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**ABSTRACT**

This report clarifies the policy issues that the California Legislature should address concerning independent higher education. Following a review of recent legislative activity, state policy foundation, and future process, four conclusions are suggested: (1) the state continue to provide assistance to independent higher education; (2) the state provide such assistance indirectly by providing financial assistance to students who choose to attend an independent institution; (3) the Legislature direct the Postsecondary Education commission to study the areas discussed in the report and recommend to the Legislature and the Governor desirable action; and (4) no increase in state aid to independent higher education be approved by the Governor and the Legislature prior to comprehensive report by the Commission. (Author/HJH)

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**INDEPENDENT HIGHER EDUCATION IN CALIFORNIA :**

**DEVELOPMENT OF STATE POLICY**

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**STAFF REPORT**

**TO**

**JOINT COMMITTEE ON POSTSECONDARY EDUCATION**

**CALIFORNIA LEGISLATURE**

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## PREFACE

A two-year study of California higher education, resulting in the Report of the Joint Committee on the Master Plan for Higher Education (September, 1973), acknowledged the contributions, significance, and apparent fiscal problems of independent colleges and universities.

Subsequently and in response to Assembly House Resolution 84 (1973), the Joint Committee held a hearing (November, 1973) and prepared a staff report, "State Policy and Independent Higher Education in California" (January, 1974), which clarified the policy issues that the Legislature should address. The Report reached two basic conclusions: a systematic analysis of objectives, programs, and criteria should precede any major changes in levels of state aid to independent higher education; second, the character and accuracy of data indicating financial condition should be improved.

Progress in these two areas would require the cooperation of governmental officials and institutional representatives. Accordingly, discussions ensued between representatives of the Association of Independent California Colleges and Universities (AICCU) and the Joint Committee staff. In addition, the AICCU facilitated contact between the Joint Committee staff and campus planning and budgeting officers. Utilizing a comprehensive questionnaire, the AICCU has collected initial data

regarding the financial condition of independent institutions.

A cooperative and promising effort to design reasonable state policy is continuing. This report seeks to further that effort by assessing the progress and suggesting future directions.

## RECENT LEGISLATIVE ACTIVITY

Recent legislative activity has significantly affected the overall context within which current issues concerning state aid to independent institutions must be considered.

During the deliberations over and enactment of the 1974-75 Budget Bill, indirect subsidies to private colleges were increased considerably over 1973-74 levels. These increases were the result of expansion of the State Scholarship and College Opportunity Grant programs and the receipt of \$2.8 million from the federal State Student Incentive Grant program. Increases in student aid programs appropriated in 1974-75 translate to a \$32.0 million total increase in state dollars for private higher education over the next four years. In the fourth year, state aid from the three student aid programs currently funded, will rise to over \$34.5 million annually -- a 38 percent increase over the \$25 million annual level for 1973-74.<sup>1</sup>

In addition to these increases, independent colleges and universities successfully persuaded the Legislature and Governor to create an entirely new state funded pilot program. Assembly Bill 3852 (1974) authorizes a program in which eligible students would receive a \$900 grant once enrolled in an independent college or university. Full funding of this program will result in an additional \$9 million in state assistance to private higher education over four years beginning in 1975-76.

Finally, the new Postsecondary Education Commission, operational only since last April, has recently formed an Ad Hoc Committee on the Financial Condition of Independent Institutions as part of its regular responsibility.<sup>2</sup>

With the passage of AB 3862, the Legislature has again demonstrated its serious interest in and commitment to the future of private higher education in California. Additionally, in 1972, both the Legislature and the Governor approved a California Educational Facilities Authority which allows independent institutions to issue bonds. The constitutionality of this statute has recently been upheld by the California Supreme Court.<sup>3</sup>

## STATE POLICY FOUNDATION

Clearly, California state policy has long supported and encouraged independent higher education. Private colleges and universities are exempt from property taxes, enjoy the right of eminent domain, intentionally benefit from the State Scholarship program, and participate in the state-wide higher educational coordinating mechanism. This policy of support has lately been reaffirmed by the creation of the Facilities Authority, the incorporation of private higher education into the Postsecondary Education Commission, and legislative and gubernatorial approval of the "tuition grants" bill.

State policy toward independent colleges and universities was, however, developed and considered piecemeal. Such a piecemeal approach is no longer necessary, because of the increased analytical capacity engendered by improved informational technologies, enhanced legislative and executive staffing capacities, the comprehensive charge of the Postsecondary Education Commission, and the greater sophistication of the AICCU staff. Nor is such a piecemeal approach desirable. The interdependence of the various components of California's postsecondary educational system will probably be increased as clientele pools cease to expand and even contract. Policies designed for one segment will inevitably affect other segments.

These influences must be explored, understood and taken into account. Finally, such a piecemeal approach is not in the best interests of independent institutions. As enrollment and economic factors continue to fluctuate and as competition for public dollars increases, methodical justification will become increasingly necessary prior to legislative action further assisting private higher education.

In the analysis of the 1974-75 Budget Bill, the Legislative Analyst examined the increase in state subsidies to independent colleges and universities over the past three years. The Analyst's report makes two significant observations:

We have previously questioned the level of state benefits and savings implied by diversion of students from public to private institutions particularly as enrollment pressures subside in the public segments leaving underutilized instructional capacities and physical facilities.

We believe tuition-gap offsets and state subsidy policies for private institutions should be based on written legislative policy. However, an appropriate level of state support has never been established and there are no legislative mandates or specific objectives to guide the development or expansion of state subsidies to private universities and colleges.<sup>4</sup>

We concur with the Legislative Analyst's statement that the Legislature and the Governor should not further increase state appropriations to independent institutions in the absence of a clear determination of the state's objectives and policies. Furthermore, the expected money that these institutions will receive resulting from increases in both state and federal student financial aid contributions, and the

apparently favorable enrollment picture for private higher education this year, reduces the urgency of additional legislation. Finally, research on the effectiveness of "tuition grant" programs in other states should be conducted to ascertain whether students receiving such awards would likely have enrolled in an independent college whether or not they received state assistance.\*

Future public policy decisions regarding independent higher education should be supported and preceded by the development of a thoughtful policy foundation. Development of this framework requires action on the following sequential steps: (1) legislative determination of goals regarding state aid to private higher education, (2) delineation of policies that will serve as guidelines for and means toward accomplishment of determined goals, (3) development of useful criteria for assessing the condition of independent institutions, (4) development of comprehensive and verifiable data which indicate the financial condition of independent institutions, (5) design of programs effective in approaching goals and shorter range objectives, and (6) determination of criteria for

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\* A 1972 survey revealed that only 22 percent of California state scholarship winners attending private institutions would have attended a public college or university if she/he had not received assistance. Data for a similar scholarship program in the state of Illinois indicated a 20 percent effectiveness level in diverting students to private institutions.<sup>5</sup> If (at a 30 percent effectiveness level) for every three students who receive a \$900 tuition grant only one would otherwise attend a public college, the total cost for diverting one student to a private institution is \$2700. This cost is greater than the estimated marginal cost to the state for each additional student entering a public four year institution.<sup>6</sup>

evaluating the effectiveness of state programs in approaching determined goals.

### Goals

The Governor and the Legislature must clarify state goals and objectives in providing aid to private colleges and universities. These goals must complement broader state goals for postsecondary education. Private higher education is important in at least three ways.

#### 1. Diversity.

Independent colleges and universities currently increase the diversity of available postsecondary educational options for students. State assistance should encourage diversity, rather than support only programs similar to those available in the public segments; and student access to these diverse educational experiences should be encouraged. The competitive influences of a healthy private sector may also increase general public institutional responsiveness to student needs. Representatives of independent institutions should also be more determined to make their case of distinctiveness based on empirical data.<sup>7</sup> Cooperative programs, involving public and private institutions, could also increase diversity. Such interinstitutional programs might be supported through direct institutional aid appropriated on a project basis by the Postsecondary Education Commission.

2. **Effective utilization of state resources.**

State aid to independent higher education may be a sound investment for the state in strictly financial terms. In periods of enrollment growth, subsidies to students enrolled in private institutions have decreased the need for additional capital expansion of public institutions. However, as enrollments level, the presence of underutilized facilities in public colleges and universities may decrease the relevance of this argument and even reverse its impact. Interinstitutional programs, as discussed above, might result in a net savings to the state by decreasing capital and start-up costs for new programs.

3. **Student choice.**

To a reasonable degree, students should be provided the ability to attend a college or university that best matches their individual needs. Yet the broader more basic objective of student access may often compete with the goal of student choice. In allocating marginal state dollars, the greater priority should be to provide access. We must examine the degree to which postsecondary opportunities are currently afforded to all and first assist those who presently have no options for postsecondary education. When state dollars are allocated to increase choice, priorities can be developed. For

example, providing choice to those who desire to attend a small private college may be deemed more important than insuring choice to those who wish to attend a large private university rather than a large public one.

### Policies

The Legislature and the Governor should articulate policies that provide guidelines for state programs. One fundamental policy should be restated at this time.

The Report of the Joint Committee on the Master Plan for Higher Education noted that state programs providing aid to independent colleges and universities do so indirectly through aid to students and recommended the continuation of such a policy. The Joint Committee's staff report in January, 1974 reaffirmed this policy with the following recommendation:

Current state student financial aid policies, particularly with respect to portability, assist private institutions by creating an environment in which they can compete for students and resources necessary for institutional survival rather than by guaranteeing their financial health and survival. This approach should be continued. (p.14)

Existing state student financial aid programs have been very effective in directing state dollars to private institutions through students. Approximately 80 percent of state dollars appropriated to students participating in the State Scholarship and Graduate Fellowship programs go to private colleges and universities. In California, the link between student financial aid programs and state aid to private higher education is significant.

Perhaps, the Legislature and Governor should secondly delineate policies which guarantee a minimum level of aid so as to insure a certain service level by independent institutions. For example, it has been suggested that the state insure that private colleges and universities serve not less than ten percent of all students in California. While this suggestion has considerable merit, we consider such a policy to be premature prior to the development of comparable enrollment data and further analysis.

State policies designed to insure a constant proportion of student enrollment in private colleges may build in disadvantageous rigidities. For instance, there are critical questions as to whether or not enrollment patterns in private institutions will coincide with those in public institutions. If such discrepancies develop, we should examine the reasons for these differences. If a tuition-gap is found to be primarily responsible, the current enrollment ratio should be maintained. But if enrollments at public institutions increase because of affirmative efforts to reach new clientele, should the private sector be rewarded? Any policies which establish trigger mechanisms for increasing state aid related to the ratio of private and public student enrollments, must also provide indicators that reflect the desirability of decreasing state aid. State policies in this area must generally recognize that conditions affecting public and private higher education will change, perhaps substantially, during the coming years.

## Criteria for Evaluating Institutional Health

Too often, the discussions concerning the problems of private higher education have failed to adequately and precisely determine institutional condition. If the Legislature and the Governor are asked to increase levels of state aid to private colleges and universities, these institutions must provide documentation of their difficulties. Meaningful criteria to evaluate both institutional condition and the overall impact of state programs must be established.

These criteria -- and their corresponding data formats -- must be sufficiently constant to provide policy-makers indices of institutional health over several years. Without meaningful criteria, the state cannot evaluate the need for state programs or their impact; without standard criteria, the state cannot evaluate its progress in achieving its specified objectives.

Though these two sets of criteria will partially overlap, they should be formulated separately. Criteria developed to assess the effect of state programs that provide aid to private higher education may provide information which is only indirectly related to the financial condition of private institutions. Such criteria may address other, broader social concerns, such as student choice or impact on public institutions.\*

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\* This section proposes specific criteria that might be utilized specifically in assessing the financial condition of independent institutions. The following section explores criteria for determining the effectiveness of state programs in relation to determined goals and objectives. Much of the discussion contained in these two sections pertains to the development of both sets of criteria.

A variety of individuals and groups has recently tried to define financial condition (or "difficulty" or "distress").<sup>8</sup> The sophistication of these efforts is increasing, and they are useful places for California decision-makers to begin. Yet, there is considerable work to be done. In California there is both the need and the potential.

We have urged the AICCU to assist in the development of criteria for measuring institutional health. The Association has initially responded with several indicators that generally have merit. They do, however, reflect only a one-time "snap-shot" without reference to long-range trends. More critically, the AICCU seems to have simply identified "criteria" by determining how their data can most effectively be arranged. When a data gathering effort is just beginning, criteria can be developed in a more systematic manner.

A rationale should be developed for determining what criteria are utilized to assess financial condition. Appropriate criteria must be based upon a fundamental understanding of the nature of these institutions and of their role in the larger system of postsecondary education. First, the general conditions affecting all of postsecondary education must be considered. For example, in periods of leveling enrollments and fiscal resources, program cut-backs and cancellation of capital programs may be indications of effective planning rather than financial difficulty. Second, the specific circumstances affecting private higher education, such

as the status of the stock market for endowed institutions, must be taken into account. Third, criteria should derive from a knowledge of the financing structures of independent colleges and universities. Two Cornell professors, for instance, have suggested that current accounting methods distort the financial condition of elite, private universities.<sup>9</sup>

Criteria utilized to assess financial health must be objective and verifiable. Subjective criteria should not primarily be utilized. (For example, one "criterion" utilized in the AICCU survey involved asking the college president whether or not the institution was having financial difficulty.)

Criteria related to institutional assets may also be misleading. The growth of all higher educational institutions is leveling and the assessed value of capital assets may begin to decline at many campuses. Rates of capital depreciation must be included with any analysis of the growth or decline in assets. Additionally, a significant increase in off-campus programs is desirable, and will result in a long-term decrease in the need for a large physical plant.

In utilizing measures of financial condition and program effectiveness, we must recognize the great diversity of independent colleges and universities. Examining and measuring financial difficulty at a small private college is very different than assessing the health of a large university. Today several small private colleges are in jeopardy, whereas the few large private universities are not in serious difficulty.

Criteria must, therefore, acknowledge the substantial differences and problems of different independent institutions.

Finally, it is crucial that evaluation of financial health look not only at fiscal problems, but also examine affirmative changes and expansion. In a period of leveling enrollments and resources, reallocation of resources from obsolete to new endeavors will be a sign of institutional vigor. Programmatic and capital curtailments are one necessary part of resource reallocation. If such cutbacks are necessary to balance budgets, then the campus may indeed be in trouble. If, however, savings resulting from curtailments are directed into new programs, it must be argued that the institution is not in financial difficulty. In both cases, by looking only at cutbacks, it could be perceived that the institution is in trouble. Evaluations must indicate curtailment levels and determine whether resulting savings are absorbed by increased expenditures or utilized in new programs and/or capital improvements.

Emerging from this discussion are several criteria. We recommend that the following fiscal measures and student demand indicators be utilized to assess the institutional condition of independent institutions.

1. Transfer of endowment funds and/or cash reserves and utilization of loans to insure balanced operating budgets: Endowment and other funds enable institutions to invest in new programs and provide protection against future financial problems. If such funds are continually drawn upon to offset operating budget deficits, the institution is

headed for trouble. Information concerning fund transfer patterns and levels of outstanding loans would provide meaningful indications of present and future financial health.

2. Comparison of institutional expenditure and revenue rates: Budget deficits, particularly among small colleges, clearly reflect fiscal difficulties. The degree to which institutions attempt to decrease expenditures through improved utilization of resources should also be assessed. State programs carelessly responsive to budget deficits may provide incentives for increasing expenditures, unless documentation of factors affecting revenue short-falls and deficits is required.
3. Faculty compensation comparison: Many argue that financial health may be indicated by the degree to which faculty salaries are competitive. Independent colleges and universities compete for a variety of types of faculty, with many kinds of public institutions. Comparability of institutions must be recognized when utilizing this criterion.
4. Student financial aid expenditures: The institution's ability to provide opportunities to those otherwise denied access may indicate financial health. State programs should encourage independent colleges to serve individuals who are in greatest need of assistance.
5. Private/public enrollment ratios: The percentages of total and full-time students enrolled in California higher education who attend a private college or university indicate the service load of independent institutions relative to public colleges. Changes in this index will indicate the desire and ability of students to enroll in a private rather than a public institution.
6. Related student demand indicators: Actual student demand may be measured further by examining student application levels. Participation rates indicating the proportion of the total population enrolled in private colleges for various age groups would further reflect characteristics of student demand.
7. Levels of unmet financial need of applicants: While one of every three students entering an independent college receives state aid, it is

argued that the higher level of fees at private institutions present insurmountable barriers for students. Assessment of financial need currently experienced by applicants will reflect the impact of the tuition-gap on student choice and the ability of private colleges to attract students.

8. Proportion of total tuition income derived from state student aid programs: In 1971-72, 8.5 percent of total income generated from tuition and fees at private institutions came from the state indirectly through student aid programs. In 1973-74, this figure rose to an estimated 11.3 percent. The relationship between this index and the effects of the tuition-gap should also be examined.

#### Development of a Data Base

Independent colleges and universities have been quite responsive in providing comprehensive data concerning their financial condition. The AICCU's current intensive data gathering effort, with foundation funding for two years, has yielded much improved information. However, this data base must be refined further -- particularly in comparability between campuses.

Additional information should also be assembled and analyzed concerning the extent to which the state currently provides financial assistance to independent higher education. Current legislative deliberations have focused on student financial aid, but considerable state assistance is provided in other ways -- property tax exemptions,<sup>10</sup> right of eminent domain,<sup>11</sup> and participation in statewide coordinating bodies. Precise calculations of financial impact are questionable, if not impossible, in some of these cases; but a serious effort

at a comprehensive assessment of the impact of state policies on private higher education should be attempted.

A priority task of the Postsecondary Education Commission should be a cooperative effort to determine specific data items which should be included in a periodic report of financial condition by the Commission to the Legislature. The recent joint task force efforts of the National Association of College and University Business Officers, the Committee on Colleges and University Accounting and Auditing of the American Institute of Certified Public Accountants, and the National Center for Higher Education Management Systems have considerably aided that task. The new Higher Education Finance Manual being published by the U.S. Office of Education should further increase the likelihood of relevant accounting and standardized reporting.

The data base developed by the Commission should reflect three particular characteristics. First, information collected must have immediate relevance to determined policy objectives and evaluative criteria. Criteria should be matched with specific fiscal information obtained from the institutions. Second, the diversity of independent colleges and universities as it relates to different financial and budgetary patterns must be recognized. Aggregate data for all independent colleges and universities or sub-groups of institutions may often be inadequate in clarifying the difficulties of individual institutions. Finally, financial data must be

verifiable. If private institutions continue to base their requests for increases in state aid on the argument that they are in serious financial trouble, financial data must be reviewed by appropriate state agencies. The state of New York has utilized governmental auditors in determining the actual financial condition of private colleges and universities. The Postsecondary Education Commission should, in cooperation with the Department of Finance and the Auditor General, explore and develop a process by which relevant financial data submitted by private institutions will be reviewed.

#### Programs

Once legislative objectives and policies have been determined, programs which best accomplish these objectives can and should be defined and proposed. Currently, student financial aid is the chief type of state assistance being discussed.

The Joint Committee's study of student financial aid programs, to be completed this month, will in part address this linkage between student aid and state aid to private higher education. Prior to completion of the report, we have no recommendations on how existing programs might be modified and/or expanded. Present and future programs which provide aid to independent colleges and universities, by directing state dollars through the student should be evaluated within the state's broader student aid objectives, policies, and programs.

## Criteria for Assessing Achievement of State Goals and Objectives

A second set of criteria must be developed which enables measurement of the effectiveness of state programs in meeting determined goals and objectives. Determination of these criteria should occur distinct from the development of criteria that evaluate institutional condition. The two sets of criteria, nevertheless, will be interrelated to a substantial degree.

Criteria that evaluate program effectiveness should emerge from an exploration of how progress toward or enhancement of the goals of diversity, choice, and effective resource utilization are measured. These criteria should also relate to the broader state goals concerning all of postsecondary education as delineated in Assembly Concurrent Resolution 149 (1974).

While the first set of criteria, largely pertaining to student demand and financing considerations, might provide the core of this second set, more innovative measures should be explored. Surveys of students attending public and private institutions could yield valuable data regarding questions of choice and diversity. Measures of institutional diversity should be developed in order to assess how state aid enhances such diversity. Rigorous evaluation of the effectiveness of the recently authorized tuition grants pilot program should accompany funding. The evaluation should relate to broad state goals and specific program objectives.

## FUTURE PROCESS

The Postsecondary Education Commission should review the directions suggested herein and develop precise recommendations for the Legislature and the Governor. The Commission's work in this area should:

- 1) determine desired state objectives in providing state aid to independent colleges and universities;
- 2) develop criteria which objectively assess the financial health of independent colleges and universities;
- 3) develop and maintain a data base in accordance with Assembly Bill 770 (1973); data should be reported in a standard format that consistently relates to specific criteria and verifiable measures;
- 4) evaluate the effectiveness of current programs in meeting determined state goals;
- 5) develop related measures for evaluating the effectiveness of state aid to private institutions in achieving state objectives and in insuring the financial health of private higher education.

Legislative and gubernatorial action in these areas should follow recommendations by the Commission.

Work by the Governor's education advisors, the Department of Finance, staffs of legislative education committees, the Legislative Analyst's Office, and the Staff of the Scholarship and Loan Commission should complement the primary involvement of the Commission. The political awareness and fiscal expertise of these individuals should be utilized extensively by the Commission and integrated into the broad effort to develop state policy. If the Commission is unable to make rapid and sufficient progress, substantial work by both executive and legislative staffs may be needed. Hopefully, such will not be the case.

Individual private colleges and universities will, hopefully, continue to develop precise definitions and accurate data which describe their financial condition. Cooperative endeavors may be most valuable in this regard, and the AICCU has devoted considerable attention to facilitating interinstitutional efforts. Indeed, one of the more promising signs of these efforts is an interest on the part of some individual institutions in creating a cooperative, informal financial consulting capability in order to aid less sophisticated sister institutions. The notion that private institutions with greater expertise in financial matters might provide structured, disciplined leadership in improving accounting procedures and reporting schemes is novel and laudable.

We have been genuinely encouraged by the willingness of many individuals within the independent colleges and

universities to voluntarily and cooperatively seek answers to these issues. We are convinced that much work remains; this report attempts to facilitate continuation and completion of that work.

We believe that a cooperative process offers the greatest probability of success in this work. That process must involve individuals on the campuses, in the central offices of the AICCU, and appropriate agencies in Sacramento.

In summary, we recommend that:

- 1) the state continue to provide assistance to independent higher education
- 2) the state provide such assistance indirectly by providing financial assistance to students who choose to attend an independent institution;
- 3) the Legislature direct the Postsecondary Education Commission to study the areas discussed herein and recommend to the Legislature and the Governor desirable action; and
- 4) no increase in state aid to independent higher education be approved by the Governor and the Legislature prior to a comprehensive report by the Commission.

## NOTES

1. These estimates account (a) for the increase in the state scholarship program from 3.5 to 4.25 percent of high school graduates which was implemented in 1974-75, and (b) for the increase in the College Opportunity Grant program from 2,000 to 3,100 new awards also implemented in 1974-75.
2. Education Code Section 22712.19 indicates the Commission's responsibilities in the area of independent higher education.
3. This California Supreme Court decision may be significant in the future. The Court in upholding the constitutionality of the Authority reasoned that the purpose of the act (creating the Facilities Authority) was secular -- to provide expanded educational opportunity -- and would not have the primary effect of advancing religion. See California Journal, November 1974. Identical reasoning was utilized recently by a U.S. District Court in upholding the constitutionality of a Maryland program that provides direct assistance to several private colleges and universities. See The Chronicle of Higher Education, October 29, 1974.
4. Analysis of the 1974-75 Budget Bill; Report of the Legislative Analyst to the Joint Legislative Budget Committee, Sacramento, February, 1974.
5. The data from California were collected as part of a study of the five largest state student assistance programs. See: Larry Leslie and Jonathan Fife; "The College Student Grant Study", ERIC Clearinghouse on Higher Education, 1974. Also: Robert H. Fenske and Craig S. Boyd; "The Impact of State Financial Aid to Students on Choice of Public or Private Colleges" in College and University 46, (Winter, 1971). Also: Carol Shulman; State Aid to Private Higher Education, ERIC Clearinghouse and American Association of Higher Education, June, 1972.
6. The Legislative Analyst estimates the direct marginal cost to the state for each additional student at the University of California to be \$1,867. Direct marginal cost suffered by the state for each additional student entering a State University or College is an estimated \$986. These figures do not represent incremental cost increases felt by the institutions, but reflect direct marginal increases in state general fund appropriations based upon 1974-75 funding and staffing levels. (Correspondence from the Legislative Analyst to Assemblyman John Vasconcellos, June 21, 1974.)

7. For a comprehensive discussion on the diversity of independent institutions, see Richard W. Jonsen; State Policy and Independent Higher Education, Paper presented to the Commission on Post Secondary Education, State of Montana, November, 1973.
8. Harold Bierman, Jr. and Thomas R. Hofstedt; "University Accounting (Alternative Measures of Ivy League Deficits)" in Non-Profit Report, May, 1973. Bierman, "Evaluating the Financial Status of Universities", unpublished paper, 1974.
9. See Bierman and Hofstedt.
10. The assessed value of all property in California owned by private colleges and universities, and therefore exempt from property tax levies, is over \$308 million. The statewide average nominal tax rate is 11.15 percent. Thus, private colleges and universities save over \$34 million through property tax exemptions. This estimate of annual savings is a conservative figure, in that property tax rates are higher in urban counties where most private institutions are located. See: State Board of Equalization; Annual Report, 1972-73, Sacramento, June, 1973.
11. Discussed in Fred A. Nelson; Independent Higher Education in California, Joint Committee on the Master Plan for Higher Education, January, 1973, pp. 41-42.