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THE FINANCIAL CRISIS IN AMERICAN HIGHER EDUCATION

Honorable John Brademas

As a member for over twelve years of that committee of Congress with chief responsibility for writing higher education legislation, I write as one who believes we are at a watershed in the development of higher learning in the United States.

I base this judgment not solely on what I have observed in recent months and years in visiting many campuses but on the remarkable consensus — I do not say unanimity — that seems to be emerging on the part of a number of groups and commissions which have been assessing higher education in this country in recent months.

I want to comment on what some of these common conclusions appear to be and then report on what is going on in Washington right now with respect to higher education.

I cannot promise to be exhaustive. I hope to be instructive.

Money

First, let's discuss money. This problem is succinctly put in the title of the just published Carnegie Commission study by Earl Cheit — *The New Depression in Higher Education*.

On the basis of 41 on-site studies of colleges and universities, Cheit determined that 71% of them are either "headed for financial trouble" or are already there.



The Honorable John Brademas is serving his seventh term as a member of Congress from Indiana. He is a member of the Education and Labor Committee of the House of Representatives, and Chairman of the Select Education Subcommittee. At the beginning of the 92nd Congress, he was appointed Majority Floor Whip.

The list includes both public and private institutions and some of the nation's most important universities.

Rising costs, growing demands for access and services, too slow a rate of income growth, a sharp falloff in support from many sources — these are among the factors that have combined to force many colleges and universities to stay in business only by sacrificing some of the quality and services they normally consider essential.

What is the magnitude of the difficulty?

The Cheit report suggests that 1,000 institutions, enrolling 54% of the students in the United States, are now *headed* for trouble. It adds that about one fifth of these institutions, accounting for 24% of the students, are already *in* trouble.

Moreover, private institutions are much more likely to be in trouble than are public ones — and this is especially true of private institutions in large urban areas where low-tuition public colleges and community colleges are attracting more and more students.

Next to the universities, the liberal arts colleges represent, according to Cheit, the largest proportion of institutions in financial difficulty and the great majority — 96% — of liberal arts colleges in the United States are private.

A position paper published in January 1971, by the National Association of State Universities and Land Grant Colleges and the American Association of State Colleges and Universities buttresses the Cheit findings. The higher education system is facing "financial strains of crisis proportions," the paper warns.

And *The Red and The Black*, a report just coming out under the auspices of the Association of American Colleges, concludes:

Private colleges and universities are apprehensive and they have reason to be. Most colleges in the red are staying in the red and many are getting redder, while colleges in the black are generally growing grayer. Taken collectively, they will not be able to serve higher education and the nation with strength unless significant aid is soon forthcoming.

I could cite other studies that give solid evidence of the fiscal crisis confronting American colleges and universities, but readers of this journal need no persuasion on this score.

Without delineating an economic analysis, let me assert that I believe the federal government must do far more than it has been doing to help institutions of higher learning meet the burgeoning demands upon them.

Many of my colleagues in Congress of both parties agree.
The Nixon Administration, unhappily, does not.

The response of the Administration to the plight I have been discussing is to oppose any new funds at all for building libraries, classrooms and laboratories, and to reduce sharply the program of help for college library resources. The Administration has also gone on public record in opposition to proposed institutional grants.

Contrast this posture with the June 1970 Carnegie Commission recommendation of federal cost-of-education allowances to colleges and universities based on the numbers and levels of students with federal grants.

Carnegie recommends allowances for the current academic year of \$500 per undergraduate, \$1,000 per first level graduate, and \$3500 per doctoral student. In addition, Clark Kerr's commission urges in order to provide places for the 3.5 million more students expected by 1980 — construction grants for one third of the cost of academic facilities, start-up grants — averaging \$1 million each — for between 230 and 280 new community colleges and 50 urban institutions, and, moreover, for 1970-71, \$150 million each for library support and aid to developing institutions, and \$25 million for international studies.

If these figures are too rich for your blood, I here note the bill introduced by my Republican colleague, Congressman Albert H. Quie of Minnesota, providing \$325 million annually in institutional grants.

But the Nixon Administration has not begun to face up to the fiscal crisis documented here.

The Administration's response has been rather a two-fold one — aid to low-income students and a National Foundation for Higher Education — neither of which is responsive to the financial bind in the colleges and universities.

Aid to Students

Let me first discuss student aid.

Financial assistance to students is, of course, indispensable and I am proud to have participated in writing or amending nearly every major federal program to help students go to college — from National Defense loans to college work-study aid and educational opportunity grants.

I am pleased to applaud President Nixon for his current proposal to help the neediest young Americans go to college.

But there are two serious flaws in the Administration's attempt to restrict federal financial aid to low-income students only.

The first flaw stems from a failure to understand that student charges do not pay the full cost of instruction. According to the Cheit report, only 39% of the revenues of private institutions — and 10% of those of public institutions — come from student tuition and fees. More students therefore mean more deficits — unless aid to the institutions is also forthcoming.

Indeed, the Administration's plan to enroll 1 million more low-income students will, according to the National Association of State Universities and Land

Grant Colleges and the American Association of State Colleges and Universities, require an increase of at least \$1.5 billion in expenditures by the institutions.

I for one believe it essential that Congress extend the authorizations for the several existing programs of aid to colleges and universities — in particular, the academic facilities construction program — and I think it vital that we press for adequate funding of these programs.

But, I believe that the time has now come for the federal government to provide grants to the institutions as well. Indeed, the major new contribution which the 92nd Congress may make to solving the financial crisis of higher education in America may prove to be institutional grants — and I hope that the opposition of the Nixon Administration to such assistance can be overcome by the clear and compelling evidence of the need for such help to our institutions of higher learning.

There is a second flaw in the Administration's proposal to confine federal student aid to the low-income student.

I think it erroneous to assume that students from millions of middle-income families in the United States can effectively meet the costs of higher education without any federal assistance.

To be specific, I disagree with the Administration's proposition to force many middle-income family students to seek aid through high-interest, long-term bank loans.

The implication that families with over \$10,000 income are in no need of subsidized loans strikes me as totally unrealistic — and could mean a great increase in the costs of college education for middle-income students and their families.

The Administration proposal to force these students into the private money market is a retreat from a crucial national responsibility.

It is, I think, a significant indication of the priorities of the Administration that its lobbyists should have been so vigorously pressing us in Congress to vote \$290 million to help build two SSTs while asking for no new federal appropriations for the National Defense Student Loan program, which has helped so many Americans get a college education.

National Foundation on Higher Education

The Administration has proposed the establishment of a National Foundation on Higher Education (NFHE) to help colleges and universities.

But as we who have followed the development of this animal closely over the last year — since Health, Education and Welfare Secretary Robert Finch and U. S. Education Commissioner James Allen first proposed it — I can say

that it has changed shape from month to month, and that even now, in April 1971, the mission, purpose and responsibilities of the NFHE are unclear.

Even granting that the Foundation would in some way direct its efforts to reforming higher education in the United States it must also be obvious that a Foundation for Higher Education with at best \$100 million offers little hope indeed to colleges and universities hard pressed today — now — to pay their bills.

Again, as NASULGC and AASCU put it:

“A central barrier to innovation in higher education is money. Unless an institution has a reasonably firm financial base, it cannot afford to devote the leadership, talent and money to experimenting with new methods and devices.”

There is another problem, too, that I see with the proposed National Foundation for Higher Education, and it is a more philosophical reservation.

In my view, one of the most significant contributions to education of any American President in many years is President Nixon's proposal to establish a National Institute of Education (NIE), charged with the task of encouraging and supporting research, demonstration, and innovation throughout American education — at every level — from preschool through graduate school.

We need to know much more than we do now about how people teach and learn, and equally important, we need to translate our research findings into demonstrations to see if they work.

Indeed, one reason educational research has met such a cold reception on Capitol Hill is the feeling of many Congressmen that too often the results of research in education sit on a shelf and are not translated into the system.

I fear that the Administration's effort to establish a Foundation for Higher Education will only contribute to the apprehension of some in Congress — which clearly I do not share — that research in education is way up there in the clouds, not rooted in the reality of the world down here — and thus undermine the NIE, an enterprise that holds great promise of real change and improvement at every level of education, including our colleges and universities.

Moreover, the Administration's request of only \$3 million for planning for the NIE during Fiscal 1972, ranged alongside a \$100 million budget for the still ill-defined NFHE, raises questions about the seriousness of the Administration's commitment to the NIE.

I have discussed the financial crisis in American higher education and the Administration's response to it, and have only briefly indicated my own hope that Congress will extend most of the existing higher education authorities, which expire this June, will vote far more adequate appropriations to meet

these authorizations than we have done, and will initiate a new program of institutional grants.

Other Issues

I have earlier noted that a remarkable consensus seems to be emerging on the part of a number of groups and commissions that have been studying higher education and drawing conclusions about it.

I have discussed only one of those findings — that higher education is in serious financial trouble.

Let me now turn to some other observations about our system of higher learning that seem to come along as leitmotifs through many of these recent assessments.

Some are themes drawn from the several Carnegie Commission reports. Others are derived from The Assembly on University Goals and Governance of the American Academy of Arts and Sciences; still others stem from the Report on Higher Education released in March by Frank Newman of Stanford and his colleagues.

I offer these themes not as commandments from on high, but rather as hypotheses which should win thoughtful attention, a degree of reflection, and perhaps in time, will persuade the academic community to move into action.

Here are some of these theses which I think especially important to consider: There should be more options in lieu of formal college.

Students should be able to defer college attendance, or to step out from college to work for a time and then return; and they should have more opportunities to change directions while in college.

Opportunities for higher education should be available to persons throughout their lifetimes and not just right after high school — this means more older persons in college.

More women should be admitted to college and more women employed on faculties — the situation with respect to women faculty members in this country is really quite scandalous — and the same is true of women in the professions generally.

More blacks, low-income whites, American Indians and Spanish-speaking Americans should be admitted to college.

New kinds of institutions should be founded for those who do not desire an academic experience.

Success on institutional exams should enable non-B.A.'s to go straight into graduate study.

More rewards for good college teaching, more recruiting of faculty from the non-academic world and less stress on the Ph.D. requirement for college teaching — all these changes should be explored and implemented.

I could list other hypotheses worthy of the most serious consideration by anyone concerned with the future of American higher education; I shall here dwell on only two more points.

First, I cite the finding that there is a growing homogenization of higher education in the United States.

Both the Newman and American Assembly reports warn that colleges and universities in the United States are imitative, that diversity among them is declining.

The conclusion — at least one conclusion, The American Assembly's — is that “colleges and universities should become more discriminating in relating their resources to particular needs, less worried about their standing . . . vis-a-vis other institutions, and more determined to develop experiments in every aspect of institutional life.”

The Newman Report adds the sober observation, that the uniform acceptance of a diverse curriculum is an indication of a growing similarity of mission — that of providing general academic education.

Indeed, Allan Cartter, Chancellor of New York University, remarking in the latest issue of Phi Beta Kappa *Key Reporter*, warns that “today it is hard to find significant differences between the [public and private] sectors [of higher education]” and that “the differences are primarily in scale and pricing philosophy.”

What all these authorities are saying, I suggest, is that our colleges and universities should begin to look at themselves and raise searching questions about their purpose and missions; to ask if it is not both in their own interest and in the interest of individual students to offer a greater diversity of choice among institutions; to seek to define institutional objectives that are, at least to some extent, unique.

It seems increasingly clear then that, at a time of great change in American education, our colleges and universities must question and assess themselves far more carefully than they ever have done before.

There is simply too little scientific, disciplined study of the grievances of our colleges and universities. As the American Assembly report puts it: “It is unreasonable for the university to pride itself on its expertise in numerous other areas and be ready to accept its continued ignorance on many aspects of its own prime concern — education.”

More financial support — both for students and institutions; more openness to change and innovation; more systematic self-examination — these seem to me to be the principal avenues for the future of American higher education. Because higher education is crucial in shaping American society, these are, in large measure, its avenues of hope as well.