of the smaller number of children, to increased parental aspirations for college education of their children and greater financial ability for families to subsidize their children's higher education? Will not these children, also, growing up in smaller families with more parental attention and more opportunity for self-development, have greater interest in and motivation to pursue a postsecondary education? Such developments would tend to increase the high school retention and graduation rate and to increase the college attendance rate of high school graduates. Obviously, if these changes in family size and structure occur, there may be some increase in the enrollment pool from that which is being projected.

Will the United States lower its immigration barriers? If not from Europe, may the country get increased immigration of persons from Southeast Asia, India, Latin America? The country has already found that many students who come to the United States to pursue higher education find ways of remaining for indefinite periods. If either the immigration rate increases or the levels of temporary immigrants who come to pursue advanced studies increases, there may be compensating increases in college enrollments from these sources. We only note this possibility; the uncertainties are too great to make a prediction or to give much weight to this source as a compensating factor.

In summary, the three variables noted above are characterized by too much uncertainty to count them as important compensating factors in the enrollment picture. Even if they change in the appropriate direction, we do not believe they will have a very sizeable impact upon the numbers which have been projected.

Changes in Federal and State Financing Policies

Although the financial barrier is an important factor in the attendance in private institutions, and present State and Federal student aid programs are inadequate substantially to reduce that barrier, we are not convinced that family and student resources prohibit attendance in public institutions. The evidence is mixed. How many more students would enroll today if the cost of higher education were zero? Nathan Glazer, an insightful watcher of the higher education scene and American society generally, does not believe enrollments would be much higher if that were the case nor that lower costs of attendance would increase enrollments significantly [12]. He holds that there are many other factors:

social, cultural, economic, innate to the individuals, etc., which keep enrollments where they are. Moreover, in his view and in the view of many others, there may be many more "students" enrolled in colleges and universities than there should be in terms of either their own interest or their possibilities of profiting by the experience.

The tuition rates in most of the public institutions throughout the country are quite low; even those in New York, although higher than the average, are not high in ratio to those of the private institutions. Obviously, students and their families would rather pay lower charges than higher ones no matter what the level of family income; but it is not apparent that public institutional tuition charges and other costs are barriers to large numbers of students.

This is not to say that increased levels of financial aid from Federal and State programs are not needed or desirable. They are needed to reduce the financial burden of college attendance on low and middle-income families, to strengthen the attendance potential of those students for whom financial barriers do exist and, generally, to broaden and democratize not only higher educational access and opportunity but the costs to students and society of providing access and enabling students to take advantage of it.

Collateral to this view is our view with respect to proposals that Federal and State governments subsidize the full cost of student attendance in the first two years of postsecondary education. Such a policy would be helpful to the students and institutions in the private sector and to students attending the senior or four-year institutions in public systems. It would enable more students to attend college away from home as resident students in public and private institutions. But would it, necessarily, increase the total number of students enrolling or would it simply redistribute students among institutions and result in fewer commuting and more resident students?

Moreover, the growth in number and size and the location of the community colleges in the State and nation and their low tuition charges have made them highly accessible to commuting students. These two-year public institutions now enroll a majority of the "lower-division" students in the State and City Universities of New York. In total, they enroll a very high percentage of all students in the first two years of college. How many students fail to attend them because of the financial barrier? If the direct cost of attendance is not a barrier, is it the opportunity cost, i.e., the income foregone by attending college rather than holding a job? If it is the latter, the opportunity cost, then even free tuition would not increase the enrollment of students in these institutions or in any institutions irrespective of the level of tuition rates.

We conclude again that lower or zero tuition rates for the first two years of college attendance would not significantly increase enrollments. At the same time, we repeat that we do not oppose increased public subsidy for students attending in the first two years but we do so on the grounds we have indicated above: economic and educational equity.

In summary, then, we favor increased Federal and State support for institutions and students but we do not see such additional funds as stimulating very large increases in enrollments and, therefore, as compensating factors for the enrollment levels being projected.

If increased public subsidy of students is not likely to have much effect upon enrollments, will it have much effect upon the financial condition of institutions? Here again, the concern must be with the private institutions. Public institutions have their operating budgets (exclusive of tuition receipts and income from other sources) covered by State and local governmental appropriations. Of course, if the Federal government increases its grants to students, the individual states will be relieved somewhat of their own burdens of student aid and tuition forgiveness. If Federal grants are made directly to public institutions, State and local taxpayers will bear a lower burden and their governmental budgets may be held down. All of this simply means a redistribution of tax burdens between and among Federal, State and local taxpayers. It will have the same effects as do other programs in which the Federal government assumes obligations that it considers appropriate for the nation as a whole rather than for the individual states and municipalities. The implications of these governmental fiscal policies are beyond the scope of this report.

Increases in the Federal and State aid to students attending private institutions will enable those institutions to reduce their own unfunded student aid or tuition forgiveness. In this way, the institutions can realize higher levels of cash tuition receipts and have more institutional funds available to meet the direct costs of operation. But the aid which such subsidies can provide depends upon the choice which students make of the institutions they attend. The student with funds in hand may not attend the institutions which need more students and more cash. It is quite possible that, as students receive higher tuition subsidies from governmental sources, they may seek to attend the more prestigious and higher cost institutions and institutions away from home. The result will be similar to that to which we have alluded: a redistribution of students among institutions. It may also mean that those institutions which are already having difficulty maintaining enrollments and are in financial distress, will suffer further losses of enrollment. That consequence follows from the basic intent of subsidies to students: not only to alleviate the financial burden of college attendance but to give students choice of the institution attended. And further, the institutions are subjected to the forces of the marketplace and fail, survive or prosper on the basis of consumer demand. There is merit in this method in that it allows market forces to determine which institution should or will continue in operation and which will tend to fail and, perhaps, should leave the marketplace. This result is achieved, that is, if the college market is near to what economists call a "perfect" market: buyers and sellers have full and accurate information, choices are made on rationale bases, student customers have mobility and no artificial restraints are at work on either institutions or students.

Increased Federal or State aid directly to institutions will also strengthen their financial condition; but applied universally and available to all institutions on a formula basis, it also tends to maintain those institutions which, otherwise, might be driven to the wall. If they could not survive the market test, should they be kept in operation by direct subsidy? Direct institutional aid will not necessarily change enrollment distribution. It will tend to distribute the under-utilization of resources among all institutions and result in continued operation of some which may be neither educationally sound nor economically efficient. If this is true for general institutional aid, it is true, _a fortiori_, for special aid to institutions in distress.

We do not see higher levels of Federal and/or State student aid as an important stimulus to compensatory enrollment increases; nor do we see public institutional aid as a stimulus to enrollment nor as a satisfactory solution to financial distress which is attributable to enrollment declines of individual institutions. While we favor and advocate both types of aid, we do so for the other reasons which have been set forth.

Effects of Better Elementary and Secondary Preparation of Students

We have earlier noted that both the high school graduation rate and the college entrance rate appear to have plateaued in New York State. But if the former is only 75 percent and the latter, about 62 percent, there is obviously room for improvement. Both of these rates are higher in upstate New York and Long Island than they are in New York City; they are higher in suburban areas than in the other major cities of the State. The rates are higher for non-public secondary schools than for the public schools, but the total number of students attending the former is only about 15 percent of total secondary enrollment.

In New York City, the lower high school graduation rate has its source, among other factors, in a low daily attendance rate. While the upstate attendance rate, as a percent of enrollment, is 93 percent and has dropped only 1 percentage point in the past 12 years, the rate in New York City is 81 percent, and has fallen sharply from 91 percent 12 years ago. Again, these rates and their changes in the metropolis are attributable to demographic changes which, in turn, are attributable to economic, social and political forces.

It is well known that many, if not most, of the major central cities of the United States have become increasingly populated by Blacks; in some of these cities, the Black population exceeds 50 percent. In the past 20 years, New York City has also experienced a great influx of Puerto Ricans and other Spanish-speaking people from the Carribean and Latin America. The Black and Spanish-speaking people have come to the City for the same reasons that the immigrants came from Ireland, Italy, Poland and other European countries 50 to 100 years ago: to escape poverty, oppression and neglect and to seek opportunities for employment, security and improvement in the conditions of their lives. Like many of the Europeans, they have largely found only more of the same and, perhaps owing to their sheer numbers, have found, most of them, little change, if not deterioration, in the circumstances of their lives. The social scientists have described these developments and conditions in ample detail; we need not repeat that documentation here. The major point is that these new citizens of the City are characterized by low incomes, high unemployment and discontinuity of employment, unstable household and family conditions, low educational attainment and low expectations and aspirations--the latter attributable to their past and current experience.

The "American dilemma" continues. If and when the nation solves that dilemma, school attendance rates in the central cities may increase; high school graduation rates will rise and both aspirations for and enrollment in higher educational institutions of these large "minority" groups may increase.

Far less pressing and dramatic are changes in the educational process which may increase the secondary school graduation rate and college entrance rate of children from all families, but primarily applicable to the White population. Modifications and improvements of elementary and secondary curricula, teacher performance and general organization and operation of institutions surely must have potential for ultimately raising college enrollments. Even the solution or elimination of the relatively simple problem of "senioritis" could improve both secondary and college education. Movements and efforts now underway to change and strengthen articulation of secondary and higher education should increase the high school graduation rate as well as the rate of college entrance. Far more students could complete their secondary education in three years and enter college when they are ready for it. As this occurs, it should bring not only economies to secondary education but increase the college entrance rate of those students who are now "turned off" on further education by what appears to them to be a slow and tedious process of high school education--an experience which they may impute to the college as well.

Other Sources of Compensating Enrollments

At least three other sources of increased or compensating enrollments may be identified; these are comprised of people of all ages and stations in life who: (1) seek continuing education for self-improvement or for the acquisition of additional skills and knowledge essential to the maintenance of vocational and professional performance or the pursuit of advancement in occupational status; (2) attend institutions on a part-time basis to achieve degree credentials at all levels; and (3) are women who return to college after early marriages and child bearing. A key question with respect to these groups is: How many people and what proportion of the total pool are already in attendance and what is the potential for significant expansion of these enrollments?

We have earlier indicated that enrollments of part-time students at all levels have increased sharply in recent years. A number of forecasters are also projecting increases in those enrollments for the next 20 years. Continuing education programs for the professions are already wide-spread and enrollment in them is likely to increase in the future as the professions themselves mandate such attendance, as individual practitioners find such activity necessary and desirable and as public policy, implemented through laws and regulations, require such attendance as a condition of continued licensure and practice. Such education for renewal and currency is obviously desirable and salutary buc the total numbers involved and the places, times and types of attendance may not have a great impact in compensating for the prospective decreases in full-time undergraduate enrollments; i.e., they may not fill the vacant places in most institutions which are losing conventional enrollments.

The barriers to enrollment for part-time study are not easily removed: cost of attendance, energy, time, occupational and family obligations. These factors prevail now and there is little reason to believe they will change significantly. Public policy may assist by providing tuition assistance for such students and employers may provide more released time as well as financial subsidy for attendance. Countervailing such attendance may be a trend toward reduction of credentialism which has for so long induced people to pursue initial or advanced college degrees.

Enrollment of these student groups, moreover, is primarily restricted to the cities and other populous areas. Thus, only those institutions which are located in these areas and already serve large numbers of these students are likely to benefit from the maintenance or increase of such enrollments. We had noted that many of the institutions which are confronted by prospective enrollment declines are small in size, located in rural areas and do not have access to large numbers of persons in full-time employment.

Women are enrolling in higher educational institutions in increasing numbers and, in New York State, they now represent almost 50 percent of the total full-time undergraduate enrollment. Increasing numbers of married women have also been returning to college in the past few years. Here too, both public and individual institutional policies may increase enrollments of married women by providing both financial aid for attendance and by subsidizing the operation of child care centers on campuses or nearby. The latter form of help is already well underway in many areas of the country and the State. The question again is: Will these enrollments contribute significantly to total enrollments?

The Carnegie Foundation study [10] suggests that the potential for marked increases in compensating enrollments of the three student groups identified above is not great. While acknowledging that such enrollments are already quite high, have been rising in recent years and will continue to rise over the next two decades, the Carnegie group does not see these sectors as compensating, importantly, for the potentially large losses in full-time undergraduates. We concur in that view for New York State.

Conclusions on Compensating Factors

The foregoing discussion has identified and analyzed a number of factors and sources which may compensate for the anticipated decline in full-time undergraduate enrollments. Our conclusions are generally pessimistic--i.e., if declining full-time enrollments should be a cause for pessimism at all and if the weakness of compensating factors, even with their positive potential, should occasion pessimism. Although we anticipate increases in enrollment of certain categories of students, expansion of programs in various levels and fields of academic and professional education and maintenance of enrollment in certain institutions and regions, we conclude that, overall, these changes and developments will not be great enough to alleviate the impact of declining full-time enrollments upon many public and private institutions.

We have indicated that many of the sources of possible enrollment expansion have already produced growth in recent years and their enrollment potential has been and is being exploited. We have emphasized the importance of institutional location; one other aspect of institutional operation should be noted. The full-time undergraduate student attends the institution in the daytime hours and, especially if he is a resident student, makes full use of all the academic, administrative and auxiliary facilities and services of the institution. Most of the student groups which would be counted upon for compensating enrollments attend and will attend in late afternoon and evening hours. They receive their instruction, quite widely, from adjunct and part-time faculty and from regular faculty working additional hours for supplemental compensation. They do not occupy dormitories; nor do they make much use of athletic facilities, student unions and other facilities and services available to the conventional student. Because of the time and nature of their attendance, few even make use of college libraries, maintaining mobility by purchasing their basic textbooks and other literature and, in weekend and other hours, using public library facilities near their own homes.

In summary, these new and growing numbers of students will not enable institutions to make full use of facilities and maintain full employment of full-time faculty and administrative and supporting staff. Obviously, changes in institutional time schedules and operating modes will be called for and, to the extent that institutions make these changes and adjustments, they may keep themselves in healthier condition.

Compensating enrollments of new and additional student constituencies, finally, is not the only source of alleviation of the financial distress which may result from declining full-time enrollments. It seems almost unnecessary to suggest that a cessation or reversal of all of those factors which produce financial distress would help to alleviate or eliminate it. If national economic inflation is brought under control or halted, things will be much better. If philanthropy increases in level and disburses its largesse more broadly and accurately, if institutions modify their instructional techniques and improve their efficiency, if the energy crisis abates, if the prices and yields of endowment investments increase--all of these will relieve financial distress and strengthen institutions. Quite evidently, if public policy provides students with more financial aid and contributes more funds directly to institutions for both general and categorical program support, the higher educational system and individual institutions will find it easier to survive if not to prosper. All of these are to be hoped for and, where possible, pursued; but for all of them, the watchword is "uncertainty".

IV

WHAT IS A HEALTHY HIGHER EDUCATIONAL INSTITUTION?

The preceding section of this staff report is subtitled "Institutional Health Maintenance". The phrase implies that there are certain attributes and conditions which make a college or university a "healthy" institution, and here we are concerned primarily with financial health. One could, archly, suggest that those attributes and conditions are simply the reverse of those which characterize institutions which have encountered, are experiencing, or can anticipate financial distress. But it is not quite that simple. Many institutions have good educational programs, are staffed with competent and dedicated faculties, have first-rate facilities and are managed with skill and efficiency. Yet, they have had serious financial problems and the years ahead will present them with more such problems.

The recent report of the Carnegie Foundation [10-page 81] has summarized those aspects or operations of institutions which should enable them to maintain enrollments or even to increase them in the future. They suggest that such an institution:

1. Attract all ages rather than only 18 to 21 year olds
2. Serve part-time students
3. Not be heavily dependent upon teacher education
4. Have public state support rather than be totally "private"
5. Be of an effective, economic size
6. Be urban rather than rural
7. Have comparatively low tuition and few competitors
8. Have a national reputation
9. Be older rather than younger
10. Not have over-committed itself in facilities expansion
11. Be engaged in health professions education
12. Have a stabilized undergraduate enrollment rather than a volatile graduate enrollment
13. Be in sound financial condition
14. Be closely related to reality.

Given the experience of recent years, and what we now know, few could dispute the validity of those characterizations. They are applicable to higher education in New York State as they are to institutions elsewhere and we cite them here for the simple purpose of avoiding duplication of what others have already done for us.

But at the risk of some repetition, certain factors should be highlighted as determinants of the healthy college. First of all, like the lawns at Oxford, it helps to have started 100 years ago. There is ample evidence that most of the older institutions in New York State have grown in wealth, performance and prestige with the years. Their programs are sound, their libraries are ample and kept current, they have many and loyal alumni and they benefit from the respect and the contributions of citizens in and out of the State. While some have encountered financial problems, as have virtually all institutions, they are able to solve them and are likely to continue to do so in the years ahead. None of these institutions is likely to go under: Columbia, Cornell, Rochester, Colgate, Hamilton, Union, Vassar, R.P.I.,--these and a few other private colleges and universities will do more than hold their own. Nor is early birth and years of development restricted as a favorable attribute to the private institutions. The older institutions of the State and City Universities also have the advantage: Buffalo, Albany, City College, Queens, Brooklyn, Hunter.

A second major attribute of the healthy institution is that of "quality"--broadly defined. One can easily invite argument by simply mentioning the word for it immediately gives rise to questions of the "quality" of the institution versus the "quality" of the students who choose to attend it. And this is only one of the sources of disputation. But throwing caution to the winds, we suggest that the quality of the programs offered, the scholarly and pedagogic performance of the faculty, the content, currency and accessibility of the library, the auxiliary and peripheral services made available to students, the management of the entire enterprise are basic requisites of a healthy institution. If the quality of the student is essential to the quality of the institution, it is also historically evident that institutions with these attributes attract and enroll "good" students.

The typically healthy institution will also have an adequate range and diversity of educational programs. Such diversity is not only important and necessary for the enrollment of a broad spectrum of students with comparable, diverse interests but it also permits those students who enroll to shift their major and collateral fields of study as their interests and preferences change during their college years. Obviously, the college which can offer a broad range of educational programs and is flexible in its curricular requirements will both attract more students and experience fewer transfers of students to other institutions.

The prestige and repute of an institution are palpable sources of strength and health and are, in large part, derived from the attributes already noted: age, quality and diversity. Early birth is not enough; quality and diversity can be built rapidly if the commitment and resources are there. Brandeis University is an outstanding example. So also are the recently founded and developing units of the State and City Universities of New York: the City's Graduate Center, Stony Brook, Baruch College, Albany. Prestige and repute, of course, feed on themselves and are self-fulfilling. They attract students, faculty and funds.

Adequate and dependable funding are a sine qua non of institutional health. The public institution which receives strong financial support from public appropriations will sustain itself and grow. Most important to any private institution is an adequate endowment fund. But what is adequate? Endowment funds have always tended to flow toward the older, most prestigious institutions. A large endowment is not a guarantee of financial health; much depends upon management of the endowment fund and the degree to which an institution extends itself. It is always possible to live beyond ones means. As a rule of thumb, one could suggest that a private institution should have an endowment sufficient to yield income to cover about one-third of its educational operating costs. Endowment gives an institution flexibility and choice. Major universities may allocate most of their endowment funds to the support of graduate and professional education and to the research endeavors of their faculties. In the dominantly undergraduate institution, endowment income enables the institution to support its undergraduate instructional programs, to maintain and improve quality of facilities and staff and to recruit able and deserving students by providing substantial scholarship aid.

One of the principal problems of a large number of the State's colleges and universities is the small amount of endowment resources which they hold. Dependent upon tuition receipts for 75 to 100 percent of their operating income, they are highly vulnerable to enrollment declines and to cost increases imposed by external factors beyond their control. Most of them already extend more unfunded scholarship aid than they can afford in order to recruit deserving low-income students and, indeed, simply to recruit and retain students to approach their enrollment capacity. A college without endowment funds of some significant amount may maintain itself in a period such as that of the 1960's but it is not, basically, a healthy institution and will find it hard to survive during a sustained period of enrollment decline or cost escalation. Every enterprise must start with adequate capital to keep it going during its development stages and it must maintain sufficient capital to carry it through, at least, a few years of low levels of operation. In this respect, a college is not different from a manufacturing or commercial enterprise.

The healthy institution is one which can maintain its enrollments at levels close to its designed or conventional operational capacity. If an institution, over the years, has constructed or acquired academic and administrative facilities and dormitories, dining halls and other auxiliary facilities sufficient to serve a student population of 1,500, it will experience financial stress when its enrollment drops to 1,000 or even 1,200. This will be especially true if either or both of its academic and auxiliary facilities are burdened with long-term debt requiring sizeable fixed charges for interest and amortization. Its problems will also be great if it has experienced growth in the recent past, has maintained capacity enrollment for some years and has a large proportion of tenured faculty.

Not only should the institution be able to maintain enrollment for financial viability, but it should be able to do so without inmoderately reducing its standards for student admission. The healthy institution, then, is one which is able to draw upon a broad pool of applicants and has, historically, been able to be quite selective in its admissions. Only if it has had that pool and that selectivity will it have the potential to draw more deeply from the applicant pool if such need arises.

Although the reader may adduce a number of other attributes of the healthy college, we close this topic with the identification of one other attribute: the institution should be structurally adaptable to changes in student needs and demands and changes in mission assumed by it or thrust upon it. Such adaptability is largely a function of size. The larger the institution, the greater and more flexible its physical facilities and the broader and more diversified its programs, the more easily will it be able to adapt to change. The mere fact that the larger institution will have a larger number of faculty in a greater number of specialized fields means that the institution will be able to restructure its curriculum, develop and offer new educational programs, offer multi- or inter-disciplinary programs and reallocate faculty in line with these changes.

The smaller institution or the highly specialized one will find it difficult if not impossible to make significant changes in curriculum and program as student demands change or as new constituencies of students look for educational opportunities. The public community colleges have already demonstrated their ability to respond to student needs and demands--students of all ages, interests and aspirations. Most of them offer programs in the conventional academic fields and in a broad range of vocational or occupational fields. They offer their programs to full-time students, part-time students, to those who can attend during the daytime hours, in the late afternoon and in the evening. They accommodate to those who are fully employed, to those who have just finished secondary education and to those who are returning to college after a significant gap since their high school days. If a new industry, a new governmental entity, a hospital, a service agency establishes itself within the college's commuting area, the college is likely to respond by offering educational programs appropriate to the needs of their employees or potential employees. This is not to say that every college and university, public or private, must respond to all "manpower" needs at all times. Nor are the educational demands and needs of all students vocational in nature and tied to manpower requirements. The point is, simply, that a healthy institution will be one which can and will accommodate and adjust to the changes occurring in society and to the changing needs and demands of varied student clienteles.

Even in those institutions which are large and diversified in programs and activities, major changes in mission and program may be hard to achieve. Structural adaptation can be stressful and painful. It may require complete elimination of some programs and, with them, discharging of faculty and staff. Institutional managements know that even conventional changes in curriculum require changes in the composition of the faculty resulting in the redundancy of faculty specializing in certain fields and the need to hire additional faculty in some existing fields and in fields totally new to the institution. If institutional stress and personal hardship are to be minimized, the changes and adjustments must be carefully planned and gradually made. But if the institution is to respond to new demands and opportunities and to maintain financial health, it must have or develop this flexibility.

All of the above descriptions for the achievement, restoration or maintenance of institutional health are probably well known to college and university administrators and their response to this catalogue will be: "but of course". Nonetheless, it seemed desirable, if this staff report is to dwell on attributes and indices of institutional troubles, to set forth also those attributes and conditions which describe the healthy institution. For those few who may be unaware of these attributes or unconcerned with them, the description may serve as "handwriting on the wall".

V

INSTITUTIONAL RESPONSE TO ENROLLMENT DECLINE AND FINANCIAL DISTRESS

Public policy can and should do only certain things and go only so far to assist institutions encountering financial problems. Throughout this report, we have alluded to various types of governmental support for institutions and students which we consider desirable, rational and equitable. In recent years, a number of analysts have suggested criteria for the identification of institutional financial distress, for intervention by the State and for the timing, type and extent of State intervention. Primarily, the criteria and devices for public intervention are applicable to private institutions. But both public and private institutions can and must do things themselves to forestall financial distress, to accommodate to it and to take actions to minimize or terminate it. In short, as with God and man, governments should help institutions which also help themselves.

As colleges encounter financial problems and, especially, as they are confronted by enrollment declines in the years ahead, what changes should they make and what actions should they take to solve their problems? Again, we refer the reader to the Carnegie Foundation study [10] which contains a chapter entitled "What Institutions Can Do". The suggestions and recommendations made there encompass most of what can be said on the subject and much of which should be or is known to institutional managers. For the record, we set forth briefly below the major policies and procedures available to institutions faced with financial and enrollment problems.

First, and perhaps least acceptable to those already holding office, is the possible need for a change in the management of the institution. This can mean either a change in the managerial organization, the structure and methods of direction and control and the techniques employed or it could mean a change in management personnel. Many believe that it is easier and more efficient to change personnel than to change persons; that it is better to discharge certain key managers and employ new ones than to attempt to get people to change and improve their methods, conduct and performance. At the same time, governing boards should be aware of the difficulties in evaluating the causes of problems: institutional distress may well be attributable to external factors or public policies rather than to weaknesses in management.

Change of Mission

A major change, but a most difficult one, required of an institution may be a change in its basic mission. The small, single purpose institution, i.e., the undergraduate college offering conventional programs in the arts and sciences leading only to the baccalaureate degree, may find it virtually impossible to make pronounced changes in its mission. Neither facilities, faculty size and composition nor location will permit it to drop existing programs, create and offer new ones and attract new student groups. The preceding discussion of the attributes of and conditions for a healthy institution have already covered this issue as well as others identified in this section. Quite apparently, if an institution is losing enrollment and if its programs are so conventional or narrow as to fail to respond to societal changes and shifting student preferences, it must find ways to make new responses. Many small colleges may have to take the community college as their model in accommodating to the needs of their own communities, regions and prospective students.

The larger college complexes, and smaller universities, especially those which are located in urban centers, will find it both easier and mandatory to make changes in their missions.

Communities change over time; in their economic base and structure, in the age, occupations and interests of their citizens and in their general political and social patterns. Future shock has been present for a long time. Some colleges and universities may not feel the current and their resistance may be high. There are always new groups to be served, new problems to be solved, new issues to be confronted and new skills to be developed. Awareness of these things must be accompanied by institutional responses to the needs and demands of the people.

For the major universities, changes in mission may mean considerable changes in their commitment to undergraduate versus graduate education, professional education versus traditional academic, research versus instruction and public service versus all of these. No doubt the greatest force for bringing about changes in the various missions of the major universities is and will continue to be changes in the flows of available funds. One of the principal sources of financial stress for the large institution in recent years has been shifts in the direction of and level of governmental research support. Facilities and faculties, expanded during the 1960's with the support of Federal funds for pure and applied research, heavily in the hard sciences and engineering, may not be maintainable as these funds are reduced in amount or changed in direction. The universities are already coping with this problem but may have to address it much more assiduously in the years ahead. We have noted that it is doubtful that state governments (or private agencies) will substitute their funds for those of the Federal government or provide funding to compensate for decreases in Federal funding which were based upon the achievement of national goals. It may well be that some of the major universities of the State will be induced to make greater commitments to undergraduate education as support for research levels off or falls. Such a commitment would, of course, accentuate the enrollment problems of the smaller dominantly undergraduate colleges. It is anticipated that enrollments in professional schools will continue to rise in the years ahead and that these fields will claim increasing proportions of institutional and public funds. Thus, the missions of these institutions will be changed in relative weight as enrollment patterns change.

While changes in institutional missions are a desirable and necessary response to enrollment decline and financial distress, such changes are not readily available to all institutions nor may they compensate for aggregate decreases in enrollment of undergraduate students nor for financial distress for higher education as a whole. The problem is analogous to that of everyone rising from the sitting to the standing position in the football stadium. Even allowing for differences in the lengths of legs and torsos, all will not get a better view of the action. As the stronger, more prestigious and attractive institution changes missions, it will draw students away from those which do not change and even from those which do. In summary, changes of mission for many institutions are and will be called for if they are to accommodate to and respond to changes in the economic, social and cultural structure of the country and concomitant changes in the needs and demands of students, communities and governments. Such changes will help to maintain enrollments, maintain flows of funds and sustain the financial viability of institutions. But some types of changes in mission by some institutions will only serve to shift students among institutions without increasing the total number enrolled. The strong may become stronger and the weak weaker, whatever the latter may do. Institutional change of mission is a device and an option; there is no certainty that it will solve basic institutional problems which may be rooted in other, long-standing sources or in sources beyond the control of the institution.

Academic Reforms

The growth and development of higher educational institutions and systems in the past 20 years has been accompanied by a relatively high rate of turnover of presidents, deans and other institutional leaders. New leaders almost always wish to make changes: in the curriculum, calendar, management organization and personnel. Changes may be made for no other reason than that the new president wants to leave his mark upon the institution. The changes may or may not increase the efficiency of the total operation, reduce costs, increase income, improve instruction or attract more and better students. The problem is always one of determining what changes can be made which will be substantive and productive rather than cosmetic and "commercial". It has been said that, in the past generation, higher education in the United States has moved from elitest to mass to universal without much real change in the methods and techniques of instruction or institutional operation.

Academic reforms may be needed in many institutions if they are to cope with increasing costs and declining enrollments. Controlling those costs and maintaining enrollments will require increasing efforts on the part of institutional leaders and faculty. The evidence on the impact of various class sizes, diverse instructional techniques, substitution of self-operated audio-visual equipment for direct faculty contact, etc., is highly mixed. It has always been strangely true that college faculty members, who are presumed to be on the frontiers of social and scientific innovation, experimentation, research and discovery, are highly resistant to change in the instructional process.

In the years ahead, presidents, deans and faculty will have to be much more receptive to new academic programs, the adoption of instructional media long available, and changes in institutional organization and operation which will both economize resources and attract and retain students.

Regional Planning and Institutional Cooperation

For a number of years, the Regents in New York State have proposed and promoted regional organization and regional planning for higher education; they have also, unsuccessfully, sought budgetary appropriations for the support of both institutions and regional councils. The State is divided into 8 Regents planning regions and within them, certain councils and institutional consortia are operating with varying degrees of activities and results. The Regional Planning Council for New York City is one of the most active and conducts systematic reviews of new program and other proposals made by its individual institutional members. The review by the Council has become an integral part of the Regents planning process, the purpose of which is, among other things, to prevent proliferation of academic programs, duplication of programs and waste of public and private educational resources. This process is especially important in a densely populated area where most of the students are non-residential and a large number of institutions exist.

The Rochester area also has an active and successful regional planning body. While the Planning Board itself does not conduct programs, it does much to stimulate institutional cooperation in such forms as shared use of facilities, institutional specialization in certain fields, exchange of faculty and cross registration of students.

Throughout the State, individual institutions have voluntarily joined in consortia and carry out activities along the lines which have been described above.

Again, as with any relatively new organization of individual corporate entities, much more can be done and should be done as we approach the 1980's. Institutional cooperation does not always conserve funds; it can result in each institution's concentrating in and specializing in those academic and professional programs in which it has the greatest strength, in improvement in instruction and in greater use of the best resources of each institution. Students can benefit by having access to the best resources and instruction available in each area. Faculty benefit through opportunities for greater concentration in their fields of specialization and contact with the best and most committed students.

Moreover, as regional planning and institutional cooperation continue through the years, the greater and more frequent contacts among institutions should facilitate movements toward consolidation and merger if those steps appear to be the best solution to the problems of two or more institutions.

Affiliation, Merger or Consolidation

While institutional cooperation can result in improvements in educational quality and greater efficiency in the use of resources, actions of significantly greater substance and impact may be called for as institutions encounter enrollment and financial problems. Even in the absence of such problems, institutions have chosen to join in affiliation agreements. An affiliation can permit an abandonment or sale of inadequate or redundant resources and a pooling of students, faculty and administration in the interests of both education and economy.

A private institution, the Mount Sinai School of Medicine, has been, since its founding, affiliated with the City University of New York. The two institutions make joint use of facilities and, perhaps more important, exchange of faculty and joint teaching of faculty in the basic sciences. Economies and efficiency are also achieved by both institutions through joint activities in administration.

Pace University has affiliations with several other private institutions. Mills College of Education, also suffering a loss of students and financial distress, abandoned its own facilities and engaged in agreements with the New School for Social Research and New York University to enable its students to complete their programs. While the affiliation did not save the College, which will soon surrender its charter, it did permit an orderly phasing out of its operations. Parsons School of Design, with its own set of problems, has affiliated with the New School for Social Research and, although Parsons retains its own charter, the two institutions are under the control of a common board of trustees and their administrative staff and functions have been merged. The affiliation has not only permitted Parsons School to survive, but to strengthen it in its educational program.

A step further than affiliation is that of merger or consolidation. Several years ago, Notre Dame College of Staten Island was unable to maintain enrollments and financial viability. St. John's University merged the College with its own institution and now operates it as its Staten Island Campus. The College of White Plains, a very small institution to begin with, has been losing enrollments for several years. The institution has negotiated a merger with Pace University, and it is likely thac the merger will be consummated. A two-year college, Voorhees Technical Institute, has been merged with one of the community colleges under the New York City Board of Higher Education.

The process of merger is one which is always available to institutions; procedures are outlined in Education Law. While chartered institutions can and should initiate such procedures through their own counsels, they can also seek assistance and advice from Education Department staff, both as to the advisability of merger and the steps which must be taken.

Ultimately, mergers of such institutions are subject, under the law, to Regents approval.

All of these processes: cooperation, affiliation and merger, are available to and should be considered by institutions with serious problems of survival. Planning, as always, is of the essence. If and as an institution finds itself incapable of maintaining enrollments, sustaining its educational program and maintaining financial viability, it should thoroughly review and evaluate the options available to it, discuss possibilities with other institutions and inform the Education Department of both its troubles and its plans. Only by an awareness of the trends which have been occurring in the condition of an institution, the development of plans and the examination of options, and the taking of appropriate, timely action, can an institution avoid the kind of crisis situation in which several have found themselves.

Bankruptcy, Dissolution and Surrender of Charter

If an institution is, indeed, forced to the wall, and if it has explored all of the other options identified above, and others without successful resolution, it may simply have to go out of business. Even that can be done gracefully and in an orderly fashion. A private institution might seek to sell all or some of its facilities and other property to another non-profit entity or an agency of government. Since the assets of a private college constitute, in effect, a charitable trust to be administered for the benefit of the society or the community, sale to another organization for appropriate public or social purposes would be consistent with its initial purpose and charter. The net proceeds of such sale could then be, through court proceedings, conveyed to another non-profit or eleemosynary institution. The entire process could be shortened if the trustees simply chose to transfer the holdings of the institution by outright grant to another institution.

If the college is already in a crisis stage, it may be forced into bankruptcy. Such proceedings are amply provided for in both State and Federal law. Following these proceedings, the corporation would be dissolved and its charter surrendered to the Regents. Education Law also sets forth procedures through which the institution would preserve its student and personnel records and all other records and documents so that the Regents could be assured that the interests of all parties are protected.

In all of these proceedings, the college would employ its own counsel who would prepare all of the necessary documents and carry the proceedings to their conclusion through the civil courts.

Other Courses of Action

Long before financial distress becomes acute, a college can pursue courses of action other than those drastic and terminal actions described immediately above. At least two of these may be identified and could be taken along with such actions as changes of mission, affiliation or institutional cooperation agreements. These are (1) amendment of charter and (2) *cy pres* proceedings.

Amendment of the charter is, of course, required whenever an institution wishes to undertake an activity, conduct programs or confer degrees not covered in the original charter. A charter amendment would, thus, be required if an institution wishes to make substantial changes in its programs or a significant change in its basic mission. Charter amendment is simply the technical process for implementing certain changes which an institution may wish to make in response to problems confronting it, or even in the absence of any problems at all.

Cy pres proceedings, conducted in a civil court with the aid of counsel, are used to permit an institution to use those endowment and other assets which have been acquired through gift and bequest in ways different from those specified by the original donors. Conditions and circumstances change over time and it may be that the purposes specified by donors can no longer be met or are no longer relevant to the needs of the institution or of society. Through these proceedings, endowment funds which have severe restrictions may be freed somewhat in the uses to which they may be put, thereby giving the institution more flexibility in operation.

Conclusions on Actions Available to Institutions

In all, institutions have a wide range of options available to them for the solution or alleviation of financial and other problems. Obviously, the trustees of a college would wish to take any and all possible steps before admitting defeat and allowing an institution to go into bankruptcy or to face dissolution and surrender of its charter. One can only re-emphasize the necessity of constant institutional research and self-examination, information gathering and analysis, constant planning involving trustees, executive officers, faculty and representatives of the relevant community, and evaluation, testing and experimenting with optional courses of action. Governments and their agencies, such as the Board of Regents, contrary to the views of many who rail against "government intervention", are usually reluctant to intervene in the affairs of organizational entities--even those which they themselves have chartered or incorporated.

First of all, the task is virtually impossible when the number of such entities runs into the hundreds or thousands and where the number of problem cases arising are expected to increase over time. Secondly, governmental agencies typically do not involve themselves in the direct operations of institutions: this is the task of governing boards and executive officers. Finally, the preference is always for self-help, autonomy and independence both in the view of the institutional leaders and in the view of the governmental board on behalf of the institutions and the system of which they are a part.

The Board of Regents, along with other responsibilities and authority, is a policy making body. While it stands ready to give advice and assistance, it hopes that institutions which it has chartered will take care of their own affairs in an efficient and socially responsible manner. It is for this reason that they urge institutions to avail themselves of all of the paths and options available to them before calling upon the Board for assistance or intervention and well before it may become necessary for the Board to initiate intervention.

VI

INSTITUTIONAL FINANCIAL CRISES, PAST AND PRESENT

One can assert that almost all higher educational institutions in New York State and throughout the nation have had financial problems in recent years and continue to have them. Numerous books and articles have covered the cases. One can ask any institutional executive if his institution has a financial problem and the response will be in the affirmative. The distress has afflicted the large and the small, the rich and the poor, the public and the private. Harvard, Princeton and Stanford have their difficulties and complaints. So also do Columbia and New York University. The entire University of California system has been put under much tighter budgetary restraint. The Chancellor of the State University of New York is not entirely pleased with the State's appropriations for the institutions under his supervision. Several of the community colleges in New York State have problems maintaining themselves at an adequate level of enrollment and financial support. Several smaller institutions in New York State; Finch, Eisenhower, and Cazenovia have had their financial difficulties described in the public press--and it is only because this has occurred that we identify them here. A significant number of other non-public institutions in New York State, of various sizes, types, missions and locations are in financial trouble, have been moving more deeply into it for some time and will require the increasing attention of the Regents.

The problem for the analyst, then, is to determine which institutions are "really" in serious financial trouble, what have the institutions done about it, what are their prospects for the future and what institutional and State action should be taken. How can they be helped? Can a given institution be saved and should it be saved? What should the institution do to help itself? What should the State do to assist the institution? What agency of the State should provide assistance, in what form, when, how, and why?

The Regents and Education Department staff are well informed on the financial condition, problems and prospects of the chartered colleges and universities in the State. They have been deeply involved in those crises which have occurred, have conducted studies of the troubled institutions, have conferred with their leaders and have recommended courses of action including legislative action. But, given the nature of the system, public and privat and the multiple levels and sources of authority and decision making, the Regents can never be in full and exclusive control of any given situation. It is evident that the problem cases of individual institutions have not necessarily been resolved in the best interests of the institutions, the entire higher educational system of the State or the public. Again, it is to assist the Regents in addressing the questions raised above and to develop consistent, sound and equitable policies toward financially troubled institutions that they have created the new Advisory Commission. A brief review of the cases of a few institutions in financial distress and the way in which they have been handled should be instructive.

In the late 1960's and on into the early 70's, New York University encountered increasing financial problems. The University sought the assistance of the Regents in resolving its problems. Education Department staff, with the cooperation of staff of the University, conducted a comprehensive study of the institution in order to identify the nature, causes and intensity of its financial difficulties. The University itself also conducted an indepth study of all of its operations and subsequently took decisive action to reduce and control expenditures, eliminate or merge programs, scale down construction plans and, in general, bring the institution under better control.

In time, legislation was adopted providing for the sale of the Bronx Campus of N.Y.U. to the City of New York to be used by one of the community colleges of the City University. Secondly, the legislation provided that the School of Engineering and Science of N.Y.U. be merged with the Polytechnic Institute of Brooklyn to form the Polytechnic Institute of New York. Both N.Y.U. and P.I.B. were also required to prepare and submit five-year financial plans targeted toward the achievement of balanced budgets without extraordinary State aid. Released from the operation of a number of educational programs, N.Y.U. was able to reduce or hold down the size of its overall budget. The sale of the Bronx Campus resulted in a net increase of investable endowment funds of almost $35 million. Unrestricted endowment funds had been tapped for a number of years to meet increasing deficits and the new funds did much to restore the earning power of the institution.

The Regents had made certain recommendations for legislative action including some of those finally adopted; but certain political factors also entered into the picture and the legislation as adopted represented the intervention of a number of parties.

The Polytechnic Institute of Brooklyn has been receiving special State aid, over and above Bundy aid and other State funds made available to all qualifying institutions, since 1968. The merger with the Science and Engineering School of N.Y.U. was intended to strengthen both institutions. The new Polytechnic Institute of New York continues to receive special State aid and does not appear to be resolving its basic problems. Until 1973, the special funds for P.I.B. were channeled through the State University of New York. Not until that year, one year after the merger legislation, was the case of the Polytechnic Institute put in the hands of the Regents and the Regents given authority to administer the funds and exercise close surveillance over the institution. The problems of this institution remain unsolved as does the problem confronting the Regents, having been given to them five years after it might have been. Again, considerations other than educational had been present in this situation. The case of the Polytechnic Institute, in the many years before the Regents were given authority, was treated as an *ad hoc* case, without due regard to the interests of other engineering colleges, public and private, and the interests of the higher education system of the State as a whole. Such handling of an individual institutional problem arouses considerable resentment among institutions which compete with it in the same field and which, rightfully, might also claim special grants of public funds.

Eisenhower College began operations in 1968 and has not yet been able to come close to its targeted enrollment of 1,500 students. It has invested heavily in educational plant and residence facilities, with the aid of Federal grants and Dormitory Authority funding, but enrolls only 600 full-time students at the present time; far fewer than are necessary to yield tuition income and room and board income sufficient to balance its annual budgets. It is far from being a viable institution and, because of its location and other factors, its prospects are not good.

If multi-party decision-making makes difficult the achievement of equitable resolution of higher educational problems when all the parties are within the State, the difficulties can be enhanced by participation of outsiders such as the Federal government. In 1974, the Congress and the President authorized a grant of $9 million to Eisenhower College from the proceeds of the sale of Eisenhower silver dollars. Should not such Federal funds be made available to all institutions in the State, if not in the nation? This is not to say that one resents the fact that a private college in the State has received a substantial Federal grant which may enable it to solve its financial problems, at least temporarily. But it does raise the question of whether this is a proper or equitable use of Federal taxpayer funds, some of which come from New York State taxpayers, given the possibility that many other institutions in the State also deserve support and strengthening.

Just prior to the announcement of the Federal grant, the New York State Legislature authorized a State loan in the amount of $2.0 million to the College, to be channeled through the Dormitory Authority and conditional upon the filing of certain financial reports and analyses. This loan was made and was repaid shortly after receipt of the Federal grant. But here too, the Legislature intervened on an ad hoc basis to aid a single college with funds which were not made generally available to all institutions in the State. Education Department staff had been in constant contact with the College for many months and had recommended certain courses of action for the College to take. These discussions with the College and the recommendations ultimately made were based not only upon the interests of the institution but upon the interests of the higher education system of the State as a totality. The Regents planning function and responsibility cannot be properly exercised if it is supplanted by or contravened by action of the Legislature toward an individual institution.

The case of Cazenovia College is quite similar to that of Eisenhower and may be covered even more briefly. The College has been losing enrollment for a number of years, it has a large long-term debt on plant, its endowment is negligible and its fund balances are so small as to leave it in a state of imminent collapse. In this case too, Education Department staff conferred with the College over a long period and presented it with recommendations. As in the case of Eisenhower, the 1974 Legislature authorized the Dormitory Authority to provide Cazenovia with short-term loans to meet debt service on their bonds. The loan total is about $500,000. While this loan technically meets the needs of the Dormitory Authority, it is not one which the Authority is likely to be able to make to large numbers of institutions. Will the Legislature respond in this way to the problems of all institutions which come before it?

Other Potential Institutional Problems

We have presented a sample of the problems which have occurred with certain institutions and the way they have been resolved--at least temporarily. Each resulted in intervention by the Legislature, some with the cooperation and participation of the Regents, others without. Some of the private institutions attribute their problems primarily to the growth and presence of the public institutions and to the low-cost educational alternatives the latter can offer to students. There is little doubt that this is a problem and an important issue not only in New York State but in several other states. The issue becomes sharpened when there is a proposal for a new or a newly developing public institution in a community or region in which a private institution has established itself and been operating for some time. Debate proceeded for several years over the creation of the State University's upper-division Utica-Rome College in Utica. For some years, Syracuse University has operated a branch campus in that city. Utica College of Syracuse University is now losing enrollment and there is doubt that it should or can continue in operation. The case is somewhat different from others in that the College is an integral part of the chartered University and the University, as a whole, will not necessarily stand or fall on the basis of the continuation of this unit. Nonetheless, the College has served the students in the Utica area for some time, occupies substantial facilities, and represents a significant part of the total operations of Syracuse University.

Similar problems exist in the Buffalo area with the dominant presence of both the State University Center and a State University college. Private institutions on Long Island are affected by the continued growth and development of the State University at Stony Brook.

To mention these conditions and issues here is not to criticize either State University policy or the policies of the State government in general. Throughout this staff report, we have attempted to set forth the problems and the issues and to throw some light on them by providing information. The public-private issue will not go away and is foremost among those which require comprehensive planning and policy making.

Conclusions on Institutional Financial Crises

This staff report has closed with a review of a few of the individual institutional financial crises which have occurred and the way in which they have been resolved. Much remains to be done in the development of appropriate public policy based upon an even-handed, rational and equitable set of principles designed to assure fair treatment of all institutions and an orderly process of retrenchment of the higher education system of the State as such retrenchment may be necessary in the years ahead. Past experience can be a guide to what the State should do and should not do. The Regents and other State authorities know what the present situation is in higher education in New York State and they have, in hand, quite reliable projections for the future. Institutional and system problems will continue to emerge and will command attention.

APPENDIX

TO

STAFF REPORT

TABLE I

New York State Colleges and Universities
Physical Facilities - Amount, Value and Age
1972

	Gross Sq. Ft. (Million)	Percent Academic[1]	Percent Auxiliary[2]	Value ($ Million)	Percent Constructed 1946-72
State University	56.1	64	36	$ 2,143	85
City University	13.1	84	16	436	44
Private Institutions[3]	100.0	54	46	2,958	60
Total	169.2	60	41	$ 5,537	67[a]

[1] Academic: Instruction, research, libraries, administration, etc.

[2] Auxiliary: Residential, dining halls, student union, etc.

[3] Private institutional figures include about 1.3 percent for rabbinical institutes and proprietary institutions.

[a] 42 percent of total constructed since 1962.

TABLE II

New York State Colleges and Universities
Participation of Dormitory Authority
In Construction Financing
1944-1974
($ Million)

	Total Issues Bonds & Notes 1944-74	Debt Issues Outstanding 1974
State University	$ 558.7	$ 474.2
City University	514.0	256.1
Community Colleges	247.1	245.0
Total Public	$1,319.8	$ 975.3
Private Institutions	718.0	620.9
Total	$2,037.8	$1,596.2

TABLE III

United States Population
And Growth
1790-2000
(Millions)

	Population	Decade Growth	Percent Growth Decade	Percent Growth Per Year
1790	3.9			
1800	5.3	1.4	35.9	3.1
1810	7.2	1.9	35.8	3.1
1820	9.6	2.4	33.3	3.0
1830	12.9	3.3	34.4	3.0
1840	17.1	4.2	32.6	2.9
1850	23.2	6.1	35.7	3.1
1860	31.4	8.2	35.3	3.1
1870	38.6	7.2	22.9	2.1
1880	50.2	11.6	30.1	2.7
1890	62.9	12.7	25.3	2.3
1900	76.0	13.1	20.8	1.9
1910	92.0	16.0	21.1	2.0
1920	105.7	13.7	14.9	1.4
1930	122.8	17.1	16.2	1.5
1940	131.7	8.9	7.2	.7
1950	151.3	19.6	14.9	1.4
1960	179.3	28.0	18.5	1.7
1970	204.2	24.9	13.9	1.3
1980*	224.1	19.9	9.7	.9
1990*	246.6	22.5	9.1	.9
2000*	264.4	17.8	7.2	.7

* Projection

TABLE IV

Population Trends
United States and New York State
1950-1974
(Thousand)

	1950	1960	1970	1974	Percent Increase 1950/60	Percent Increase 1960/70	Percent Increase 1970/74
Total Population							
United States	151,326	179,323	203,235	212,000	18.5	13.3	4.3
Other Than N.Y. State	136,495	162,541	184,994	193,473	19.0	13.8	4.6
New York State	14,830	16,782	18,241	18,527	13.2	8.7	1.6

TABLE V

New York State
Present and Projected Population Trends
1970-1995
(Thousand)

	1970	1975	1980	1985	1990	1995
Total U.S. Population	204,879	213,925	224,132	235,701	246,639	256,015
Other Than New York	186,638	195,363	205,014	215,913	226,222	235,093
Percent Change - 5-year		4.7	4.9	5.3	4.8	3.9
Age Group - 15-24	33,515	37,003	37,803	34,759	32,213	33,609
Percent of Population	18.0	18.9	18.4	16.1	14.2	14.3
Percent Change - 5-year		10.4	2.2	(8.1)	(7.3)	4.3
Total State Population	18,241	18,562	19,118	19,788	20,417	20,922
Percent Change - 5-year		1.8	3.0	3.5	3.2	2.5
Age Group - 15-24	2,946	3,344	3,485	3,264	2,872	2,889
Percent of State Population	16.2	18.0	18.2	16.5	14.1	13.8
Percent Change - 5-year		13.5	4.2	(6.4)	(12.0)	.6

TABLE VI

New York State's
Higher Education System

Institutions of Higher Education - 1974

	Four Year	Two Year	Total
Private Institutions	121	17	138
General	101	16	117
Seminaries	20	1	21
State University of New York	28	36	64
City University of New York	11	8	19
Total Institutions	161	60	221

TABLE VII

New York State Colleges and Universities
Enrollments - Fall 1974

	Undergraduate			Graduate and Professional				
	Full-Time	% of Total	Part-Time	Full-Time	% of Total	Part-Time	Total Headcount	% of Total
Private Institutions	176,700	35.2	53,200	41,300	68.1	73,500	344,700	37.4
Four-Year	170,600	34.0	51,900	41,300	68.1	73,500	337,300	36.6
Two-Year	6,100	1.2	1,300				7,400	.8
State University of New York	197,700	39.4	87,300	14,600	24.1	25,700	325,300	35.3
Four-Year	104,500	20.8	16,800	14,600	24.1	25,700	161,600	17.5
Two-Year	93,200	18.6	70,500				163,700	17.8
City University of New York	127,900	25.5	92,700	4,700	7.8	26,600	251,900	27.3
Four-Year	85,800	17.1	50,400	4,700	7.8	26,600	167,500	18.2
Two-Year	42,100	8.4	42,300				84,400	9.1
Total All Institutions	502,400	100.0	233,200	60,600	100.0	125,800	921,900	100.0

TABLE VIII

New York State Colleges and Universities
Total Head-Count Enrollment
1960-1965-1970
(Thousand)

	1960	% of Total	1965	% of Total	1970	% of Total	Percent Increase 1960/65	Percent Increase 1965/70
State University	82.7	21.6	174.0	30.6	321.1	42.0	110.4	84.5
Four-Year	45.2	11.8	76.0	13.4	132.2	17.3	68.1	73.9
Two-Year	37.5	9.8	98.0	17.2	188.9	24.7	161.3	92.8
City University*	62.5	16.4	105.1	18.5	129.0	16.9	68.1	22.7
Private Institutions	236.5	62.0	289.9	50.9	314.1	41.1	22.6	8.3
Four-Year	233.6	61.2	282.7	49.7	306.3	40.1	21.0	8.3
Two-Year	2.9	.8	7.2	1.2	7.8	1.0	148.3	8.3
Total State	381.7	100.0	569.0	100.0	764.2	100.0	49.1	34.3

*Excluding two-year colleges, which are included under State University.

TABLE IX

New York State Colleges and Universities
Full-Time Undergraduate Enrollments
Past and Projected 1963-1990
(Thousands)

	1963		1968		1973		1980		1990	
	No.	%	No.	%	No.	%	No.	%	No.	%
State University	64.8	26.9	131.8	35.2	188.1	38.9	210.3	43.0	161.5	43.2
Four-Year	42.2	17.5	72.2	19.3	99.3	20.5	111.5	22.8	91.4	24.4
Two-Year	22.6	9.4	59.6	15.9	88.8	18.4	98.8	20.2	70.1	18.8
City University	44.6	18.5	69.4	18.5	126.1	26.1	109.9	22.4	79.3	21.2
Four-Year	37.1	15.4	51.1	13.6	84.5	17.5	73.4	15.0	54.0	14.4
Two-Year	7.5	3.1	18.3	4.9	41.6	8.6	36.5	7.4	25.3	6.8
Private Institutions	131.8	54.6	173.3	46.3	169.8	35.0	169.5	34.6	133.1	35.6
Four-Year	128.0	53.1	167.4	44.7	163.5	33.7	163.8	33.4	129.1	34.5
Two-Year	3.8	1.5	5.9	1.6	6.3	1.3	5.7	1.2	4.0	1.1
Total State	241.2	100.0	374.5	100.0	484.0	100.0	489.7	100.0	373.9	100.0

TABLE X

New York State Colleges and Universities
Changes in Full-Time Undergraduate Enrollments
1963-73

	Enrollment Increase 1963-73 (Thousand)	Percent Increase 1963-73 No.	Share
State University	123.3	190.3	44.6
4-year	57.1	135.3	17.1
2-year	66.2	292.9	95.7
City University	81.5	182.7	41.1
4-year	47.4	127.8	13.6
2-year	34.1	454.7	177.4
Private Institutions	38.0	28.8	(35.9)
4-year	35.5	27.7	(36.5)
2-year	2.5	65.8	(13.3)
Total State	242.8	100.7	--

TABLE XI

New York State Colleges and Universities
Percent Changes in Full-Time Undergraduate Enrollments
1967/68 to 1973/74

	1967/68	1968/69	1969/70	1970/71	1971/72	1972/73	1973/74
State University	16.0	7.8	16.0	6.7	1.5	5.3	5.1
Four-Year	10.4	1.8	19.7	5.9	.8	5.8	5.2
Two-Year	23.7	15.1	12.1	7.7	2.4	4.7	5.0
City University	8.4	10.2	26.3	17.8	7.3	3.3	1.4
Four-Year	9.4	7.2	22.6	15.9	5.9	2.4	1.5
Two-Year	5.8	18.6	35.5	22.1	10.3	5.1	1.2
Private Institutions	(.6)	4.9	(2.1)	(.4)	(2.7)	(1.6)	4.1
Four-Year	(.4)	4.7	(2.1)	--	(2.6)	(2.2)	4.3
Two-Year	(6.4)	10.2	(1.5)	(10.9)	(7.0)	18.9	(3.2)
Total State	6.4	6.9	9.7	6.3	1.3	2.3	3.8

TABLE XII

New York State Colleges and Universities
Part-Time Undergraduate Enrollments
1963-1968-1973
(Thousand)

	1963		1968		1973		Percent Increase 1963-73	
	No.	%	No.	%	No.	%	No.	Share
State University	29.6	19.7	60.8	36.4	80.3	37.2	171.2	88.8
4-year	9.9	6.6	9.2	5.5	14.4	6.7	45.5	1.5
2-year	19.7	13.1	51.6	30.9	65.9	30.5	234.5	132.8
City University	59.4	39.6	62.2	37.2	83.5	38.7	40.6	(2.3)
4-year	46.6	31.0	35.3	21.1	46.5	21.6	(.2)	(30.3)
2-year	12.8	8.6	26.9	16.1	37.0	17.1	189.1	98.8
Private Institutions	61.1	40.7	44.0	26.3	51.8	24.0	(15.2)	(41.0)
4-year	60.4	40.2	42.6	25.5	50.6	23.5	(16.2)	(41.5)
2-year	.7	.5	1.4	.3	1.2	.5	71.4	--
Total State	150.1	100.0	167.0	100.0	215.6	100.0	43.6	--

TABLE XIII

New York State Colleges and Universities
Graduate and First Professional Enrollments
1963-1968-1973
(Thousand)

	1963		1968		1973		Percent Increase 1963-73	
	No.	%	No.	%	No.	%	No.	Share
Full-Time								
State University	4.2	14.8	9.7	19.7	14.1	23.4	235.7	58.1
City University	.6	2.1	2.2	4.5	4.8	8.0	700.0	281.0
Private Institutions	23.6	83.1	37.4	75.8	41.3	68.6	75.0	(17.4)
Total State	28.4	100.0	49.3	100.0	60.2	100.0	111.9	--
Part-Time								
State University	4.2	8.1	14.5	14.3	24.3	20.2	478.6	149.4
City University	9.7	18.7	23.9	23.6	27.2	22.7	180.4	21.4
Private Institutions	38.1	73.2	62.7	62.1	68.4	57.1	79.5	(22.0)
Total State	52.0	100.0	101.1	100.0	119.9	100.0	130.6	--

TABLE XIV

New York State
Past and Projected High School Graduates
And College Enrollments
1969-1990
(Thousand)

	1969	1973	% Change 1969-73	1980	% Change 1973-80	1990	% Change 1980-90	% Change 1973-90
High School Graduates	223.0	242.8	8.9	243.1	.1	166.8	(31.4)	(31.3)
Full-Time Freshmen	121.3	140.5	15.8	139.8	(.5)	96.5*	(31.0)	(31.3)
Full-Time Undergraduate Enrollments	400.3	484.0	20.9	495.0	2.3	380.3	(23.2)	(21.4)
Public	223.5	314.1	40.5	325.6	3.7	245.8	(24.5)	(21.7)
Private	176.8	169.8	4.0	169.4	(.2)	134.5	(20.6)	(20.8)
Part-Time Undergraduate Enrollments	163.2	215.6	32.1	249.4	15.7	260.0	4.2	20.6
Graduate & Professional Enrollments	151.8	180.2	18.7	213.6	18.5	229.6	7.5	27.4
Full-Time	51.1	60.3	18.0	70.9	17.6	66.6	(6.1)	10.4
Part-Time	100.7	119.9	19.1	142.7	19.0	163.0	14.2	13.6

*Projections of the number of full-time freshmen for 1990 have not been published by the State Education Department. However, if they bear the same ratio to high school graduates as prevailed in 1973, the resulting figure of 96.5 thousand emerges. If the ratio to full-time undergraduates is applied, the figure ranges from 107 to 115 thousand freshmen.

TABLE XV

New York State Higher Institutions
Enrollment Prospects for 1990

	Total	Category* I	II	III	IV	V	VI
Private	138	21	27	29	8	28	25
4-year	101	10	23	26	8	23	11
2-year	16	4	3	2	0	5	2
Seminaries							
4-year	20	6	1	1	0	0	12
2-year	1	1	0	0	0	0	0
Public	83	6	16	16	22	16	7
SUNY							
4-year	28	1	2	1	6	13	5
2-year	36	0	5	14	14	3	0
CUNY							
4-year	11	2	6	1	1	0	1
2-year	8	3	3	0	2	0	0
Total	221	27	43	45	31	44	31

*Category indicates projected decline of full-time undergraduate enrollment between 1973 and 1990:

I - 40 percent or more
II - 30-40 "
III - 20-30 "
IV - 10-20 percent
V - 10 percent or less
VI - No projections made

TABLE XVI

Category I
Projected Enrollment Decline - 40 Percent or More
1973-1990

	Institutions	Full-Time Undergraduate Enrollment 1973	% of Total[1]	1980	1990	1990 Index[2]
Private	21	10,316	2.1	6,633	4,737	46
4-year	10	7,930	1.6	5,963	4,312	54
2-year	4	1,994	.4	539	330	17
Seminaries	7	392	.1	131	95	24
SUNY	1	1,203	.2	1,065	679	56
4-year	1	1,203	.2	1,065	679	56
2-year	0	0	-	0	0	-
CUNY	5	39,775	8.2	30,032	21,525	54
4-year	2	20,285	4.2	15,048	11,114	55
2-year	3	19,490	4.0	14,984	10,411	53
Totals	27	51,294	10.5	37,730	26,941	52

[1]Percent of 1973 full-time undergraduate enrollment in all institutions (484,000).

[2]Index - 1973=100.

TABLE XVII

Category II
Projected Enrollment Decline - 30-40 Percent
1973-1990

	Institutions	Full-Time Undergraduate Enrollment 1973	% of Total[1]	1980	1990	1990 Index[2]
Private	27	39,763	8.2	35,575	26,452	67
4-year	23	37,703	7.8	33,579	25,175	67
2-year	3	1,796	.3	1,766	1,210	67
Seminaries	1	264	.1	230	167	63
SUNY	7	20,498	4.2	18,574	13,362	65
4-year	2	8,333	1.7	7,008	5,385	65
2-year	5	12,165	2.5	11,566	7,977	66
CUNY	9	73,097	15.1	65,413	47,183	65
4-year	6	55,386	11.4	49,166	35,945	65
2-year	3	17,711	3.7	16,247	11,238	63
Totals	43	133,358	27.5	119,562	86,997	65

[1]Percent of 1973 full-time undergraduate enrollment in all institutions (484,000).

[2]Index - 1973=100.

TABLE XVIII

Category III
Projected Enrollment Decline - 20-30 Percent
1973-1990

	Institutions	Full-Time Undergraduate Enrollment 1973	% of Total[1]	1980	1990	1990 Index[2]
Private	29	59,491	12.3	59,800	44,273	74
4-year	26	58,177	12.0	58,400	43,297	74
2-year	2	773	.2	850	589	76
Seminaries	1	541	.1	550	387	72
SUNY	15	45,849	9.5	48,993	34,600	75
4-year	1	4,521	.9	4,213	3,178	70
2-year	14	41,328	8.6	44,780	31,422	76
CUNY	1	7,109	1.4	7,374	5,489	77
4-year	1	7,109	1.4	7,374	5,489	77
2-year	0	0	-	0	0	-
Totals	45	112,449	23.2	116,167	84,362	75

[1]Percent of 1973 full-time undergraduate enrollment in all institutions (484,000).

[2]Index - 1973=100.

TABLE XIX

Category IV
Projected Enrollment Decline - 10-20 Percent
1973-1990

		Full-Time Undergraduate Enrollment				
	Institutions	1973	% of Total[1]	1980	1990	1990 Index[2]
Private	8	14,569	3.0	15,601	12,578	86
4-year	8	14,569	3.0	15,601	12,578	86
2-year	0	0	-	0	0	-
Seminaries	-	0	-	0	0	-
SUNY	20	48,781	10.1	55,528	38,472	79
4-year	6	18,700	3.9	20,157	15,877	85
2-year	14	30,081	6.2	35,371	22,595	75
CUNY	3	6,087	1.3	7,057	5,085	84
4-year	1	1,731	.4	1,819	1,472	85
2-year	2	4,356	.9	5,238	3,613	83
Totals	31	69,437	14.4	78,186	56,135	81

[1]Percent of 1973 full-time undergraduate enrollment in all institutions (484,000).

[2]Index - 1973=100.

TABLE XX

Category V
Projected Enrollment Decline - 10 Percent or Less
1973-1990

	Institutions	Full-Time Undergraduate Enrollment 1973	% of Total[1]	1980	1990	1990 Index[2]
Private	28	45,456	9.4	50,894	44,794	99
4-year	23	43,665	9.0	48,333	42,935	98
2-year	5	1,791	.4	2,561	1,859	104
Seminaries	0	0	-	0	0	-
SUNY	16	68,895	14.2	85,020	70,695	103
4-year	13	63,690	13.2	77,920	65,367	103
2-year	3	5,205	1.0	7,100	5,328	102
CUNY	0	0	-	0	0	-
4-year	0	0	-	0	0	-
2-year	0	0	-	0	0	-
Totals	44	114,351	23.6	135,914	115,489	101

[1]Percent of 1973 full-time undergraduate enrollment in all institutions (484,000).

[2]Index - 1973=100.

REFERENCES

(In the order in which they are cited in the text)

1. Cheit, Earl F., The New Depression in Higher Education: A Study of Financial Conditions at 41 Colleges and Universities. New York: McGraw Hill Book Company, 1971.

2. Jellema, William W., "The Red and the Black", Special Preliminary Report on the Financial Status, Present and Projected, of Private Institutions of Higher Learning, Washington, D.C. Association of American Colleges, 1971.

3. Cheit, Earl F., The New Depression in Higher Education - Two Years Later. The Carnegie Foundation for the Advancement of Teaching, 1973.

4. Jenny, Hans H. and G. Richard Wynn, The Golden Years, A Study of Income and Expenditure Growth and Distribution of 48 Private Four-Year Liberal Arts Colleges, 1960-1968, The College of Wooster, Wooster, Ohio, 1970.

5. Jenny, Hans H.&G. Richard Wynn, The Turning Point, a Study of Income and Expenditure Growth and Distribution of of 48 Private Four-Year Liberal Arts Colleges, 1960-1970. The College of Wooster, Wooster, Ohio, 1972.

6. New York State and Private Higher Education, Report of the Select Committee on the Future of Private and Independent Higher Education in New York State; Albany, New York, The State Education Department, 1968.

7. The Financial Problems of Private Colleges and Universities of New York State, An Interim Report. Albany, New York, The State Education Department, 1971.

8. The State-Aided Colleges: Financial Profiles- 1969-1973, a Report on the Financial Condition of New York State Colleges and Universities Receiving State aid under Section 6401 of the Education Law. Albany, New York, The State Education Department, 1974.

9. Bowen, William G., "The Effects of Inflation/Recession On Higher Education", Remarks addressed to the Eleventh Annual Regents Conference for College and University Trustees, New York, March 13, 1975.

10. The Carnegie Foundation for the Advancement of Teaching, More than Survival, Prospects for Higher Education in a Period of Uncertainty, San Francisco: Jossey-Bass, Inc. Publishers, 1975.

11. Hollander, T. Edward, "Curiouser and Curiouser," Statement before the Executive Committee of the Association of Colleges and Universities of the State of New York, at Rensselaerville, New York, June 18, 1974.

12. Glazer, Nathan, "Who Wants Higher Education, Even When It's Free?", The Public Interest, Spring, 1975.