DOCUMENT RESUME

ED 384 391 JC 950 351

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TITLE Financial Decision Making during Economic Contraction: The Special Case of Community Colleges.
INSTITUTION Princeton Univ., NJ. Mid-Career Fellowship Program.
PUB DATE Jun 95
NOTE 24p.; In its: Issues of Education at Community Colleges: Essays by Fellows in the Mid-Career Fellowship Program at Princeton University; see JC 950 341.
PUB TYPE Information Analyses (070)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS *Accountability; Budgeting; *College Planning; Community Colleges; *Cost Effectiveness; *Educational Finance; Financial Exigency; *Institutional Mission; Institutional Survival; Long Range Planning; Program Evaluation; *Retrenchment; Two Year Colleges

ABSTRACT

Although faced with declining revenues and increasing enrollments, community colleges have also traditionally provided expensive support services for nontraditional students and maintained costly technological capacities to respond to the training needs of business. Financial decision-makers face unsettling questions as they attempt to achieve financial stability while maintaining vital programs, questions which can only be answered through effective planning. Planning efforts must take into account issues of systemic, substantive, programmatic, procedural, and fiduciary accountability. In addition, types of budget cuts (i.e., short- or long-term) must be considered based on an assessment of college mission and should distinguish between factors that the institution cannot control, such as service area demographics and federal subsidies, and those that it can control, such as admissions standards and determining unit costs. Existing programs should be examined with respect to their essentiality to the college, quality, need, demand, location advantage, cost-revenue relationship, and costs associated with maintaining or changing the program's role. While cuts are almost always a necessary short-term solution to solve budget problems, alternatives include improving student retention through more comprehensive services, improving the campus climate and tightening standards to enhance the institution's reputation and attract more students, and attracting new sources of revenue. (Contains 30 references.) (KP)

FINANCIAL DECISION MAKING DURING ECONOMIC CONTRACTION: THE SPECIAL CASE OF COMMUNITY COLLEGES

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INTRODUCTION

The United States was among the first nations to pursue the goal of schooling and education for everyone but the rise of the university has been gradual rather than sudden. It was not until the 1880's, slightly more than 100 years ago, that the modern university began to take shape in this country (Jencks and Riesman, 1968). One of the most obvious facts about higher education in this country in the 20th century, compared with other Western nations, is the swift and tremendous increase in size and scope of the university (DeVane, 1965). Since the end of World War II, higher education has expanded rapidly. In 1987, there were 1, 1788 four-year colleges and universities and 1,342 two-year colleges (The College Board, 1988). Perhaps more astonishing has been the growth of two-year colleges. Over one-half of all college freshman are now enrolled in two-year institutions (U. S. Department of Education, 1986). The United States today has a higher percentage of its people attending colleges and universities than any other nation in the world (U. S. Bureau of the Census, 1993).

Due to changing demographics, particularly the projected decline of the number of graduating high school students, it was expected that enrollments in colleges and universities would decline during the late 1970's and 1980's. The population of 18-21 years olds peaked in 1980 and had been predicted to decline steadily until 1985 when there would be gradual increases in this cohort (Frances, 1986), Accompanying this projected decline in enrollments would be declines in institutional financing. While the decline in the number of 18 to 21 year olds did occur, the decline in financial support of colleges and universities never really materialized. For many states, the 1980's were a watershed of funding for higher education. In New Jersey, funding between 1980 and 1990 increased 139.1% compared with the national average of 105.9% (Layzell and Lyddon, 1990). This unprecedented growth, combined with failure of predicted cuts to occur, had left many educators appallingly unprepared for the fiscal attack on higher education in the 1990's. Because the budget decreases did not occur during previous recessions, many saw education as a sacred cow.

A recent U. S. Department of Education (1990) document points out that higher education is passing through a period of great change with a student population that is getting older, is becoming more ethnically diverse and is taking significantly longer to graduate. Perhaps because these students do not profile the traditional expectation of a college student, their presence has exacerbated the raising of questions regarding the functions and roles of colleges and universities. Four-year colleges and universities have only recently had to address the issues of educating the non-traditional student. Four-year colleges and universities were not initially under pressure to attend to the needs of these students, but as the number of traditional college students declined, these non-traditional students were often recruited to stem the tide of the projected declining enrollments and to broaden the traditional freshman student base.

Almost from their inception, community colleges have been required to address many of the challenges of the non-traditional and the inadequately prepared student. Community colleges have historically had a more diverse student body in terms of a social class, race, and ethnicity mixture. They also served the needs of more part-time students who worked full-time and could only attend classes on evenings and weekends. Gradually, the were also serving traditional aged college students who held off-campus jobs and/or who had family responsibilities. These students required many of the same services as traditional full-time students without generating the same revenues.

Additionally, community colleges have also had a student body with a wider range of abilities and have enrolled and continue to enroll more students whose previous educational attainments have left them in need of costly remediation before they can embark on college level work. These students have created a growing need for expensive support services such as child care centers, tutoring and learning centers, and counseling support.

Coupled with this nontraditional student body, are external forces such as business and industry reporting needs for specialized training for careers that are rapidly changing. These local businesses have looked to colleges in their communities to assist with the retraining of workers. These local businessmen influence college decision making through their roles of hirer of graduates, contributions to the colleges, and membership on boards of trustees and advisory committees. Community colleges are expected to respond to these educational and training needs through both their academic degree and community education divisions. New program development, with additional start up costs, has often been expensive.

Compounding these changes have been the need of community colleges to modernize their facilities with costly technological innovations. One of the most critical problems facing higher education today is the problem of achieving and maintaining financial stability while creating and preserving vital academic programs. According to Richardson (1982:147-148), "this explosion of clienteles, services, enrollments, and delivery systems has not been matched by corresponding commitments of additional dollars from local, state, or federal sources."

While the amount of money spent by public sources has declined in real dollars, the enrollments of community colleges have risen. Almost 13 million students are now enrolled in one of over 3,000 American colleges and universities (U. S. Bureau of the Census, 1990). In 1992, two year-colleges enrolled 39 percent of all undergraduates, up from 27% in 1970 (U. S. Department of Education, 1992).

Community colleges occupy a peculiar position in the educational hierarchy in the United States. Jencks and Reisman (1968:481) initially referred to community colleges as "the anti-university colleges" and argued that the "public junior college began as a logical extension of the free public high school. Its aim was to provide high school graduates in a given district with two or more years of free education before they either took a job or went away to college." Community colleges were to be situated between secondary educational institutions and four-years colleges and universities. This situation has subjected community colleges to contradictory pressures rooted in its strategic location (Brint and Karabel, 1989). High schools that did not adequately provide for basic education of their students encouraged their graduates to get remediation at the community college. Four-year colleges would encourage students who did not meet basic their entrance requirements to enroll at community colleges and to consider transferring after completion of remediation.

The community college movement was founded at the beginning of the 20th century by William Rainey Harper, president of the University of Chicago. His vision of the community college was to create a level of higher education that would provide students with the opportunity to complete their first two years of the baccalaureate degree near their homes without having to go away to school (Pearsul, 1994). Unlike the current situation, these students were expected be academically prepared to undertake college level work. Their motivation for attending the community college was financial, that is, they could live at home for the first two years. This primary mission of providing for the first two years of college level courses remained steady until the 1970's when an increase in vocational enrollments occurred. Between 1970 and 1977, the proportion of students enrolled in occupational programs rose from less than one-third to over one-half (Blackstone, 1978). During this time, the federal government moved from providing over 6% of the community colleges' support to

8.4%. The increase in actual dollars was from $91 million to $256 million (Mertin and Brandt, 1979). Community colleges made up much of the fastest growing sector within the nonprofit sector of post-secondary education (Finn, 1977).

During times of economic expansion, the community college fared well, perhaps too well. In addition to refocusing on vocational training as a segment of their missions, they also expanded to include the remediation of students unprepared to do college level work and the extension of community education. Community colleges attempted to be "everything to everybody." It worked while resources were expanding. Many of the programs that developed and the administrative positions needed to oversee the programs actually duplicated similar programs in the community. For example, associate degrees were often extended to certificate programs of vocational schools without consideration as to whether the associate degree would enhance the incomes or opportunities of the vocational school graduates. Community colleges often only took on the burden of addressing the remedial needs of these students, an often more costly undertaking. Community colleges also expanded their services for students most at risk and with the greatest remedial needs. Lost was asking the question of whether or not a college education was for everyone. Rather, an assumption was made that it was. Community colleges also began doing adult education and proliferating community education course. Many of these courses were non-credit, but another foray into adult education was the policy to allow community members to continuously repeat courses in art and music for academic credit or as audits. Many of these courses had more community education adult learners than students enrolled in degree programs. Most of these courses required a restricted enrollment, usually smaller than the traditional class size, so that they tended not be be particularly cost-effective.

At the same time, Cohen and Brawer (1982) argued that another transformation was occurring that was based on a changing student population. This new population was older, more likely to be part-time enrolled, more likely disadvantaged and had lower abilities.

As Paul Valery succinctly stated, "The problem with our times is that the future isn't what it used to be (Hayward, 1986:25)." In general, the impact of economic conditions on education has been of three types: short-term economic cycles, one-time events and recently, long-term trends (Frances, 1986). Periodic cut-backs in public support for higher education have occurred, but most of these have not required institutions to examine their raison d'etre. In most instances, these cut-backs were perceived to be temporary by faculty and administrators alike and were often made by cutting courses and deferring the purchase of supplies. It was generally assumed that social and political conditions would improve so that these "hold the line" approaches or "band-aid" repairs would suffice to weather the crisis (Gillis, 1982). Since these cuts affected most institutions of higher education, there was no need to examine the overall hierarchy. Since the other educational institutions were suffering the same situations, undue competition between sectors did not occur. Community colleges were not at a distinct disadvantage in comparison to other institutions. Today, while federal and state governmental educational cuts have ramifications on all sectors of education, community colleges are particularly susceptible to severe consequences. As secondary school and four-year colleges and universities attempt to identify new sources of revenues, they often identify the groups that have been served by the community colleges as potential candidates for their institutions. The community college is now occupying a position similar to the fairy tale position of the stepchild in the family.

Colleges and universities continue to enjoy a more privileged position in the hierarchy as a result of a number of factors. First, baccalaureate education institutions are still considered to have the primary responsibility of education. For the first two hundred years of American higher education, the course of study was shaped by the pursuit of a baccalaureate degree with its historical emphasis on creating the "cultured person." As such, the degree was the passport to the learned professions (Project on Redefining the Meaning and Purpose of Baccalaureate Degrees, 1985). Cardinal Newman in his book, The Idea of a University described the role of the university:

> ". . . university training is the great ordinary means to a great but ordinary end; it aims at raising the intellectual tone of society, at cultivating the public mind, at purifying the national taste, at supplying true principles to popular enthusiasm and fixed aims to popular aspiration, at giving enlargement and sobriety to the ideas of the age, at facilitating the exercise of political power and refining the intercourse of private life. It is the education which give man a clear conscious view of his own opinions and judgments, a truth in developing them, an eloquence in expressing them, and a force in urging them. It teaches him to see things as they are, to go right to the point, to disentangle a skein of thought, to detect what is sophistic, and to discard what is irrelevant. It prepares him to fill any post with credit and to master any subject with facility. . . . (1941: 196)."

While higher education may be under attack and many critics argue that education is no longer meeting these purposes, there is a cry for reform rather than abandonment. This tradition of developing the learned person lends credence to the legitimacy of maintaining funding, if not necessarily increasing it even in times of economic contraction, for these institutions. To this end, alumni have continued to donate small and large amounts of money and other assets to endow these institutions to guarantee that they will continue to be able to fulfill these cherished ideals. Alumni who graduate form both the community college and the four year college or university, have been more likely to provide economic support for their baccalaureate institution. Both public and private colleges and universities with significant endowments are better prepared to withstand periods of economic turmoil. Secondly, most traditional students and their parents see the four year college and university as having more prestige. Often overheard muttered by students in community colleges is that they "can't wait to get to a real college." In markets where four-year colleges and community colleges co-exist, unless traditional students are pursuing a degree not offered by the four-year institution, the community college is often the second choice school. This built in recruiting advantage of prestige exists for the four-year school. If costs are comparable, students will often choose the four-year alternative. Another important function of universities their responsibility to generate new knowledge through research. While public monies for certain types of research may decline, universities as partners with business and industry and other governmental research organizations in long-term contracts, are able to subsidize selected academic areas from general funds during decline. It is predicted, that for large universities, corporate financial aid to higher education will almost certainly grow in the future (Smith, 1983). While foundation support has declined in recent years as they regain their own financial equilibrium, they are still mandated by tax laws to continue to make grants. Four-year colleges and universities receive a disproportionate amount of foundation aid compared to the number of students that they educate. Colleges and universities thus have a financial cushion to fall back on.

Although the mood of local governments in providing support for education may parallel the bleak moods of state and federal governments, local taxpayers have a vested self-interest in providing funding for primary and secondary educational institutions in their communities. While the extent of the funding may not suit parents of school children and educational service providers, the general taxpayer cannot afford for the schools to close. Even senior citizens who are loathe to vote for tax increases recognize that their property values are correlated with the quality of schools in their communities. Property values may be tied to the reputation of the school system. Additionally, these local schools often provide some social services to the general tax payer so that while they resist increases in taxes and expansion, rarely is there a call to eliminate schools completely. Many local primary and secondary school systems have discovered that by providing senior centers in schools and making school buses available for senior citizen transport during off hours, they create a supportive voting body. Unfortunately, the community college does not have this natural constituency base. Property values are not perceived as being enhanced by virtue of the presence of a community college regardless of how successful the college is in meeting its mission. A tax weary public is not likely to consider the community college an important priority in comparison to other community needs.

As Henderson and Henderson (1974) pointed out, because community colleges were relatively young institutions, they had not yet been successful in defining their full identity and resolving some of their problems. Jencks and Riesman were more strident in their criticism. They argued that "many of these colleges grew with little sense of distinctive institutional purpose. They were hodgepodges of courses and curricula, established in response to real or imagined local demands . . . . (1968:481)." While Henderson and Henderson were writing over 20 years ago and Jencks and Riesman over 25 years ago, their collective insights are still apropos today. Many community colleges remain ambiguous in identifying and defining their primary mission which in turn has led to a public with bleary perceptions about what a community college actually does. As mentioned previously, during economic expansion, they continued to reinvent themselves and to venture into new programs but often with little regard or consideration for defining their mission or prioritizing their goals.

THE DECLINE OF SUPPORT FOR HIGHER EDUCATION

During the second half of the 20th century, various states have raised or lowered their support for higher education depending on state or regional economic conditions. In general, federal support for higher education had continued to expand until the Reagan years. The Reagan administration was determined to reduce the federal role in higher education (Saunders, 1983). The debate on the role of federal education had been fueled by the findings of the administration's Commission of Excellence which charged that there was a rising tide of educational mediocrity that was endangering the nation's security. The debate focused public attention on the quality of education in America's colleges and universities and exposed the specter of the value of tax dollars for education. While all sectors of higher education were exposed to this scrutiny, community colleges were particularly vulnerable.

Nigliazzo (1986) has argued that one of the more recent missions of the community college has resulted in much of the criticism of community colleges. The "open door" policy has raised questions that have focused on two concerns: standards of excellence and fiscal responsibility. According to him, the public is concerned that the open door is a revolving door. The taxpayer often feels that he/she is being unfairly asked to bear a tax burden twice when substantial numbers of students require remedial education in reading, writing and mathematics. Many members of the general public have questioned whether anyone should be admitted to a college if they did not possess the minimum skills for success. Latent racism may have played a role in influencing their opinions. In New York City and in the State of California, both of whom had comprehensive free public colleges for a long time, as the percentage of minority students increased, public tax dollars decreased and costs to be borne by students increased.

While the number of 18-21 year olds have declined, since 1980, the college-going rates of this group has increased to offset the assumed decline in college enrollment but many of these students are not the group that typically chooses a community college. Although the total enrollments have remained relatively steady, ironically, the enrollments of low-income and minority students have continued to decline (Frances, 1986). The students who have made up this presumed deficit of students are the children of immigrants and those who have significant remediation needs. Politically, both remediation and needs for ESL are a particular anathema to the public. Because education is substantially financed by property taxes at this level, the home owner often feels double victimized. Either they no longer have children in school or they have children who are attending state or private colleges and universities. Non-home owners, who pay this tax indirectly through rents, are more likely to have children attending the community college but are unfortunately less likely to vote in local elections.

PLANNING EFFECTIVELY AND CONTROLLING COSTS IN HIGHER EDUCATION

With higher educational costs are under attack at federal, state and local levels, the community colleges' survival is dependent on its ability to attract students in a competitive educational marketplace (Brint and Karabel, 1989). Colleges and universities are being scrutinized to determine whether they are successfully meeting the pressing and changing needs of local communities, as well as of states and the nation (Bergquist and Armstrong, 1986). Today, and at least until the new millennium, community colleges will most likely be working with decreases in national, state and county revenues which are not merely a smaller percentage increase but a real decrease in dollars and their actual expenses, unless unchecked, are continuing to increase. Government officials and the public are demanding accountability from these institutions of higher learning. Financial decision makers in higher education are facing unsettling questions as they attempt to achieve financial stability while maintaining vital academic programs (Erekson, 1986). Competition for both dollars and students will continue to intensify so that it will be increasingly more important for colleges and universities to identify and highlight their strengths. Weaknesses will need to be addressed and remedied. For an institution to maintain its position, it will have to distinguish itself from other institutions. Bergquist and Armstrong (1986) have argued that this can only be accomplished through effective planning.

Accountability. Layzell and Lyddon (1990) in their examination of state funding for higher education have argued that there are five areas of accountability that colleges and universities must reckon with: systemic, substantive, programmatic, procedural and fiduciary.

Systemic accountability refers to an assessment of how well an institution is meeting its responsibilities for accomplishing the fundamental purposes of higher education. Kaysen (1969) has delineated the following general purposes: the creation of new knowledge and its integration into the present body of existing knowledge, the transmission of knowledge to the next generation, the application of knowledge to the solution of practical problems in the wider society and the socialization of late adolescents and young adults into the social roles that they will fulfill as adults. In recent years, a plethora of standardized tests have been utilized to attempt to measure these outcomes. In a state like New Jersey, where the Department of Higher Education has.been disbanded, the issue of basic skills tests and cutoff grades may become an issue as public community colleges and state colleges and universities compete for students. Institutional integrity may be questioned if enrollment of students in remedial courses is based on a shift from mandatory enrollment to suggested or recommended enrollment.

Substantive accountability refers to the ability to inculcate the values and norms of higher education into the individual. Agreement regarding the content of these values and norms has deteriorated in recent years as pressure to train students as opposed to educate them have emerged. Boyer (1987) discussed the "two cultures" phenomenon that has emerged on many campuses. In his survey of faculty, he found that 45% of the respondents reported that they would prefer teaching courses that focused on "limited specialties" while the other 53% said that undergraduate education would be improved if there was less emphasis on specialized training. With such divergent opinions on these values and norms, it bodes ill for institutions that attempt to measure their success at attaining both these ends.

Programmatic accountability refers to the efficacious integration of courses into a unified whole. Completion of a program should enable the student to successfully perform tasks associated with stated program. In the vocational aspect of programmatic assessment, external review boards and certifying agencies provide the determination of accomplishment. But many of the new fields lack the accrediting boards. As such, will programs and certificates be watered down to attract students?

Procedural accountability refers to the rules and regulations that provide for the successful operation of the institution.

Fiduciary accountability refers to those areas of concern that deal with the financing of higher education. During times of economic expansion, these areas of accountability are rarely considered but during times of economic contraction the challenge of analyzing the costs of higher education is a nettlesome task (Bassett, 1983). Among the categories of education and general operating costs that must be analyzed: instruction, academic support, student services and institutional support.

Usually primary accountability rests on fiduciary accountability and funding issues. A number of intersecting factors influence these fiduciary decisions including historical shifts in employment and technologies, political variables, economic growth or decline, and changing demographic groups. Whether explicitly stated or not, most approaches to funding use some form of formula funding based on policy judgments.

Budget cutting. The central question that must be asked is: How do we make do with less? When an institution is required to cut back on the uses of resources due to decreasing funding or decreased revenues, decisions must be made regarding where such cuts must be made. Two general types of cuts can be made: short-term/ short-run or long-range decisions. Because community colleges are more dependent on the will of state and local politicians for determining their level of external funding and usually lack endowments to cushion unforeseen cuts, community college administrators are typically not given sufficient lead time to analyze and develop long-range budget reduction plans. This has led to a reliance on short-run decisions. Glenny (1982) has persuasively argued that these short-run decisions encompass the majority of all decisions and that they are usually a response to immediate stimuli with little regard for future consequences.

The most typical of short-run strategies is to focus on staffing cutbacks (Mingle and Norris, 1981) accomplished by increasing the use of part-time faculty and other staff, having faculty teach outside of their disciplines, the elimination of academic programs, and the limiting of course offerings of existing programs. Administrators typically take these immediate steps: imposing across-the-board cuts, ordering a hiring freeze, allowing managers to reduce their budgets by target amounts, curtailing or discontinuing services; delaying or trimming capital expenditures and initiating long-term productivity studies or programs (U. S. Department of Education, 1990).

Long-term Planning. The concerns of college management regarding the policy issues and decisions that must be made due to expected changes in enrollment and anticipated decreased financial support must be addressed. Presidents and Boards of Trustees must frame their strategies in terms of ways to plan for and respond to the decline in ways that will remain consonant with their educational goals while simultaneously examining the policy issues in the various states and counties. They can embark on a strategy where they constantly react to exigencies or they can began to be proactive and plan for such contexts. Presidents and Board Members must also distinguish between those factors that the institution can control and those that it cannot.

Indicators that an institution cannot control include (Glenny and Bowen, 1981):

1. shifts in the ethnic mix of the institution's service area;
2. shifts in the socioeconomic mix of the institution's service area;
3. federal subsidies;
4. changes in the labor demand in the college service area;
5. live births and the demand for teachers;
6. source of students by geographical area;
7. changing student profiles;
8. student flow from high schools;
9. average student loads; and
10. uncertainty in obtaining the next budget.

While these cannot be controlled, they must be monitored to facilitate decision making on those indicators that an institutions can exercise some control over. Among those that an institution can control:

1. the physical environment of the campus;
2. proportion of total budget composed of soft money;
3. decrease in transfer students at two year colleges who leave before completing their associate's degrees;
4. the level of admission standards required for matriculation;
5. hiring for replacement of staff or for newly created positions from within the institution;
6. increasing or decreasing unit costs through advance planning;
7. increasing or decreasing percentages of part-time faculty throughout the institution and in selected programs;
8. determining an acceptable percentage of faculty teaching outside areas of primary specialization and providing for retraining of these faculty;
9. examining and specifying conditions for regular faculty being assigned to unusual teaching hours or sites;
10. decreasing rates of funding for additional students;
11. encouragement of unselective early retirement;
12. determining proportion of faculty with overloads or under loads and necessity of such;
13. examining the period between closing of applications and

registration of students;

14. determining causes for drops or increases in application rates for admission into college and selected programs;
15. determining reasons for increasing or decreasing dropout rates;
16. assessment of overload of career counselors;
17. follow-up studies on the placement of graduates;
18. reduction in supply, equipment, and travel budgets with a look to more competitive outside contracting;
19. examination of rate faculty salaries increases proportional to total budget;
20. examination of increasing fees for support of selected services; and
21. examination of administrative sprawl during years of economic expansion.

Evaluating existing programs. One of the strategies necessary to address substantial and long term financial contraction is the necessity to examine and evaluate academic programs. Evaluating academic programs with the possibility that such programs may need to be eliminated politicizes the process. After all, elimination of a program usually leads to the loss of jobs. While this retrenchment may be necessary, institutions must develop procedures to insure the the process is both fair and competent. Alternates to elimination of programs such as redirecting programs and retraining of faculty may be more cost-effect in the long run. While jobs may disappear, the may also reappear and necessitate the rebuilding of a program. This may be more cost efficient.

Vanderbilt University has developed a serious of criteria for evaluating academic programs. These criteria ask seven basic questions and are applied to a variety of programs for purposes of comparison. These criteria include (Mingle and Norris, 1981):

1. essentiality of program to the university (required/not required)
2. quality of the program (excellent/strong/adequate/weak)
3. need for the program (high/medium/low)
4. demand for program (high/medium/low)

5. locational advantage (yes/no)

6. cost-revenue relationships (favorable/unfavorable)

7. costs of implications or maintaining or changing program role (high/medium/low)

While cutting programs is rarely a desired institutional goal it is something that is often necessary to insure the future solvency of the institution.

Other alternatives. While cutting is an almost necessary short term solution to budgetary problems, equally important are the development of revenue enhancing strategies. Among the ways that institutions can resist decline are the examination and the development of strategies to improve:

1. retention and attrition of students by providing more comprehensive services rather than the cutting of such services;

2. improving student life and campus climate by creating an environment conducive to producing an intellectual and social community;

3. tightening standards and attracting bright students to enhance the environment and reputation of the institution; and

4. attracting new sources of revenue by going beyond the sources that community colleges have traditionally tapped.

CONCLUSIONS

Colleges need to assess all aspects of their mission before embarking on a strategy of cuts. For example, if basic mathematics and remedial reading and writing courses are taught primarily by adjuncts, full time faculty in vulnerable departments can be retrained to teach in these areas. While the institution must still provide full-times salaries and benefits, the institution also benefits from the addition services that this full-time colleague provides, i.e., committee work, program evaluation, etc.

Colleges need to assess programs in terms of their costs and the expenses to maintain the programs. Often, more realistic charges can be assessed. For example, laboratory costs or library charges can be assessed by course rather than a general fixed fee. This strategy is used effectively by many universities.

Strategies that enhance revenues must be considered cautiously. For example, specialized training for local business and industry may not be cost effective when the costs of course and program development are factored in. In their haste to develop these programs, industries may discover that the certificates that colleges promote when made available on site may actually lead to employee flight so that for them in-house training is preferable. In programs where their is a substantial college outlay for equipment or modifications of the existing facility, consideration of negotiating costs with businesses may be in order.

Economic contraction need not be disastrous for colleges and universities. If, as many critics charge, we have lost sight of our mission, the reductions in financial support for community colleges which are never perceived as desirable when they occur, provide the colleges with opportunities to reexamine our goals and objectives, something that does not often occur during times of economic expansion.

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