The recent dramatic growth of postsecondary education is reviewed, and the context in which the state legislature and the higher education community will probably interact in the future is described. The era of rapid economic growth following World War II was accompanied by even more rapid increases in demand for college educated workers. Financial aid programs eased the financial burden of attending college. During the 1970's enrollment growth has been slowing down, and the labor market is no longer absorbing the supply of new college graduates. It is suggested that state governments and, in particular, state legislatures are becoming the new power centers for higher education decision-making, which was formerly conducted by educational institutions themselves. This development is linked to an effort to seek the best organizational responses to reduced growth. Among the concerns for the future is the way and extent that the state will support private higher education, which is being seriously threatened by declining enrollments and increasing costs. The continued ability of the academic sector to provide society with creative and innovative solutions to its problems has been questioned in light of the difficult times. It is suggested that policymakers could foster opportunities for new developments through provision of funds to support innovations. A parochial approach to education seems to have emerged as competition has intensified for students and funds. A survey of 35 governors has revealed the general gubernatorial belief that public higher education is already adequately funded, and most of them seem more interested in emphasizing greater governmental accountability, increased efficiency, and tighter budgetary controls. It is suggested that with limited resources and increasing demands, legislative funding decisions will become increasingly politicized. (SW)
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FUTURE RELATIONSHIPS BETWEEN STATE LEGISLATORS AND HIGHER EDUCATION

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Introduction

Higher education has always been closely connected with public policy, both at the state and federal levels. In the past, however, this relationship has been insufficiently acknowledged by both scholars and leaders of the higher education community and legislators. Higher education has always been a lobby, but in a period of general prosperity and growth, government relations and the various impacts of government policies on academic institutions rarely came under close scrutiny. Recently, hard times and greater political sophistication have elevated academia's interest in political policy-making and the ways in which interest groups shape the policies which are adopted in the public sector. This increasing study and political activity is unquestionably a concession to the realization that public support is essential to maintain the American higher education system. The need for such activity will be even greater in the future, as higher education finds itself in increasing competition with other claimants for public funds.

Higher education stands today on the brink of a period of great uncertainty and even possible adversity. This is the first sustained experience with deceleration of growth, and it comes hard on the heels of a period of rapid acceleration of growth. Enrollment just got through accelerating by over 100 percent in the course of one decade and now must go through deceleration to a zero percent rate of growth in the course of a decade and a half. The new situation presents both new opportunities and grave threats to postsecondary education. The greatest uncertainty and also the greatest potential vehicle for successful preservation of quality higher education will be public policy, especially at the state level.

Before getting into a discussion of future relationships between state legislatures and the higher education community, I want to review for you the recent dramatic growth of postsecondary education and describe the context in which policymakers and educators will probably interact in the future.

Status of Postsecondary Education: Past, Present and Future

American higher education has grown throughout most of its 340 year history. By every relevant measure — students enrolled, campuses built, professors employed, degrees earned, or money spent — growth has been phenomenal. In the past century, the percent of growth in enrollments outstripped the percent of population growth by 34 times. The number of undergraduate degree-credit students increased from 52,000 in 1870 to nearly
seven million by 1970. During that century, enrollments doubled approximately every fourteen to fifteen years. From 1955 to 1970, enrollments grew at an annual average rate of about 8 percent, which resulted in a doubling of enrollments every nine years. A particularly rapid acceleration occurred in the mid-1960's as the tidal wave of post-war babies surged out of high schools and into colleges and universities.

Population expansion buoyed and carried along the growth of the higher education system, but increases in enrollment rates largely stimulated by economic forces, lent even more impetus. During the 1950's and 60's, economic factors and public policies conspired to maintain a high rate of return to college attendance and to thereby stimulate ever-increasing enrollment rates. The era of rapid economic growth following World War II was accompanied by even more rapid increases in demand for college-educated workers. In the private sector, expansion was concentrated in the professions and in industries whose workforce had traditionally accounted for a disproportionately large share of the jobs filled by college graduates. The public sector became a vigorous recruiter of college-educated workers as the federal bureaucracy and state and local governments grew rapidly in the postwar era. The growth of elementary and secondary education, itself a product of the baby boom, also created numerous jobs for college graduates. The higher education system was also self-sustaining in that rapid expansion increased demand for college faculty and thereby stimulated expansion of postgraduate training.

In addition, economic factors and public policy decisions combined to ease the economic burdens of college attendance. With a growing GNP and rising family incomes, the direct and opportunity costs of a college education were affordable by increasing numbers of families and individuals. Federal and state governments further eased the burden through extensive financial-aid programs and subsidies to educational institutions. Federal legislation providing for financial aid, which began with the G.I. Bill in 1944, consistently expanded educational opportunities throughout the 1960's and early 70's. The National Defense Education Act, which authorized public loans to students, was passed in 1958. College work-study was added in 1964. Educational opportunity grants and guaranteed student loans were initiated in 1965. In 1972, basic educational opportunity grants and state scholarship incentive grants became available.

Growth of state support for higher education was even more impressive. State appropriations for the collegiate sector nearly quadrupled between 1962 and 1971. In 1971, state and local governments contributed about 59.3 billion, nearly one-third of total higher education revenues from all sources. The emergence during the 60's of extensive two-year college systems in many states represented a significant portion of this state support. As a result of both state and federal as well as private efforts, the number of institutions of higher education doubled between 1940 and 1970.
During the golden years of higher education, extending from about 1957 to about 1968, more money was spent on higher education than in all previous years since 1636, when the country's first college opened its doors. In the academic year 1959-1960 annual operating expenses of colleges and universities totaled $7.6 billion. For the academic year 1969-70, expenses totaled $24.9 billion. Since 1970, however, this trend has leveled off and evidence has been accumulating that higher education is no longer a substantial growth segment of American society. It now appears that the constellation of forces in operation prior to the 1970's gave rise to a highly unstable pattern of events that simply could not be continued.

The 1970's have ushered in a fundamentally new era for higher education. After more than doubling in the 1960's, enrollment growth is slowing down. Between 1969 and 1974, degree-credit enrollments rose by only 19 percent, in contrast to a 60 percent growth rate between 1964 and 1969. As the enrollment curve has flattened, so has the growth of financial support. The percentage of GNP spent on higher education, which doubled from 1960 to 1972, began to decline by 1975. Federal outlays for construction have been cut by 90 percent and construction funds from state and private sources have decreased substantially. In contrast to the 1960's when new colleges were added at the rate of one a week, colleges are failing, merging, or changing from private to public status in the 1970's.

By the early 1970's too, the labor market was no longer absorbing the successively larger ranks of new college graduates bringing diplomas to the labor force. Unfortunately, sharp increases in the percentage of college graduates among new labor-force entrants were not matched by numerical growth of high-level positions in the labor market. The long-term upward trend in the ratio of the kinds of jobs college graduates traditionally entered to total jobs had leveled off. As labor markets became swamped with college-educated job-seekers, the salaries offered to these individuals dropped relative to those being paid to other workers, and college graduates began to enter lower status jobs. Between 1961 and 1969, real earnings of new college graduates increased from 2 to 4 percent annually, compared with a 2 percent rate in the rest of the labor force. Between 1969 and 1974, however, their earnings failed to keep pace with inflation, declining in real terms by 2 to 5 percent annually, while real earnings in general remained essentially unchanged. The decline in relative earnings and labor market opportunities for college graduates has resulted in a sharply reduced rate of return to college attendance, which is measured by the difference between expected life earnings of college and high school graduates. The declining value of a college diploma has in turn had a decided effect on enrollment rates, especially among eighteen to twenty-one year old males.

Declining demand for higher education beginning in the early 1970's is already being felt by higher education institutions and personnel. Expansion in
the 1960's to meet enormous demands for teachers, faculty and scientists, resulted in the creation of capacity which now exceeds the demands of the 1970's and probably of the 1980's and much of the 1990's as well. In nearly all states, surplus capacity exists in many institutions that have concentrated on teacher training. The sudden decline in the birth rate has reduced the need for teachers, first at the primary level and subsequently at the secondary and postsecondary levels. Enrollments in teacher-training programs have gone down by one-half (from 20 to 10 percent of all undergraduate enrollments) and are likely to stay down for at least twenty and possible twenty-five years.

Surplus capacity also currently exists nationally in the production of Ph.D.'s. The nation now has the capacity to produce 30,000 or more Ph.D.'s a year. It did produce 33,000 in 1973-74, but the prospective need is closer to 20,000, and 80 to 90 percent of that number are in fields that also supply industry and government. The plight of the new Ph.D., fully trained, who cannot find an academic job, is becoming increasingly familiar. Though overall enrollment is still growing, albeit at a slower rate, the demand for additional faculty is falling because current hiring anticipates future needs. And needs for new doctoral faculty will be all indications decline precipitously, reaching a low of near zero in the mid-1980's. This will occur for three reasons: first, because the present transition to no-growth is taking place at a time of general recession and there is a reduction in net outflow of faculty members, replacement demand will probably be slightly less than would otherwise be the case. Secondly, the outflow due to retirement is at a low level, since half of all faculty members were first hired in the 1960's and will not reach retirement age until about the year 2000. Thirdly, as the rate of enrollment growth declines, demand for additions to existing faculty will also decline.

As college administrators are confronted with rising tenure ratios and tightening budgets, they are forced to make or plan a series of changes that dramatically reveal the problems generated by reduced growth. The strong tendency in higher education under current conditions is for authority that traditionally has been widely dispersed within and among institutions to be more highly concentrated. Because authority is seldom given up readily or seized without a struggle, this tendency has generated considerable conflict. Responses to a recent study show that administrators from over one-third of all institutions of higher education plan an increase in their student-faculty ratios. As they rise, faculty workload rises and faculty time available per student tends to go down. A third problem resulting from the leveling of enrollment and funding is the impairment of the quality of programs, of students and, to a lesser degree, of faculty.

Funding of programs must be curtailed or eliminated altogether. Student quality is reduced as colleges are forced to lower their admissions standards to bolster enrollments and because many good students find themselves unable to
afford the costs of a college education. Faculty-hiring decisions made during the 
sixties, when students were plentiful and faculty were in short supply, lead to 
long-run problems of faculty quality in the 1970’s and beyond.

Unfortunately, crises arising as a result of decreased demand for higher 
education threaten to be compounded by an actual decrease in the college-age 
population in the future. While some authorities disagree, many are predicting 
that as the number of persons in the traditional college-going age-range 
diminishes and continues to shrink through the mid-1990’s, enrollments will 
continue to level off and may even decline between 1982 and 1995. Any 
predictions about the future of higher education must be made cautiously,
however. The state of the economy, labor market changes, changes in American 
lifestyles and values, birthrates, and new sources of students are only a few of 
the unknown quantities which could alter the future educational milieu. The 
major uncertainty, however, is public policy. The effects on higher education of 
possible changes in public policy toward student aid, institutional aid, graduate 
education and research can be more significant than all other contingencies 
combined.

The Role of State Governments in the Future of Higher Education

The role of state governments in higher education has always been important, 
but today and for the near future, they are taking a more important place than 
ever before. This is due partly to the fact that current issues — such as correction 
of surpluses and deficits, support of private institutions and development of 
effective coordination of educational systems — are concentrated at the state 
level. It is also partly due to the fact that the federal government is, at the present 
time, more engaged in completing previous undertakings than in starting major 
new programs.

State governments and, in particular, state legislatures are becoming the new 
power centers for higher-education decision-making, as they take on 
decision-making tasks formerly carried out by educational institutions 
themselves. Reduced circumstances have resulted in an increasing centralization 
of authority. As growth declines or ceases, decisions become increasingly 
interdependent. To some extent the resulting reduction in institutional 
autonomy is both necessary and desirable as institutions and systems seek the 
best organizational responses to reduced growth. Yet, this process must be 
reviewed in the context of efforts of colleges and universities to help themselves.

The additional governing and review procedures which have been created by 
legislatures to help carry out responsibilities of coordination and control could 
reduce flexibility at a time when flexibility is especially desirable. There is an 
inclination to require several reviews, at the campus, at the system level, and in
one or more state agencies. The result is that even uncontroversial programs may take a year or more to be approved. New programs that challenge current methods or jurisdictions take much longer.

While the tendency has been toward increasing regulation by more and more agencies, there is an increasing inclination in some states for governors, legislative committees, state budget officers, and their staffs to take over the work of agencies, to go directly to higher education, or to ignore agency decisions. Hopefully, these few instances will develop into a trend toward more direct interaction between academic and political institutions.

Higher education was set up to be an independent sector of our society. In the past, this autonomy was intentionally protected in order to prevent political interference with and bureaucratic control of academic life. Historically, the states which have provided the greatest freedom for higher education have been the states that have developed the most outstanding public institutions. Nevertheless, the desire for the public for more accountability as budgets become tighter must be dealt with by both the systems of higher education and the legislatures, primarily through the state budget and long-range planning. This needs to be done in a cooperative way by higher education and state legislatures. We must trust and communicate with each other.

Now a word about the private sector. Diversity (including the competition it generates) has been a mechanism for quality control of higher education which is integral to the American academic system. Even this characteristic, which is taken for granted in a pluralistic system such as ours, is presently being threatened by adverse conditions in society and the economy. The private sector of higher education, which provides about one-fifth of all student places, about one-half of the highest quality graduate training and research, and much of the diversity within higher education, is being seriously threatened. Private shares of enrollment are declining and the growing cost-income gap is putting serious pressure on many institutions. For the first time since the depression, the likelihood of significant numbers of closures and mergers is being discussed. While the question for some is survival, for others it is the ability to retain the quality and programming which define their identity and which are the elements of diversity. This diversity is one of the most important contributions of the private sector.

The states have had a particular historical responsibility for support of institutions. Presently, however, private institutions receive only about 4 percent as much money as public institutions do from the states. This is to be expected by the very definition of private. Nevertheless, private institutions need state help, and it would appear that it is in the interest of the states to assist in the preservation of the private sector. In addition to the fact that private education has special contributions to make to the higher education community as a
There is much to be done to maintain and improve postsecondary education in the near future and in the long run. Adverse economic conditions and ominous demographic trends will necessitate difficult decisions for policymakers; not only must existing deficiencies be remedied, but new developments must be reckoned with. In addition to the developments I have already mentioned, the advent of collective bargaining in higher education and the potential rise of vocational-technical education to a new position of competitive strength may place further strains on the system.

Both the desire and the capacity on the part of state governments to undertake improvements are now in doubt. Many states are presently in financial difficulty. The impact on their resources of the recession and then depression of the first half of the 1970's and the resulting high costs of welfare, the longer-term increase in expenses for health and welfare and for other social benefits, and of fast-rising wage and salary costs in public employment as compared with the private sector have reduced flexibility in state budgets. In addition, states may incur new costs for daycare, pollution control, prison improvement, and equalization of expenditures in primary and secondary schools, among others. At the same time, tax cuts become more and more appealing politically.

A survey of thirty-five governors, conducted by the Center for the Study of Educational Finance at Illinois State University, reveals the general gubernatorial belief that public higher education is already adequately funded. This is especially true among the governors of the states with the highest population concentrations. Those executives from the less populated states seem less certain about the adequacy of educational funding at all levels. They are more open to debate on the needs of the educational community.

The governors close ranks on many key issues affecting higher education and state government. They foresee, for example, an improved economy at the state level with unemployment figures down and personal income figures up. Most of the governors predict an increase in state revenues in the next two years. This, they believe, will lessen some of the pressure on state treasuries and state budgets. Despite this, there is little reason to believe that they and members of their state legislatures will lift the austerity imposed by recent years of recession.

Only five of the governors talk seriously of increasing state spending. Most of them seem more interested in emphasizing greater governmental accountability, increased efficiency, tighter budgetary controls, and the elimination of bureaucracy. More than half of the respondents anticipate some reduction in the number of government employees, and they are careful not to exclude institutions of higher learning from their considerations. Where there appears to be a possible budget surplus, and several states are anticipating one, governors talk of the attractiveness of reducing taxes or offering refunds to taxpayers.
whole, it increases the competitive pressure on public institutions for effective performance and suggests "free market" levels for salaries paid and for teaching loads. Most importantly from a state's interest point of view, it reduces burdens on state funds.

The basic issue over state support for private institutions is no longer so much whether it should be undertaken at all, but, rather, how it should be supplied and to what degree. As an initial consideration, it would seem obvious that first priority should continue to be given to public institutions. Beyond this, it would be wise for states to phase support for private institutions into the budget gradually. Most importantly, private institutions should remain private and competitive. This favors support on an enrollment basis rather than on a lump sum or "bail-out" basis. Finally, funds should be provided on an assured long-term basis to avoid political dependency and resulting loss of autonomy.

Another possible casualty of declining growth is the dynamism with which American higher education has been consistently characterized since its inception. History shows that most progress comes in periods of rapid growth. Now that higher education faces a quarter of century of little or no growth, there is concern as to whether or not the academic sector will continue to provide society with creative and innovative solutions to its problems. The preservation of dynamism is mostly up to the institutions themselves, but there are several ways in which state policymakers can foster opportunities for new developments. The most obvious is through provision of funds to support innovations, as is now done at the federal level through the fund for the improvement of postsecondary education. Another idea would be to utilize the budget-making process to encourage institutions to set aside a small percentage of existing funds each year for use in new endeavors. Preservation of the private sector, which has generally shown more receptiveness to innovation and more responsiveness to new situations, will also foster a more dynamic academic community. Rigidity in state formulas for financial support which impede or prevent new approaches should be avoided; and, finally, detailed controls that discourage constructive leadership at the campus level should be curtailed.

One development which can definitely be laid at the doors of several states is what is known as the "new parochialism." As competition intensifies for students and funds, state policy-makers have constructed devices to prevent these valuable quantities from escaping to other states. Some of these tactics have been restrictions of state scholarships to use at in-state institutions, quotas on the number of out-of-state admissions, and higher and higher out-of-state charges as compared with in-state rates. A parochial approach to education only limits opportunities for students and eliminates healthy competition among states, scholars and institutions. It robs higher education of a richness which comes of exposure to different areas, different institutions, and different approaches. Only self-denial of parochial tendencies by the state can solve this problem.
A careful analysis of the gubernatorial questionnaires suggests that American higher education faces increased budgetary scrutiny from state agencies under the popular banner of accountability. It does appear that there will be fewer severe budget cuts, which should encourage certain embattled educational administrators. It is also apparent that gubernatorial opinion favors increased financial assistance for students, vocational education programming, and the health professions.

Significantly, only eight of the thirty-five governors think that public higher education in the United States has been unfairly treated in terms of financial support. More than a third of the governors believe that public colleges and universities are overbuilt in terms of academic programs and capital outlay. They frequently point to projected declines in the number of college-age students in the early 1980's. They also say that higher education has more than enough programs; the real challenge, in their opinion, is to restructure those programs in such a way as to assure greater service to society and the economy.

Just eleven of the governors sense public concern about the future of higher education. A majority contends that American higher education remains a "non-issue" in terms of the political system and does not see this changing in the immediate future.

Only eight of the governors say that public higher education can expect significant increases in state support, and five of these strongly hint that increased support will come only for specific programming designed to meet the needs of business and industry.

When asked on what grounds public higher education should justify its future, the governors offer a wide range of ideas. Some of the more commonly held ideas are:

1. Public colleges and universities must move to clarify their roles and missions in measurable terms, and they then should proceed to work toward those ends.

2. Institutions of higher learning should no longer attempt to be all things to all people. Rather, they should specialize in given areas of need and then demonstrate unquestioned quality of programs.

3. Higher education should do appreciably more in assuring our society of an informed citizenry, especially in areas such as basic economics and citizenship.

4. Public colleges and universities should move to provide significantly more job-entry skills in order to enhance the value of a college education.
5. Institutions of higher education should devote more of their research effort for the purposes of improving the quality of life for all of our citizens.

6. As a group, colleges and universities should offer qualified individuals the opportunity to fulfill legitimate personal and professional aspirations.

With limited resources and increasing demands, legislative funding decisions will become increasingly politicized. This means essentially that decisions will depend heavily on the relative political input of groups interested in maintaining or terminating a service or program. This trend will clearly affect future decisions regarding higher education. Whether the decisions will be made with the approval and in the best interests of higher education may well depend upon higher education's recognition of its altered environment as well as the quality and quantity of its participation in the policy-making process.

We all have an interest in preserving and improving higher education. Neither the higher-education community nor government can carry the entire responsibility. Legislatures need the creative input and suggestions of experts in the field, while educational systems and institutions need the financial backing and centralized coordination that only the legislature can provide for on a large scale. Intensive involvement and cooperation between the legislative and academic sectors in the future therefore appear to be our best hope for maintenance of quality higher education in this difficult era.

If there ever was before, there never will be again a key to easy money from state legislatures. The many demands placed on state resources have to be balanced against the best interests of the legislator's constituents. College administrators need a more thorough understanding of the temper and tempo of the community served by both the institution and the legislator in order to communicate effectively. By better understanding his community, the administrator will better understand the emphases and priorities of the legislator.

The Honorable Arnold Jeffers
Arizona State Legislature

There will be a period of increasing tension between higher education spokesmen and legislatures over appropriations for institutions. These tensions will persist through the 1980's and into the 1990's.

It is important to note that institutions will lose ground for the most part only in a relative way in the struggle for these scarce public resources. It is true