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By- Hardin, Clifford M.

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Although the old distinctions between public and private institutions of higher education are becoming blurred, 1 major difference remains: for traditional and political reasons, public universities have responded to the demand for greatly expanded enrollments whereas private universities have restricted enrollments. In recent years, all universities have been moving toward a new kind of total role in society. Because their endeavors are costly and pressures for growth are sure to continue, there is concern whether traditional sources of income will be adequate for the future. Data on expenditures per student and faculty salaries indicate public higher education is entering a new phase of expansion with an already strained financial structure. Of the 4 principal sources of revenue--state and local tax appropriations, student fees, endowment gifts, and federal aid--state revenues and endowment funds are unlikely to keep pace with need. Proposals have been made to pass a greater share of the costs to students. But one must consider that college remains the domain of the middle and upper class, that a tiny proportion of students are Negro, and that a major national goal is to place low-cost higher education within easy reach of all economic groups. Ways must be found to extend the traditional public university into the city and to provide a curriculum there that effectively broadens the outlook of vocation-minded students. To meet the increased challenges, interinstitutional agreements will become more common. (JS)

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by CLIFFORD M. HILLMAN  
Chancellor, University of Michigan

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## PREFACE

*These remarks on some of the significant changes and trends affecting public higher education today were given at a conference of the American Management Association, Inc., in New York City by Chancellor Clifford M. Hardin of the University of Nebraska. Chancellor Hardin's comments on the future role of the public university in meeting the nation's urban problems are particularly timely. No acknowledgment is necessary, but your comments or questions would be most welcomed.*

EDWIN M. CRAWFORD  
*Director*  
*Office of Institutional Research*

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# PUBLIC HIGHER EDUCATION— PROBLEMS AND PROSPECTS

by  
CLIFFORD M. HARDIN

I AM GRATEFUL for the invitation to speak with you today and am particularly delighted with the suggestion of your program committee that I discuss the public university in America, with special emphasis on its problems and prospects. This I intend to do, but with recognition at the outset that former methods of classifying educational institutions according to their method of financing, charters, functions, or even governance are in some cases becoming blurred.

For example, the comprehensive private university probably has more in common with a large public university than it does with a private liberal arts college. Both "public" and "private" universities now operate in the public interest; both are involved heavily in graduate education and research; and both receive considerable federal funding for research, student assistance, and facilities. State support of public universities and colleges now averages less than 40 per cent of their total income. Federal funds, on the other hand, make up a larger share of the combined budgets of private institutions than of the public ones. Much of this federal money is for research, which does not contribute directly to meeting the rising instructional budgets. It does serve, however, to emphasize the public nature of our private institutions.

At the other end of the spectrum, public institutions are realizing greater income from private sources than they ever have in the past.

Yet with all the blurring of old distinctions, one fundamental difference between public and private universities remains—the public universities, because of their traditions, their popular control and general orientation, and because most state legislatures have appropriated additional funds for the purpose, have responded to the enormous pressures which the nation has generated for increasing attendance in higher learning. Typically, the private university has severely restricted enrollments in accordance with established faculty-student ratios, building capacities, and budgets. Whereas enrollment in private universities has increased by roughly 40 per cent in the past decade, in the public universities it has increased by 125 percent. In fact, the growth in public higher education enrollment since 1960 exceeds the total current enrollment in private higher education.<sup>1</sup>

During recent years the universities of the nation, both private and public, have been in transition to a new kind of total role in our society. They have found it necessary or desirable to greatly enlarge their relatively expensive graduate programs, to assume a growing responsibility for conducting the nation's programs of basic and applied research, to increase their activity in the area of adult or continuing education, and to participate more in educational programs abroad—all endeavors that compete for scarce dollars.

The fact that these trends seem destined to continue has caused many people to be concerned whether the traditional sources of income in either the public or private sector will be adequate for the future.

Already some of the leading private institutions have sounded the alarm. This was highlighted by *Time* magazine within the past few weeks. Several of the private universities have indicated that they cannot continue in their

<sup>1</sup> U.S. Office of Education Data cited in "An Opportunity for a Major American Advance Through Higher Education," William H. Young and Robert Taylor, University of Wisconsin, Madison, June 1967.

traditional roles unless new major sources of revenue are developed. They point to rising costs and added expenses involved in utilizing new knowledge and in establishing courses and curricula in timely new fields. With this kind of financial outlook in the private sector, it would seem improbable that enrollments can expand to any considerable extent at these institutions.

But enrollment pressures are continuing to increase. Total degree-credit enrollments in all U.S. institutions were slightly under 3 million in 1956, exceeded 6 million in 1966, and are expected to exceed 9 million by 1976.<sup>2</sup> If present trends continue, more than 2 million of the 3 million increase expected in the next ten years will find their way into the public institutions.

Against this backdrop, let us focus our attention specifically on the current status of the state universities which also are concerned with finance. In spite of imposing increases in legislative appropriations over the past several years and significant hikes in student tuition income, the combination of rising enrollments and expanded functions has produced serious financial stress.

For example, as recently as 1959, student educational expenditures per student in public institutions exceeded those of the private institutions. In the past seven years there has been a sharp reversal. By the academic year 1966, while the educational cost per student in the public institutions had reached \$1,169, the educational expenditures per student in the private institutions had risen to \$1,468 or nearly 26% above the expenditures of public institutions.<sup>3</sup>

Much of the change is explained by the relatively greater teaching loads and relatively lower salaries in the public institutions. In the 1953-63 decade, for example, public university student-faculty ratios increased by 10%, while the ratios in private universities were decreased by 18%. In the matter of faculty salaries, the American

<sup>2</sup> "Projections of Educational Statistics to 1975-76," U.S. Office of Education, 1966, Table 10, p. 16.

<sup>3</sup> Computed from "Projections of Educational Statistics to 1975-76," U.S. Office of Education, 1966, cited in *An Opportunity for a Major American Advance Through Higher Education*, op. cit.

Association of University Professors reports in its June 1967 bulletin that the average salaries of professors in public universities is \$2,302 less than the average in the private universities, and that when the value of fringe benefits is considered, the difference in averages is \$3,600.

Of the first 27 institutions listed by the A.A.U.P. in descending order of average compensation, one is public and it is 17th.

Of the 20 institutions ranking highest in *average* compensation of faculty per full-time-student-equivalent, *none is public*.

These facts are cited to illustrate that we enter a new expansion phase in public higher education with a structure which is already strained.

Before turning specifically to the prospects for the public university, it may be useful to consider what the total cost may be. In 1930, when the gross national product in America was less than the current federal budget, total expenditures for higher education in the United States were \$508 million or about half of one percent of the gross national product. By 1960 the total current expenditures for higher education had increased to \$6.4 billion and represented slightly more than one and a quarter percent of the gross national product. By 1965 the bill was still higher—amounting to approximately \$10 billion which was about one and four-tenths percent of the gross national product. A number of studies have been published which suggest what the total costs may be by 1975 and 1980. There is general agreement that the total current expenditures will be at least \$22 billion by 1975<sup>4</sup> and that this might represent as much as two percent of the gross national product.

The form in which these funds are provided involves major policy decisions. Today there are four principal sources of revenue: (1) state and local tax appropriations, (2) student charges, (3) endowment earnings and gifts, and (4) federal appropriations. If federal funds for research are excluded from the calculations, state appropriations are supplying in excess of 40 per cent of the total cost; student charges about 35 per

<sup>4</sup>"Projections of Educational Statistics to 1975-76," U.S. Office of Education. 1966. Table 33, p. 69.

cent, endowment and gifts about 15 per cent, and less than 10 per cent is coming from federal government sources.

Most observers believe that the contribution from endowment, gifts, and student charges will be unable to rise as rapidly as total costs and that the largest portion of increased expenditures will have to come in the form of taxation at both state and federal levels and possibly for the benefit of private as well as public education.

And already there is concern as to whether total state tax revenues will be adequate—in view of competition for other state services and the dominance of the federal government in the area of taxation.

A member of my staff recently completed a survey among 12 midwestern governors concerning their attitudes toward higher education and its financing. Without exception these state chief executives expressed the opinion that additional heavy costs would be necessary to meet the increasing burdens. "Without growth in federal aid," noted the study, "several governors indicated that their states will be hard pressed to maintain current quality while meeting the increasing costs of the student population explosion." The Governor of Kansas, for example, said that ". . . if the criteria of quality that has been a part of the higher education in Kansas is to be maintained, it would seem virtually impossible to project adequate revenues from Kansas taxation sources."

In considering the question of financing higher education, the discussion invariably turns to the question of tuition and passing a greater and greater proportion of the costs to the students. I should like to deal with this question within the general context of the expansion of the educational market which public universities must serve.

We need to understand not only the numerical dimensions of the matter but also the human considerations. We must understand that public higher education has the responsibility for both expansion of its enrollment and service to the nation in helping solve its problems.

The university is a conscious agent of change in American life and, in turn, has been changed by it. For the public university this is not a new

phenomenon. The land-grant colleges were created to do just this. The difference now is that American society is demanding a solution to a far more varied and complex set of problems than was envisaged by Senator Morrill when he authored the land-grant act more than a century ago, including virtually universal opportunity for its sons and daughters to participate in higher education.

For the most part—despite the advent of large-scale scholarships and loan programs which are federally assisted—college remains the domain of the middle and upper economic class American. A recent study of 14 widely separated communities by the Center for Research and Development in Higher Education at Berkeley concluded: “Whereas most students from upper socioeconomic families entered college regardless of ability, most students from lower socioeconomic strata did not enter college—again regardless of ability.” If a high school student’s father worked at a high occupational level, his chances of going to college ranged from 84% if he ranked in the top two-fifths of his class to 57% if he fell in the lowest two-fifths of ability. On the other hand, the bright child of a father with low occupational status had only a 41% chance of going to college and if in the lowest two-fifths his chances fell to 20%.<sup>5</sup>

That we are failing to educate considerable talent has been confirmed further by studies of Daniel Moynihan, Director of the Urban Studies Program at Harvard and MIT and former Assistant Secretary of Labor. Using 1960 census data, Professor Moynihan estimated that the annual loss of those eligible to complete a four-year college degree, but who failed to attain it, was some 435,000 persons. Moynihan asks two questions: What accounts for the failure of youth with college potential to receive post-secondary education, and what can be done to eliminate these barriers to college attendance?

Before discussing the questions, let us deal with one other set of statistics which bears heavily on the same situation.

In the United States today we find a distress-

<sup>5</sup> *The Research Reporter*. Volume II. No. 1. 1967. The Center for Research and Development in Higher Education. Berkeley, California.

ingly small proportion of college-age Negroes enrolled in higher education. Though college-age Negroes comprise nearly 12% of all college-age youth, only 4.6% of college students are Negro.<sup>6</sup>

Our concern must go beyond mere numbers of students and service to an existing society. We must be concerned also with creating an educational market place for the Negro and low income persons in our society. If this latter responsibility can be met successfully, the impact on the total quality of American life would be tremendous.

The expansion of higher education—and especially in the cities of America—is one effective way in which the nation can meet this challenge. Despite the vastly increased mobility of Americans, students still tend to remain close to home if the opportunities are available. This is particularly true of students of average ability or from the lower economic group in our society. One need only look at the difference in attendance patterns in communities with low cost public higher education and communities without low cost public higher education opportunities to document the matter. In my own State of Nebraska, for example, we have an open admissions policy at the University. We are located in a city of 150,000 persons. Sixty miles away there is a municipal university also with an open admissions policy—but with high tuition. We draw 45% of the local high school graduates as freshmen; the municipal university draws 19% of its high school students as freshmen. *The point is clear: the provision of low cost public higher education with geographic access is a major requirement if we are to achieve the educational expansion which represents a major national goal.*

At an earlier period of our national history we extended free education to grade twelve, not without opposition. But this happened because a changing economy needed a higher level of education for its citizens. *Today our national goals require not a narrowing of the educational market place by greater and greater charges to the less financially able but an extension of the*

<sup>6</sup> *Equality of Educational Opportunity*, U.S. Office of Education, 1966, p. 23.

*years of free education beyond grade twelve.* If rolling back student charges is impractical, then some other means of reaching the low income students must be found. While tax credits or borrowing against future income have many attractive features, they do little for the economically under-privileged.

Meeting the nation's needs in higher education will require considerable imagination and management in addition to money. The latter is indispensable but must be accompanied by the former. As to imagination, we shall need new kinds of devices to extend the traditional public university into the heart of the city. We in the land-grant system profoundly influenced the growth of rural America with the system of agricultural experiment stations and extension services. Perhaps some counterpart of this, keyed to the urban environment, can be developed. Frankly at this moment very few of us have the people to do this. The strength of our previous programs was our taking young people from rural areas, for the most part, and making them experts for the areas from which they came. But they had a feel for the farm, understood its people, had visions of its potential. They did not stop with the farm business, but entered the home with educational programs in human nutrition and a variety of other topics. They provided programs of vocational instruction and leadership training for the youth. Out of this came greater productivity, a higher level of living, broadened horizons, and an unmistakable sense of pride.

I believe that comparable programs can be developed for the cities. Indeed, this is beginning to happen.

Along with the growth of the junior college movement, states all across the nation are finding that public university services as well are a requirement for urban growth. Missouri has extended its university into Kansas City and St. Louis; Illinois has extended its university to Chicago; California has long had campuses of the University of California in a number of its cities. Again, my own State of Nebraska has taken steps to bring the services of the single state-supported university to the State's largest city by providing for a merger of the Municipal

University of Omaha with the University of Nebraska.

Our urban centers of state universities will be considerably different from our traditional campuses. They will be largely non-residential; students will be part-time in far greater numbers; a larger proportion of the undergraduates are more likely to be married; a considerable vocationalism will be present—but these will be exciting and imaginative places. One writer on higher education has characterized the urban university as a place for students to get "off-the-job" training. Since this is the orientation of the students we shall have, one of our very real tasks will be to broaden the outlook of these young people. In an age when, for example, a science teacher without any additional training is obsolete in eight years, a purely vocational emphasis will not be helpful in the long run. A most difficult educational task facing the urban institution is to blend this vocationalism with broader understandings of the world about us. This in itself would constitute ample material for an additional lecture to the management association.

To meet the increased challenges, higher education will also have to rethink its traditional concepts of autonomy. Not all of us can offer everything. There exist more than 1,000 (1,017) inter-institutional agreements, and they will expand. Another 245 are in the planning stage. Not only will we see the strengthening of statewide systems, but the growth of interstate arrangements will also become a more important factor. In my State, as an example, despite our traditional status as an agricultural state we do not educate veterinarians. We have cooperative arrangements with sister states for this. In turn, our dental school provides services for other states. These kinds of arrangements in which states give close attention to the setting of priorities must become a more widespread feature of the American higher education landscape.

I am confident that the nation and its public higher education will respond to these challenges in the years ahead, just as it has responded in the years past. The problem of funding will be solved and in such a way as to permit us to serve a vital new educational market—but we dare not delay.