

REPORT OF THE STATE
COUNCIL OF HIGHER EDUCATION FOR VIRGINIA
RESPONDING TO
SENATE JOINT RESOLUTION NUMBER 21
1971 SESSION OF THE GENERAL ASSEMBLY



Senate Document No. 9

COMMONWEALTH OF VIRGINIA
Department of Purchases and Supply
Richmond
1971



STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA

10th Floor, 91 East Broad Street, Richmond, Virginia

703-782113

December 9, 1971

The Honorable Linwood Holton
Governor of Virginia

Members of the General Assembly
Commonwealth of Virginia

Gentlemen:

Senate Joint Resolution No. 21 of the 1971 Session of the General Assembly requested the State Council of Higher Education to study the independent institutions of higher education.

We are pleased to transmit our report and recommendations to you along with a report developed by a consulting team which acted in an advisory capacity to the Council.

The State Council wishes to express its appreciation to the many individuals who contributed to the Council's deliberations. Due our particular thanks are the private and public college presidents, financial aid officers, and members of the General Assembly who advised on higher education needs, and our panel of consultants who provided background data on the national and State level including recommendations for Virginia.

Respectfully submitted,

John D. Richmond
Chairman

Planning Virginia's Progress in Higher Education

SENATE JOINT RESOLUTION NO. 21

Requesting the State Council of Higher Education to Study
the Independent Institutions of Higher Education.

Patrons: Messrs. Hopkins, Thornton and Caton.

Agreed to by the Senate February 17, 1971.

Agreed to by the House February 23, 1971.

Whereas, the increasing need for higher educational training, and the tremendous growth in population will in the future exert increasing pressure on our State institutions of higher education; and

Whereas, enrollment in the institutions of higher learning of the State is expected to increase by one hundred thousand over the next ten years; and

Whereas, our independent colleges, universities, business colleges, and junior colleges contribute significantly to the overall effort to educate the citizens of the State; and

Whereas, the plans for developing our educational apparatus should include consideration of our independent institutions and their future contribution to higher education; Now, therefore, be it

Resolved by the Senate, the House of Delegates concurring, That the State Council of Higher Education is requested to study the role of the independent universities, colleges, business colleges and junior colleges in the State in the overall scheme of higher education, so that their services may be encouraged, strengthened and included in the future plans for development of higher education in the State.

All agencies of the State shall assist the Council in its study on request. The Council shall report its findings and recommendations to the Governor and the General Assembly no later than November one, nineteen hundred seventy-one.

To defray the costs incurred in this study, there is hereby appropriated the sum of five thousand dollars to be paid from the contingent fund of the General Assembly.

INTRODUCTION

Senate Joint Resolution No. 21 directed the State Council of Higher Education to study the role of private colleges and universities in Virginia higher education. It has provided the Council once more with the opportunity to explore new ways for all Virginia institutions of higher education, both public and private, to enter into cooperative activities and jointly participate in Statewide planning.

The concern of the State Council of Higher Education for the development of a coordinated system of higher education in Virginia to include public-private cooperation has been sharpened in the past several years by a financial crisis among institutions of higher learning. This threat, particularly in private colleges and universities, unless wisely met, could result in a lessening of educational opportunity and choice for students. Of particular concern in Virginia is the fact that private institutions, in spite of their best efforts, are serving a diminishing proportion of students attending college.

Responding to the Resolution, the State Council of Higher Education for Virginia, in cooperation with the Council of Independent Colleges in Virginia, secured statewide data to describe the role and relationships of the private sector in the Virginia higher education community. Institutional representatives were consulted and appropriate data were obtained as a basis for a thorough study of the private colleges' position in the Commonwealth. Simultaneously, the State Council secured a prominent panel of experts through Associated Consultants in Education to assist it in the survey and analysis of the data. The consultants were also asked to indicate their own recommendations for providing the most educational opportunities and choices to Virginia citizens, including private higher education.

The resulting research has been compiled for the State Council of Higher Education in a special report. While the State Council does not concur with all the consultants' recommendations, these provide a substantial basis for our own recommendations which follow.

STATE COUNCIL RECOMMENDATIONS

The State Council of Higher Education is submitting recommendations which it believes are in the long term, best interest of higher education in the Commonwealth, considering the needs of the citizens as well as private institutions. Attention must be drawn to Article VIII, Section 11, of the Virginia Constitution and possible financial support from the State to Virginia students attending private institutions. The General Assembly of Virginia should consider these issues as decisions are made with respect to our recommendations.

The State Council believes student aid to be preferable to institutional aid in providing assistance to private institutions. In principle, the Council recommends that any student aid program developed be one in which Virginia residents, qualifying for such aid, be able to use awards at either public or private institutions, with limitations as spelled out in Recommendation No. 2 below. These limitations serve to equalize student economic considerations in choosing between public and private institutions.

It is also the Council's belief that continued close planning between the public and private sectors is desirable where mutually beneficial opportunities for contractual services exist.

Finally, a borrowing authority to assist in private college facility development is supported, consistent with the possibility already made available by the Virginia Constitution.

1. Public-Private Cooperation in Planning

The interests of the Commonwealth can best be served if continued close cooperation exists in long range planning between the public and private sectors with clear recognition of the necessary and desirable role played by private education in the total system of higher education.

Studies of population and enrollment projections, facility planning and space utilization, and such specialized academic and research functions as computer sharing and inter-library loans, have already been undertaken and serve to point up the positive benefits of public-private cooperation in higher education. The State Council of Higher Education should continue to develop these relationships, continue private college representation on many of its advisory committees and explore additional areas of cooperation.

2. Statewide Scholarship Program

A state-supported, statewide scholarship program should be initiated for Virginia residents who qualify in undergraduate degree programs recognized or approved by the State Council of Higher Education. Such scholarships should be usable at any public or private accredited Virginia college or university other than those whose primary purpose is to provide theological education. This new scholarship program should build upon rather than supplant the existing student aid programs now in operation in Virginia's publicly supported colleges and universities and thereby provide additional opportunities for Virginia residents seeking higher education.

To avoid diversion of the Council from its basic objectives, this proposed scholarship program should be administered by an agency other than the State Council of Higher Education. The development and administration of such a scholarship program demands top professionals skilled in financial aid

administration. The success of this program will be enhanced if the agency chosen can give full and undivided attention to this task, rather than be involved in a multitude of other programs. It is recommended that consideration be given to expanding an existing agency, such as the State Education Assistance Authority, to accomplish this objective rather than creating a new authority.

Although specific administrative guidelines should be established by the designated administering agency, it is recommended that the scholarships be awarded on the basis of a combination of scholastic aptitude and financial need, considering both educational costs at the school to be attended and the individual's overall personal finances. It is proposed that the awards be made on a sliding scale reflecting financial needs, allowing due consideration for the student's ability to help himself, with the maximum award being \$1,000 and the average of all awards projected to be \$500. This range and average is similar to awards made in other states (see consultants' report, Appendix J).

The State Council of Higher Education recommends that this proposed scholarship program be authorized effective July 1, 1972, with the knowledge that a good deal of the first year would be given to establishment of operating policies and practices for the program. The first awards would be made in the Spring of 1973 for use during the 1973-74 academic year. The 1969 State Council of Higher Education "Study of Student Financial Aid in Virginia" estimated that 4,500 qualified students failed to attend college in Virginia for financial reasons. The rapid increase in the college age population and increasing costs to students in the period since that study indicate that this number would equal or exceed 6,000 by the end of the 1972-74 biennium. Thus, the projected awards costs during the 1973-74 academic year are: 6,000 students x \$500; or \$3,000,000. In addition to this sum, development and administrative funds would need to be provided to the administering agency for each year of the biennium.

3. Bonding Authority

Article VIII, Section 11 of the Constitution of Virginia is titled, "Aid to Nonpublic Higher Education". That section says, in part:

The General Assembly may also provide for a State Agency or Authority to assist in borrowing money for construction of educational facilities at such institutions, provided that the Commonwealth shall not be liable for any debt created by such borrowing.

The State Council of Higher Education recommends to the General Assembly that such an authority be provided, in the expectation that future facility development of the private institutions of higher education will be enhanced by this action, and that the long range higher education interests will thus be better served in Virginia.

4. Contractual Services

Where possible, special resources of the public higher education institutions should be made accessible to private institutions on a cooperative or contractual basis. Such services and cooperative programs might be developed in areas such as computer support, inter-library loans, educational television, and sharing of specialized instructional or research facilities. This service by the public sector would assist many private institutions of higher education in taking advantage of resources not readily available to them and thereby ease the commitment of funds otherwise necessary for capital outlay and staff.

In certain specialized graduate or professional degree curriculum areas, the Commonwealth may elect to contract for services from private institutions

using the model procedures developed by the Southern Regional Education Board. Any contract programs approved should be in fields determined to be of critical need to the Commonwealth.

STATE SUPPORT
FOR
PRIVATE HIGHER EDUCATION
IN
VIRGINIA

A Report
to the
State Council of Higher Education
for
Virginia

Prepared and Submitted by
a Panel of Consultants
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Richmond, Virginia 1971

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October 25, 1971

Members of the State Council
of Higher Education for Virginia

Together with this letter I am pleased to transmit a report entitled State Support for Private Higher Education in Virginia. This report has been prepared by a panel of experienced consultants in accordance with Senate Joint Resolution Number 21 of the 1971 General Assembly.

The resolution called for a study of ". . . the role of the independent universities, colleges, business colleges, and junior colleges in the State in the overall scheme of higher education, so that their services may be encouraged, strengthened and included in the future plans for development of higher education in the State." The panel of consultants believes that the analysis and recommendations included in this report fulfill the requirements of the resolution. It believes further that if the program here recommended is put into operation it will indeed "encourage and strengthen" private higher education in Virginia while at the same time providing, over the long view, substantial savings to the taxpayers of the Commonwealth.

The panel of consultants acknowledges with gratitude cooperation and assistance from many people: the members, the directors, and the staff of the State Council of Higher Education; several members and the staff of the Council of Independent Colleges of Virginia; the director and staff of the Center for Higher Education at the University of Virginia; several representatives of business colleges; several State Senators; a delegation of public college and university presidents, and a delegation of private college and university presidents; the chancellor of the Virginia Community Colleges; and many other persons and groups of persons. All of these people gave unreservedly of their talents, their time, and their thoughts in the furtherance of this study.

Respectfully submitted,

W. Hugh Stickler, Chairman
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bq

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FOREWORD

The history of higher education in America has been marked by increasing cooperation between private and public sectors. This pluralism has provided healthy challenges for development, change and student choice.

Considering the rapid expansion of college enrollment during the 1960's and observing this trend projected through the 1970's, the General Assembly of Virginia has expressed its concern, through Senate Joint Resolution Number 21 of the 1971 session, over the role of the independent institutions of higher education and their prospect in fulfilling part of this growth need in Virginia.

The State Council of Higher Education expresses its thanks to the consulting team for this study and their recommendations. The reader of this document is presented with excellent background on both the national and State level and the options offered for State support for private higher education deserve the most careful and thoughtful study.

Roy E. McTarnaghan, *Director*
State Council of Higher Education
For Virginia

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I PRIVATE AND PUBLIC HIGHER EDUCATION IN AMERICA: A BRIEF HISTORICAL SKETCH

For a century and a half after the founding of Harvard College in 1636 all higher education in America was privately controlled and basically church-related. This situation persisted throughout Colonial times and until after the American Revolution.

In the late Eighteenth and early Nineteenth Centuries public higher education began to emerge. The University of Georgia, the University of Vermont, and the University of North Carolina vie for the honor of being the "first" public university. But the well-known educational historian, John S. Brubacher, says unequivocally that "The university which Thomas Jefferson established at Charlottesville in Virginia was America's first real state university." In any event, the idea of public higher education slowly gained acceptance and by the beginning of the Civil War a considerable number of public institutions, chiefly in the South and Middle West, had been established. Nevertheless, the great preponderance of American higher education at this time was still privately controlled and basically church-related.

Three developments in the last half of the Nineteenth Century and the first decade of the Twentieth Century gave added impetus to the growth of public higher education in America. First, the Morrill Act or Land-Grant Act was finally approved in 1862. This act provided federal aid for the establishment of agricultural and mechanical (engineering) colleges in each of the states. The Hatch Experiment Station Act of 1887 represented a great stimulus to those "A. and M." colleges, and the Second Morrill Act of 1890 greatly increased the amount of federal aid available to these institutions. A new type public institution had been born, and its future was assured. Higher education in this country would never again be the same.

Along toward the end of the Nineteenth Century—chiefly in the 1880's and 1890's—a second development occurred as state "normal" schools began to emerge. These institutions, of course, were the forerunners of state teachers colleges which, in turn, were the forerunners of today's state colleges and regional universities. These public institutions now number between 275 and 300 and serve hundreds of thousands of American youth.

Third and finally, the public junior colleges had their beginning at just about the turn of the Twentieth Century. By the time of World War I these institutions had been firmly established. Today approximately one thousand public junior (community) colleges provide educational services for approximately two million young people.

So soon after the beginning of the Twentieth Century public higher education was here in quantity and in quality, and it was here to stay. In the meantime, however, the private institutions had kept pace. Their numbers had grown steadily and they had enrolled significantly increasing numbers of students. A sort of uneasy "balance" existed between the two sectors. In their respective ways each was serving well its students and America's changing society.

At the end of World War II the number of students in public institutions and the number of students in private institutions were almost exactly even: it was a 50-50 division. With the enrollments of WW II veterans, however, and with the very rapid increases in enrollments in the late 1950's and all of the 1960's the pendulum swung toward the public colleges and universities. Each year about one percent more students enrolled in public institutions of higher

education and about one percent fewer students enrolled in private colleges and universities. Now in the early 1970's approximately 75 percent are enrolled in the public sector and approximately 25 percent are enrolled in the private sector. And the proportion of students attending public institutions continues to increase.

For well over 300 years the private colleges and universities have served America well. Currently they are providing essential services for individual citizens, for their respective states, and for the nation at large. They are judged to constitute important institutional resources in the total scheme of American higher education.

Among some people the term "private" carries with it an unfortunate connotation. Too frequently it implies snobbishness, social selectivity, and racial and ethnic discrimination. In view of our increasing egalitarianism however, such practices are increasingly unacceptable. Moreover, there is a further unfortunate connotation:

The most compelling objection, however, to the divisive term "private" rests on the notion that there are two systems of higher education in the various states with clearly discernible and different purposes, programs, students, and general social responsibilities.¹

Whatever the validity of this view in earlier days, it is an erroneous conception in its current setting. For the past quarter of a century public and private higher education have been growing increasingly similar. Curriculum, methods of instruction, and total educational program have grown more and more alike in the two sectors. Historically, some institutions may have their roots in the public domain while others have their roots in the private sector. All, however, are "public" institutions in the sense that all of our colleges and universities, both public and private, are responsive to public needs and all operate within a mutual framework of generally understood and generally accepted educational policies.

It should be noted also that the patterns of financial support of American higher education have changed over the years. Until World War II private colleges and universities were essentially supported from private sources, and public colleges and universities were essentially supported from public sources. Even then, however, public support for private institutions and private support for public institutions were not unknown. But since World War II the picture has changed significantly. Public funds have flowed into private institutions in great quantities. Chiefly this money has come from federal sources and has been used for research, facilities construction, student aid, and other purposes. Other public funds, as we shall see later in this document, have moved from the states to private institutions. By the same token, large sums of money now flow from private sources into the public colleges and universities. Nearly every public institution now has its development (i.e., fund-raising) office and many of these public colleges and universities receive annually private gifts amounting to millions of dollars. So the lines of support between private and public institutions of higher education have become increasingly blurred. Whereas at one time it was correct to think of private institutions being essentially supported by private funds and public institutions being essentially supported by public funds, these distinctions are no longer clear. Rather, it is more accurate to think of private institutions being *privately controlled* and

¹ *Minnesota Private Higher Education*, p. 2. (Attributed to Minnesota Higher Education Coordinating Committee.)

public institutions being *publicly controlled*,² with both types of institutions receiving large amounts of financial support—but in varying proportions, to be sure—from both private and public sources.

Between private and public higher education there may have been essential differences in purpose or philosophy in the past. Perhaps there were. But it would be difficult to sustain that claim today, and it will be increasingly difficult to sustain it tomorrow. McFarlane summarizes the situation in these words:

The case for eliminating systematic distinctions between public and private sectors of higher education rests primarily on the evolving tendency of public and private institutions to grow more alike over the years. In responding to contemporary needs, comparable institutions . . . in both sectors now reflect, on the whole, comparable educational purposes as well as close similarities in the composition of their student bodies, the qualifications of their faculties, and the scope and nature of their curricula and programs. With respect to the public interest, therefore, it would seem there are no essential educational differences between public institutions and most private colleges. It thus appears that the educational resources of private institutions do in fact complement the assets of public institutions and, in some notable instances, set standards of educational achievement and quality to which all colleges and universities aspire. These advantages argue strongly for public policies and support to maintain the private sector as a major component in state-sponsored higher education.³

The panel of consultants in the Minnesota study of private higher education in that state put the matter even more bluntly as follows:

The only valid conception of higher education today considers all colleges and universities within [a] state to be integral units of a single system with specific contributions to make to individual citizens and to the commonwealth as a whole.⁴

The panel of consultants on this project has worked within this framework. Members of the panel have viewed the public and private colleges and universities as being “integral units within a single system” of higher education in the Commonwealth of Virginia. Our recommendations later in this document emerge from that setting.

² Even this distinction does not hold true in every instance. The unusual methods of selecting members for the governing boards of Temple University, the University of Pittsburgh, and Pennsylvania State University constitute a case in point.

³ William H. McFarlane, *State Support for Private Higher Education*.

⁴ *Minnesota Private Higher Education, op. cit.*, p. 2.

II

THE FINANCIAL PLIGHT OF THE NATION'S PRIVATE COLLEGES

That American higher education, both public and private, is in deep financial trouble is a well established fact. In a recent book entitled *The New Depression in Higher Education*, Earl F. Cheit reports on 41 "on site" studies of colleges and universities. The author makes no claim that the institutions are "representative," but the reader is led to believe that they are probably "typical" of American higher education as a whole. Of the 41 institutions Cheit reports that 71 percent are either "headed for trouble" financially or are already there. And bad though the financial situation already is, it continues to deteriorate.

The causes for this "new depression" are numerous and complex. These problems cannot be analyzed in detail here, but the following points are to be recognized:

1. The decade of the 1960's was a period of unprecedented growth in America's institutions of higher education. Currently (fall 1971) more than eight million students are enrolled in the nation's colleges and universities. And the numbers continue to mount. It requires tremendous amounts of money to operate the country's higher education enterprise.
2. New types of educational services are required. Examples are expanded health services, inner-city planning and services, and ecological research and engineering. All of these new-type services involve large amounts of financial resources.
3. The insidious impact of inflation has taken its toll among the nation's educational institutions. By their very nature, colleges and universities are highly susceptible to erosion of their financial resources by the debilitating inflationary trend in the American economy.
4. Large segments of the public have less confidence than formerly in the enterprise of American higher education. Whatever the cause—student unrest, the current economic situation, lack of accountability, or for other reasons—legislators, alumni, and private donors alike are tightening the purse strings.
5. As a result of these and other reasons, costs are exceeding income and the nation's colleges and universities are experiencing financial difficulties such as they have never known before.

What has been said so far applies to public and private institutions alike. Let us turn now to a consideration of the private sector only. Here the financial problems of the "new depression" are greatly accentuated.

William W. Jellema recently prepared for the Association of American Colleges a document entitled *The Red and the Black*. This is a special preliminary report on the financial status, present and projected, of private institutions of higher learning in America. It is a comprehensive study. In it Jellema summarizes the total situation in a single sentence: "By June 1970 membership in the deficit club was complete: the 'average' (private) institution in every region (of the United States) was firmly in the red."¹

¹ In an up-dated survey reported September 23, 1971, Jellema found that actual deficits for 1969-1970 were 26 percent worse than expected. He predicts that these deficit levels will increase unless new sources of income are found.

Many factors have contributed to this unhappy situation. In recent years the costs of higher education have mounted at an almost inexorable rate. Instructional costs (chiefly faculty salaries) are higher and there has been little or no increase in productivity, at least when measured quantitatively. Building and maintenance costs have risen. Campus security requires a bigger bite of the budget. Students and their parents are demanding ever increasing services: "the college should be all things to all people." And all the while inflation has continued to blur meaningful financial planning and operation. The result, as Jellema makes clear, is that expenses now exceed income. Deficit spending has become the lot of the "average" private college or university.

And what are the prospects for increased income in the private sector? Frankly, they are not good. The usual sources of income for private institutions are few in number: (1) income from endowments, (2) tuition and fees, (3) federal grants and contracts, and (4) gifts for operating expenses and/or capital outlay. Let us look briefly at each of these sources.

Most private colleges are modestly endowed and few major endowment gifts are to be expected in the future. The Rockefellers, the Carnegies, the Vanderbilts, and the Stanfords have had their day. In recent years, moreover, income derived from endowment has become less and less important as a source of funds for private institutions of higher education. Generally speaking, the income from endowments is modest and even the most expert management cannot increase it substantially. Finally the income from a stabilized endowment represents a declining percentage of increasing costs. All things considered, it is highly unlikely that increased income from added endowments will constitute an important factor in solving the financial problems of the "new depression" in American private higher education.

Private colleges and universities must rely on student tuition and fees for the preponderance of their income. Within recent years the tuition-fee charges in private institutions have skyrocketed to almost unbelievable heights. These mounting costs have two objectionable features. First, between public and private higher education the costs to students are ever widening. Second, high tuition-fees are not an equitable method of finance. Says Howard R. Bowen in his publication entitled *Finances of Higher Education*:

If carried to an extreme, they (high tuition-fees) would tend to limit private colleges and universities to the more affluent students and make them class institutions—a fate to be avoided at all costs. The case for keeping tuition down is valid in the private as well as in the public sector, and private institutions should not regress from their present commendable efforts to accommodate students from low-income families.

The above noble sentiments notwithstanding, the lamentable fact is that, for a large stratum of American youth, most private institutions of higher education have already priced themselves out of the market. This is true both with respect to those who are unable to pay the higher rate and to those who would be able to pay but consider it prudent to choose the low cost education provided by the state at public institutions. Private college and university administrators know that higher and higher tuition-fee charges cannot be the solution for their financial problems.

During the quarter century since the end of World War II, the federal government has become an important source of funds for private institutions of higher learning. Federal funds have been provided for research, for student aid, for the financing of self-liquidating facilities, and for a variety of other purposes. This support has not been equitably distributed. For example, federal

research contracts mean a great deal to universities such as Harvard, Massachusetts Institute of Technology, Chicago, and Stanford. On the other hand, federal research contracts mean much less—in fact, little or often nothing—to small liberal arts colleges. All things considered, however, federal funds have made a significant contribution to the support of private higher education. And, of course, it is presumed that federal support will be continued and possibly increased. It is to be noted, however, that at present federal funds for higher education are not growing rapidly. In fact, several federal programs have been sharply curtailed. In the future, private colleges and universities may eventually receive more total support and more general support from the federal government: that remains to be determined. In the meantime, however, their financial needs are immediate and pressing, and the short-term prospects for increased federal assistance are far from good.

The final common source of funds for private higher education is gifts other than for endowment—gifts by alumni, friends, businesses, and foundations for current operations and capital outlay. These gifts are extremely important to private colleges and universities. Yet private support from gifts is on the decline. The causes are not entirely clear. Without doubt, many would-be donors are disillusioned with the current status of higher education. Almost certainly the unstable economic situation has been a factor, and it is too early yet to determine what, if any, effects the new economic policies will have on college giving. Whatever the reasons, foundation support of higher education is decreasing. While a given institution here and there may encounter good fortune, it is unrealistic to believe that private higher education generally will receive an appreciably larger percentage of its income from gifts within the foreseeable future.

In summary, it may be said that analysis of the usual sources of income for private higher education—income from endowments, tuition and fees, federal grants and contracts, and gifts—does not augur well for the financial future of these institutions. Jellema explains the matter as follows:

... the financial condition of (nearly) all private colleges and universities has steadily worsened. By 1968-69, private colleges and universities at every degree level category but one, taken as a statistical average, were showing a deficit. Not a contrived "deficit," not an indirect student aid "deficit" (which all private institutions have been running for years), not the kind of "deficit" administrators sometimes submit to their boards to stimulate giving, not the "deficit" sometimes reported before annual gift money or contributed services provided by a religious order are included as income, but *an actual current fund deficit*: akin to the kind you and I have when our total actual expenditures are larger than our total actual incomes.

And, lamentably, the financial situation in private higher education in 1971-72 is considerably worse than it was in 1968-1969, the year for which Jellema amassed his basic data upon which the previous statement is based.

How then, are these institutions responding to the situation? Actually, the private colleges and universities have employed and are employing a wide variety of practices. Different institutions have used, among others, different combinations of the following devices:

1. Tuition-fee charges have been increased.
2. Maintenance has been deferred.
3. Planned programs have not been implemented.

4. The number of faculty members has been reduced with a resulting increase in the student-faculty ratio.
5. Monies have been transferred from unappropriated surplus.
6. Monies have been "borrowed" from other internal sources, including current funds.
7. Monies have been "borrowed" from endowment funds.
8. Monies have been borrowed from outside sources.
9. Fund raising activities have been increased.
10. Depreciation allowance has been cut back.
11. Expenditures have been retrenched.
12. Formerly private institutions have given themselves to the state and become public institutions.
13. Some institutions have closed their doors and gone out of business.

All things considered, one can only conclude that there has been a substantial fall-off in financial support for private higher education. Without doubt, private colleges and universities of America face the worst financial crisis in their entire history, including the Great Depression of the 1930's. In Washington on July 14, 1971, the Rev. Paul C. Reinert, S.J., President of St. Louis University, declared that the financial plight in the private sector "is far more serious than most people realize." Then he added, "The nation is in imminent danger of losing one of the greatest assets this country has had—our plural system of higher education."

The panel of consultants agrees with President Reinert's position.

III STATE SUPPORT FOR PRIVATE HIGHER EDUCATION: THE NATIONAL SCENE

The previous chapter has portrayed a gloomy picture concerning the current financial situation and financial prospects in the private colleges and universities of this nation. Unless new sources of income can be found soon, it can only be concluded that the contribution of the private sector of American higher education will diminish in quantity and deteriorate in quality. Throughout the nation, private institutions of higher learning are turning to their state governments for assistance in one form or another and many of the states are responding affirmatively.

During the past decade—and especially during the past few years—studies of private higher education in each of several states have been made. Included, among others, are Illinois, Massachusetts, Minnesota, Missouri, New York, North Carolina, Oregon, Pennsylvania, Tennessee, and Texas. In each instance, these studies describe relations between the private institutions and the state—existing and/or recommended. In almost every instance state or additional state assistance is recommended or sought. Limited space does not permit a summary of each of those studies here. Illustrations from those reports, however, will be used as this chapter develops.

In May (1971) James Robert Spang successfully defended at Temple University a doctoral dissertation entitled *Direct and Indirect State-Aid to Private Institutions of Higher Education in the United States*. It is the most comprehensive study yet made on the subject. After studying state-aid to private colleges and universities in 33 states and the response to this aid on the part of 132 private institutions, he indicates that there is “a strong interest in state-aid to private institutions of higher education” in this country. He then draws the following conclusions:

1. That more than one-half of the states already have statewide planning programs for higher education.
2. That the three most [desired] kinds of state-aid to private institutions of higher education are (a) direct institutional support, (b) support for physical facilities, and (c) aid to students in the form of scholarships and grants.
3. That there is a growing concern evidenced by the majority of states for the welfare of their private institutions.
4. That private institutions of higher education have been and are increasingly being included in the statewide planning process by some states.
5. That many programs and/or practices are being devised and adopted by the states that are helping private institutions of higher education to survive and prosper.
6. That any programs and/or practices once adopted by the states are seldom abandoned.
7. That every state's constitutional, political, and economic climate is flexible enough to allow the state to implement initial or additional programs and/or practices of state-aid to private institutions.
8. That all the programs and/or practices of state-aid are . . . supported by the private institutions located within these states having the programs and/or practices.

9. That there is sufficient national agreement among the respondents from the private institutions of higher education to support viable state-aid program and/or practice recommendations.¹

State aid to private higher education may come in many forms. Examined here briefly are some of the most commonly used devices.

1. *Student aid: loans.* Guaranteed loans constitute a common form of financial aid to students. Different states administer student loan programs in different ways. In most instances, however, the enabling legislation is quite similar, especially in relation to eligibility requirements.
2. *Student aid: scholarships and grants.* Scholarships and grants assume a variety of forms. Sometimes they are awarded on the basis of academic merit. They may also be awarded on the basis of special categories (e.g., veterans, blind or otherwise handicapped students, members of certain minority groups, and others). Or they may be awarded on the basis of special field of study (e.g., medicine, teacher education, social worker). But most frequently—in fact, almost without exception—they are now awarded on the basis of need and are designed to assist students who otherwise could not afford to attend the college of their choice. Nearly half the states in the nation now provide scholarships and grants on the basis of need.
3. *Student aid: tuition equalization.* In this instance the state makes direct payments to a private college or university for a specific state resident enrolled. By so doing the state pays part of the tuition and fees and the student pays the remainder. Thus the amount actually paid by the student is substantially reduced.
4. *Per capita grants to institutions.* Some states make per capita grants to institutions, allowing a given amount for each full-time-equivalent state resident student enrolled. New York and Maryland make per capita grants to private institutions for each academic degree conferred. Florida grants the University of Miami a fixed amount for every Florida student enrolled in its College of Medicine. Minnesota has recently passed legislation which will allocate per capita grants to private colleges and universities for each additional Minnesota student enrolled in that institution (above 1970-1971 enrollments). Finally, of course, the tuition equalization plan referred to in the last paragraph is a form of per capita grant to institutions.
5. *Support of programs.* In a few instances states have made unrestricted block grants to private institutions. More likely, however, these grants are made to support research, to aid specific programs, to provide operational support for a given school or college within the private institution, to support plant operations for given reasons, or to support experimental programs in which the state may be interested.
6. *Support of special services.* States may do a variety of things to provide special services for private colleges and universities. States may take the lead in forming and/or operating consortia, in assisting in purchasing, in operating regional library centers, in providing computer service in collaboration with state institutions, in establishing cooperative educational television services and/or equipment, and in providing other forms of special services.

¹ James Robert Spang, *Direct and Indirect State-Aid to Private Institutions of Higher Education in the United States.*

7. *Contracts for services.* States may contract with private institutions to provide a wide variety of services. For example, the state may support research projects (health, scientific, social, or economic). It may contract for the operation of community services or special educational programs such as adult education, medicine, dentistry, social work, or librarianship. Or, as already noted, it may contract for general educational services such as a tuition equalization scheme plus additional money for total in-state enrollment, or for increase in in-state enrollment, or for the number of persons graduated (total or in special fields) by the private college. Still other contracts for services could be derived as needs develop.
8. *Support of construction of facilities.* States may make outright grants for the construction of facilities on private campuses. More frequently, however, the state is likely to assist through loan service. In some instances the loan is made directly. Or the state may guarantee the loan which is made through a third party.
9. *Tax considerations.* States commonly exempt taxation of property of non-profit private institutions including private colleges and universities. Income from property use and sales is also frequently exempt. Finally, tax credit may be allowed for gifts, individual or corporate.

Considered above are a number of devices by means of which various states are assisting private colleges and universities with their great and mounting financial problems. In Table 1 data concerning the use of these and other devices are summarized by states as of June 1, 1971. It is to be noted that the number of devices used by a given state varies from none at all to combinations of several of the practices here indicated.

Table 1
Selected Forms of State-Aid to Private Colleges
and Universities in the United States
By Approximate Number of States Using Each Form
June 1, 1971 [a]

Kind of Aid	Number of States
I. Aid to Students	
A. Scholarships	
1. Undergraduate	24
2. Graduate	4
B. Grant Programs	
1. Undergraduate	20
2. Graduate	1
C. Loan Programs	
1. Undergraduate	13
2. Graduate	9
D. Student aid in out-of-state private institutions through SREB, WICHE, and NEBHE	34[b]

Table 1 (Continued)
 Selected Forms of State-Aid to Private Colleges
 and Universities in the United States
 By Approximate Number of States Using Each Form
 June 1, 1971 [a]

Kind of Aid	Number of States
II. Aid to Institutions	
A. Taxes	
1. Tax exemptions (property, sales etc.)	28
2. Tax credits for individual gifts	2
B. Facilities	
1. Some form of State Building Authority	17
2. Other forms of facilities financing assistance	5
C. Grant Programs	
1. Per student enrolled (state resident)	4
2. Per degree granted	2
3. Other	4
D. Contract Programs for Educational Services	8
E. Use of State Purchasing Power	1
F. State Studies of Higher Education	31
G. Computer Services Sharing	8
H. Establishment of Degree-Granting Standards	14

[a] Data collected from several sources including the writings of Joseph D. Boyd, Elden T. Smith, James Robert Spang, and others. Details concerning state-aid programs in the various states are available in the offices of the State Council of Higher Education for Virginia.

[b] Student aid contracts arranged through a regional educational agency enable a given state to defray part of the cost for resident students attending institutions of higher education, public or private, in other states. Currently, 15 states participate in the student exchange programs of SREB (Southern Regional Education Board), 13 states in WICHE (Western Interstate Commission on Higher Education), and six states in NEBHE (New England Board of Higher Education).

The panel of consultants arrives at this point in its deliberations with two convictions firmly established:

1. There are plenty of precedents and plenty of models for the people of the Commonwealth of Virginia to consider if they wish to assist needy students to attend the institutions of their choice and at the same time enhance the strengths of their private colleges and universities.

2. There is abundant evidence to indicate that in one form or other state assistance to private institutions of higher education is a rapidly growing movement.

In these two convictions there may be some measure of hope for the future of private higher education in Virginia and in the nation.

IV PRIVATE HIGHER EDUCATION IN VIRGINIA: THE CURRENT SITUATION

Although *Senate Joint Resolution Number 21* called for a study of the broad role of independent institutions in the overall scheme of higher education in Virginia, the panel of consultants found need for descriptive data concerning institutional operations as well as general information reflecting the place which private colleges and universities occupy in the Commonwealth. The panel has availed itself of data compiled as a part of the continuing studies made by the State Council of Higher Education for Virginia. It has had access to factual data compiled in connection with a study which was commissioned by the Council of Independent Colleges of Virginia and which was carried out by the Center for Higher Education at the University of Virginia. Additionally, the panel has obtained more recent data from the private institutions.

Appendixes of this report include data that bear directly upon the conclusions and recommendations of the panel of consultants.

Concerning the private colleges and universities of Virginia the panel wishes to make a number of observations. First, these institutions have served the Commonwealth long and well. In fact, there is a proud tradition of distinguished service. The effects of their labors pervade every constructive aspect of the local communities, the Commonwealth, and the entire nation. Truly, theirs is a contribution of major proportions and there is no gainsaying that fact. The Commonwealth would be much poorer were it not for these institutions.

The panel of consultants notes with interest that during the academic year 1970-71 the private colleges and universities of the Commonwealth enrolled more than 28,000 students. But the panel notes also that, by their own estimates, these institutions could accommodate more than 2,000 additional students with the facilities and faculties they now have and more than 5,500 additional students with present facilities but additional faculty members. These are important figures to consider, especially when the State Council of Higher Education for Virginia is projecting a headcount increase of nearly 60,000 students in the Commonwealth for the decade of the 1970's. The private colleges and universities of Virginia need more students, and the Commonwealth needs to provide increased services in higher education. Later the panel will propose a program which it believes will provide mutual assistance to both the private and the public sectors.

Incidentally, the panel notes that each year Virginia has a net out-migration in the order of 15,000 college students. Only a few states—five in 1968—have higher out-migration rates. Hence it may be desirable for the independent colleges of the Commonwealth to enroll substantially larger proportions of Virginia students.

Another related observation has to do with educational and general space. Inasmuch as, in general, the private institutions need additional students while the public institutions are generally full to overcrowded, it follows that the private colleges and universities have more space per student than the public institutions. Such is the case. The State Council reports for 1970-1971 that, in fact, the private institutions had nearly 150 square feet of educational and general space available per student while the corresponding figure for public institutions was less than 87 square feet. Put another way, the private colleges and universities are now providing 71 percent more space per student than are the public colleges and universities, and presumably could care for 71 percent

more student enrollments within the space limitations which now prevail in the public institutions.

The panel believes that the private sector of Virginia higher education could do some considerable belt-tightening. It is to be noted that in each of several institutions the curriculum is vastly and indefensibly overproliferated. An overstuffed curriculum almost invariably results in an abundance of small classes. In Virginia private colleges and universities, in general, an unusually large percentage of classes enroll fewer than ten students each. It is an expensive and unnecessary practice.

Another disturbing observation centers around student-faculty ratios. In 1969-1970, the last year for which data were available at the time of this writing, only two private institutions reported student-faculty ratios larger than 20:1 and only six reported ratios larger than 15:1. More frequently ratios of 9-10-11:1 were reported. In the reality of today's world, these ratios constitute educational luxuries which can no longer be afforded. They result in unnecessarily high costs that have to be passed along to students.

In those institutions to which these criticisms apply—and it should be made clear that they do not apply to *all* private colleges and universities—it seems highly important that they proceed forthwith to get their educational houses in order. It is unreasonable to look to the Commonwealth for substantial amounts of financial assistance unless educational and financial practices are brought within defensible bounds.

But over and above the questionable practices indicated in some institutions, the private colleges and universities of Virginia, in general, do have legitimate financial problems and will continue to have such problems even when they have achieved more efficient operation. The panel's analysis of the financial situation of Virginia's private colleges and universities and a comparison with the national situation leads it to conclude that the problems which have become critical in other states are also developing rapidly here in the Commonwealth. Virginia is relatively more fortunate than some states in the strength of its private colleges and universities and in the capacity of several of them to resist the forces which are threatening the private sector all across the country, but the trend is clear and financial problems are imminent. These problems are of two kinds: (1) expenditures from current funds and (2) capital outlay.

In 1964-1965 the 26 reporting private institutions in Virginia showed a combined net surplus of \$2,340,000 in a combined operating budget of some \$38,000,000 or a net surplus of nearly six percent. Five years later, in 1969-1970, these same 26 reporting institutions barely broke even, reporting a combined net surplus of only \$212,000 in a combined operating budget of about \$74,000,000—or a net surplus of only one-quarter of one percent. These figures show two things: (1) the rapid increase in private college operating budgets—nearly doubled in five years—and (2) the extremely delicate balance between income and expenditures even in 1969-1970. Since then the situation has undoubtedly worsened. Preliminary figures for 1970-1971 show that between one-third and one-half of the private colleges and universities in Virginia operated at a deficit—and the figures are not yet complete. From data so far available, it is known that in order to meet 1970-1971 operating expenditures four private institutions negotiated loans, four used endowment funds, one used reserve funds, and one used funds intended for plant improvement.

Also there is trouble in the capital outlay area. A State Council of Higher Education document, entitled *Physical Facilities at Virginia's Colleges and*

Universities, reports an evaluation of the general quality of buildings for the academic year 1970-1971. In the private sector it indicates that almost 11 percent of "non-housing" buildings are "poor" or "unsatisfactory" while more than 15 percent of the "housing" structures are similarly classified. Assuming that these buildings are required for continued use, they need to be replaced or repaired. Previous availability of funds from federal and other sources notwithstanding, the private colleges and universities of Virginia by their own estimates now have legitimate capital outlay needs amounting to many millions of dollars.

One further matter needs consideration, and that is Virginia's ability to pay for educational services. According to the most recent data available (1969), the Commonwealth ranked 30th among the 50 states in per capita personal income. In that same year, however, Virginia ranked 38th among the states in per capita state expenditures for state institutions of higher education. Still in that same year, the Commonwealth ranked 43rd among the states in per capita state and local government expenditures for higher education. It is apparent immediately that Virginia's record of support for higher education, public in this instance, is not commensurate with its income. Whether the level of support is adequate and appropriate for the program of higher educational services the Commonwealth wishes to promote is, of course, a matter which the General Assembly will have to determine. It is not the responsibility of this panel of consultants to deal with that problem. Suffice it to say that the panel believes Virginia is quite capable of providing a strong program of public higher education, with increased levels of support, and also of funding services obtained from the independent colleges and universities in the Commonwealth. Indeed, it may be that such reasonable support for the private sector as will permit its continued growth will be the best assurance that the tax burden for the citizens will not become excessive. Reasonable state support of private higher education need not be at the expense of public higher education. The financial needs in both sectors are great: both sectors must be more adequately supported.

In summary, it may be concluded that the "average" private institution of higher education in Virginia, like the "average" private institution of higher education throughout the nation, is already in financial trouble or headed toward it. In the next chapter the panel of consultants will offer proposals which it believes will benefit the private colleges and universities and, at the same time, serve the educational needs of the Commonwealth at a cost within its means.

V
PROPOSED PROGRAM OF STATE SUPPORT FOR
PRIVATE HIGHER EDUCATION IN VIRGINIA

While the Commonwealth of Virginia has not taken an active role in developing ways to involve its private colleges and universities in the statewide system of higher education, there is some foundation on which to build such a system.

In the first place, the private colleges and universities have elected to participate in state-sponsored studies of higher education; and the private institutions contribute data to the continuing data system of the State Council of Higher Education. Second, the Commonwealth of Virginia has been an active participant in SREB (Southern Regional Education Board) programs under which the states contract for services with private as well as with public institutions. Third, the independent colleges and universities of Virginia enjoy tax exempt status which signals a recognition of their political purpose. Fourth, nursing scholarships established by the General Assembly may be used by Virginia students in any accredited college or university, public or private.

The Commonwealth has long recognized that it has an obligation to assure that minimum standards are maintained in institutions of higher education within its boundaries. By statutory authority it regulates the setting of degree standards. Moreover, it registers and supervises the operation of proprietary schools. So while Virginia has not been a leader in public college-private college cooperation it is not totally without experience in such matters. A basis already exists upon which a stronger program of public college-private college cooperation can be developed.

Earlier chapters of this report have made clear two important facts: (1) that American higher education is in deep financial trouble and (2) that private and public colleges and universities, while retaining their respective identities and rightly so, are becoming more and more alike in their educational purposes and programs. Actually they are parts of a single statewide system of higher education. The state which neglects and/or fails to conserve its private institutions of higher education does so at its own peril and probably at eventual greater actual cost to the taxpayer. And the average private college or university which fails to identify with the statewide system of higher education may well be courting institutional suicide.

It has been indicated earlier that Virginia private higher education must not be strengthened at the expense of Virginia public higher education. Such need not be the case. But the higher educational needs of the Commonwealth are great. The State Council estimates that some 60,000 students will be added to college rolls during the decade of the 1970's. In the late 1970's enrollments in the Commonwealth are expected to reach a peak. In the early 1980's an actual downturn in enrollments is anticipated. Full utilization of the private colleges and universities may decrease the possibility or probability of overexpanding facilities in the public sector.

These early increases in enrollments will come during a period when the overall economic situation as it pertains to higher education seems to be far from promising. How then can the job be done most effectively and most economically?

It will require many millions of dollars to provide quality educational services for those additional 60,000 college students during the next decade. But here Virginia faces alternatives. Shall the Commonwealth attempt to serve the

overwhelming majority of these additional students in public institutions? Or would it be more sensible and more economical in the long run for Virginia to provide justifiable subsidies to or contract for services from its private colleges and universities—which, in general, need additional students and financial resources—and allow them to supply educational services for a substantial portion of the Commonwealth's increased college enrollments during the coming decade? The panel of consultants recommends the latter alternative. By obtaining services at a fraction of their cost, the Commonwealth will realize substantial savings. And, in the process it will save many of Virginia's independent institutions of higher education from financial disaster.

Indicated in Chapter 3 are a number of ways in which various states are providing support for the private colleges and universities within their boundaries. And, of course, entirely new supportive devices may yet be invented. Any one or any combination of these "established" and/or to-be-invented devices might prove useful in the Virginia situation. But after having conversed with many concerned persons and groups of persons, and after much thought and deliberation on its own part, the panel of consultants submits herewith the following proposed program for the Commonwealth. It consists of nine recommendations.

1. *The public sector and the private sector of Virginia higher education should view themselves as integral units of a single statewide system, and an appropriate coordinating agency should be designated to facilitate communication and planning, immediate and long range, involving the two sectors.* This agency should be a lay board activated by the General Assembly and supported by a competent professional staff. It should be free from ties or loyalties to any institution or group of institutions. Rather, it should be concerned with the totality of higher education, public and private, in the Commonwealth.

It is the judgment of the panel of consultants that the State Council of Higher Education for Virginia has the essential attributes to fulfill this coordination role and the General Assembly would be well advised to assign this more comprehensive responsibility to that agency.

2. *The Commonwealth should establish a comprehensive program of scholarships and grants for undergraduate students. These awards should be made on the basis of need; should be usable in any college or university in Virginia, public or private; and should be coupled with a contract program with private colleges and universities for instructional services for scholarship and grant recipients electing to attend private institutions.* Available data indicate that there still are many able students in the Commonwealth who are deprived of higher education attendance due to economic obstacles. Therefore, based on student need, these scholarships and grants should provide stipends up to and including \$1000 per year, but in no case should the stipend be more than one-half of the demonstrated need.

As a part of this program the Commonwealth should contract with participating institutions to provide instructional services to state scholarship and grant recipients who elect to enroll in private colleges and universities. The panel of consultants suggests that such contracts provide compensation for services provided each scholarship or grant student in an amount equal to the respective scholarship or grant awarded to that student.

3. *The Commonwealth should establish a program under which the higher education coordinating authority would contract with private institutions of higher learning for services provided to additional*

numbers of Virginia residents. The panel of consultants proposes that such contracts cover services provided to Virginia students in excess of the number enrolled in the respective participating institutions in the fall term, 1971. The panel suggests that these contracts provide compensation in amounts which represent partial reimbursement for the cost of instruction at each of the academic levels, viz., lower division, upper division, and master's level students. It is suggested that compensation be provided initially at the base rate of \$300 for each additional Virginia student in the lower division (freshman and sophomore level), at twice the base rate in the upper division (junior and senior level), and at three times the base rate for master's level students. Obviously these compensation levels should be reviewed from time to time and, if necessary, adjusted.

Accredited private colleges and universities in Virginia should be eligible for participation in this program provided that they elect to participate and provided further that the contracting authority for the Commonwealth finds that they are in compliance with regulations established for the program. Further attention will be given to this matter in Chapter 6.

4. *While the panel of consultants does not and will not propose any arrangement under which proprietary schools would receive grants or other forms of assistance from public funds, there is no reason that it should discourage contractual arrangements between a public educational authority and a proprietary school if and when such authority deems it to be in the public interest to obtain services from such schools.* The panel of consultants is mindful that states which have made provision for public assistance to independent colleges have not, in general, considered proprietary schools along with non-profit public service institutions. Nevertheless, there are circumstances in Virginia which may prompt a departure from general practice.

In the first place the General Assembly, in its resolution directing this study, has included proprietary business colleges among the institutions to be studied. Secondly, the Commonwealth of Virginia has developed a system designed to safeguard the public interest against any such schools which may be of questionable stability or integrity.

If contractual arrangements are made with proprietary schools of any kind, it is necessary and proper that any such arrangements be limited to schools which have met the requirements for approval set by the Virginia State Department of Education.

5. *A state bonding authority should be established for the issuance of bonds without state obligation for construction, reconstruction, and/or refinancing of approved educational facilities in the colleges and universities, both public and private, of the Commonwealth of Virginia: it should also require reserves for amortization and for maintenance and repair of physical facilities.*

This bonding authority should be activated under existing legislation with appropriate adaptations, if necessary, to include private institutions of higher education and with the provision that the responsible state agency or agencies (a) determine the economic feasibility of the project and (b) establish the guidelines for the administration of the program. The General Assembly, of course, should set the fiscal limits for the bonding authority and these fiscal limits should be reviewed periodically.

6. *The Commonwealth should provide funds for selected cooperative programs involving both the public and private colleges and universities of Virginia.* Final selection of the cooperative programs would be made by the coordinating agency designated to facilitate communication and planning involving both the public and private sectors of higher education. Examples of possible cooperative programs are (a) continuation and/or expansion of the University Center in Virginia, (b) inter-library loan programs, (c) regional library centers, (d) educational television, (e) inter-institutional utilization of computers, and (f) other projects to be determined by the coordinating agency.
7. *This entire program of state assistance for private higher education in the Commonwealth should be the responsibility of the coordinating agency.* It is the judgment of the panel of consultants that the State Council of Higher Education for Virginia is the appropriate agency to assume this responsibility.
8. *This program of state assistance for private higher education in the Commonwealth of Virginia should be put into operation not later than the beginning of the fall term, 1972, and hopefully before that date.* The Commonwealth needs the educational services which the private colleges and universities can supply, and these institutions need the students and financial support which the Commonwealth can provide. There is urgency in the current situation in Virginia. If this program is not activated for two or more years, it may prove to be too late for survival of some of the institutions in the private sector. Therefore, this program should be activated at the earliest possible date and surely not later than the target date indicated.
9. *Finally, not later than five years after it is put into operation this program of state support for private higher education in the Commonwealth of Virginia should undergo a comprehensive review and appraisal.* This program or a revised program growing out of the comprehensive review and appraisal should then be continued beyond that point and into the indefinite future.

VI
IMPLICATIONS OF THE NEW RELATIONSHIP
FOR THE PRIVATE COLLEGES AND UNIVERSITIES

Much has been said to this point in this report concerning actions which may and/or should be taken by the Commonwealth to capitalize on the resources represented by the private colleges and universities in Virginia. It should be abundantly clear that no private institution of higher education is or should be under any compulsion to cooperate with the Commonwealth in implementing the program of state assistance herein proposed. It should be equally clear, however, that if the program is approved and activated, its effectiveness will be determined in very large measure by the responses of the higher education institutions in the private sector.

Virginia has no obligation nor should it make any effort to "save" independent colleges and universities except as they have well-defined objectives which serve the purposes of Virginia students and except as they are able to fulfill those objectives effectively and at reasonable cost. Institutions with ill-defined objectives, institutions that serve only small numbers of highly-selected students, and institutions which do not evidence "cost consciousness and effectiveness" in management decisions will not make significant contributions to the solution of Virginia's problem of providing for increasing numbers of college students.

Were the panel of consultants proposing any form of "general state aid" to private colleges and universities it would have to insist that adequate safeguards be built into the system to assure effectiveness and efficiency at least to the level required of public institutions. In view of the nature of the program here proposed, however, it would be inappropriate to insist upon safeguards—beyond accreditation and/or state approval—any more than would be required for the vendor of any other professional service. Nevertheless, failure of the independent institutions to provide quality services which attract significant numbers of students at a price they can afford would nullify the effectiveness of the proposed program.

Among the responses which the private colleges and universities of Virginia will need to make in order to optimize the program here recommended are the following:

1. Private institutions of higher learning which elect to participate in this program should enter into statewide planning without reservation. That is, they should expect to contribute accurate and valid data concerning their own operations to the public agency charged with responsibility for fostering such planning. And, of course, these institutions should take into account the needs of the Commonwealth as they shape plans for their own future.
2. Private colleges and universities, not unlike public institutions of higher learning, need to have well-defined objectives. These objectives should provide individual students with guidance as they select colleges suited to their respective needs and interests. They should determine how the institutions will utilize their resources to best advantage. Moreover, the objectives should be stated in such form that both the students and the institution will be able to ascertain the extent to which the objectives are being attained.

The right of a private college or university to establish objectives which appeal to a limited number or a special category of students must be

respected. However, highly selective admissions policies will not adequately serve the Commonwealth. Every institution ought to expect to get its fair share of “good or superior” students, but it has a moral responsibility not to use state money to inaugurate or maintain highly discriminatory admissions policies. Any institution selecting or electing to continue to operate a program characterized by “exclusive” objectives should not expect to receive support from public funds as recommended by this panel of consultants.

It should be expected that private colleges and universities—except for very large ones with substantial resources other than those derived from student fees—will make their maximum contribution to the Commonwealth as they identify for themselves objectives that are (a) distinctive, (b) well within their present or emerging capabilities, and (c) consistent with the higher educational needs of Virginia. Otherwise the recommended program will mean little either to the Commonwealth or to the institutions themselves.

The panel of consultants would underscore its observation that each college or university should establish for itself objectives which are realistic, precise, unequivocal, direction-setting, and motivative in the affairs of the institution. The day of “high sounding” objectives which have little or nothing to do with day-to-day institutional operation is happily disappearing from the scene. Indeed, each collegiate institution should be able to demonstrate that its program is being so conducted as to optimize the attainment of its objectives.

3. Institutions participating in the proposed program should expect to strive toward increasing efficiency in their operations. Otherwise, inefficient operations will result inevitably in additional costs which will only postpone the day of further financial reckoning and which will eventually price these institutions out of the market.

While the proposed program is designed to enable independent institutions, in effect, to reduce their fees and/or to increase financial aid to students, it is not—nor should it be—intended to cover for unproductive institutional practices. If, under the proposed program, private institutions are to attract significant numbers of additional students, they must keep their operating costs down to the lowest level consistent with good professional practice.

Proliferation of course offerings beyond those required for the attainment of institutional objectives, the offering of small duplicate or unjustified repeat sections of necessary courses, the inclination “to be all things to all people,” the assumption that low student-teacher ratios equate with quality, and failure to utilize new knowledge concerning teaching and learning are among the “temptations” which colleges and universities, public and private alike, must resist. Otherwise costs will rise beyond justification, and it should not be expected that the Commonwealth will “pick up the tab” for unproductive and inefficient use of resources.

In the publication entitled *Minnesota Private Higher Education*, the matter of participating institutional responses has been summarized in the following words: only the name of the state has been changed.

It seems to the panel (of consultants) that unless obligations of these

kinds are acceptable to private colleges and universities in (Virginia), these institutions will be doing themselves and the people of (Virginia) a disservice in asking and in obtaining various forms of state government financial assistance. Indeed, acceptance of these obligations by private institutions of higher education must be more than routine, must be more than half-hearted, and must be more than casual. Such acceptance must be embraced with vigorous determination to meet the spirit of these obligations.

To these thoughts the present panel of consultants to the State Council of Higher Education for Virginia adds its hearty endorsement.

APPENDIXES

Appendix A

SENATE JOINT RESOLUTION NO. 21

Requesting the State Council of Higher Education to Study the
Independent Institutions of Higher Education.

Offered February 8, 1971

Patrons—Messrs. Hopkins, Thornton and Caton

Referred to the Committee on Rules

Whereas, the increasing need for higher educational training, and the tremendous growth in population will in the future exert increasing pressure on our State institutions of higher education; and

Whereas, enrollment in the institutions of higher learning of the State is expected to increase by one hundred thousand over the next ten years; and

Whereas, our independent colleges, universities, business colleges, and junior colleges contribute significantly to the overall effort to educate the citizens of the State; and

Whereas, the plans for developing our educational apparatus should include consideration of our independent institutions and their future contribution to higher education; now, therefore, be it

Resolved by the Senate, the House of Delegates concurring, That the State Council of Higher Education is requested to study the role of the independent universities, colleges, business colleges and junior colleges in the State in the overall scheme of higher education, so that their services may be encouraged, strengthened and included in the future plans for development of higher education in the State.

All agencies of the State shall assist the Council in its study on request. The Council shall report its findings and recommendations to the Governor and the General Assembly no later than November one, nineteen hundred seventy-one.

To defray the costs incurred in this study, there is hereby appropriated the sum of five thousand dollars to be paid from the contingent fund of the General Assembly.

Appendix B

PRIVATE INSTITUTIONS OF HIGHER EDUCATION
IN VIRGINIA, 1970-71

Four-Year Colleges and Universities

1. Averett College, Danville
2. Bridgewater College, Bridgewater
3. Eastern Mennonite College, Harrisonburg
4. Emory and Henry College, Emory
5. Hampden-Sydney College, Hampden-Sydney
6. Hampton Institute, Hampton
7. Hollins College, Hollins College
8. *Institute of Textile Technology, Charlottesville
9. Lynchburg College, Lynchburg
10. Mary Baldwin College, Staunton
11. Presbyterian School of Christian Education, Richmond
12. Protestant Episcopal Theological Seminary in Virginia, Alexandria
13. Randolph-Macon College, Ashland
14. Randolph-Macon Woman's College, Lynchburg
15. Roanoke College, Salem
16. Saint Paul's College, Lawrenceville
17. Shenandoah College and Conservatory of Music, Winchester
18. Stratford College, Danville
19. Sweet Briar College, Sweet Briar
20. Union Theological Seminary in Virginia, Richmond
21. University of Richmond, Richmond
22. Virginia Union University, Richmond
23. Virginia Wesleyan College, Norfolk
24. Washington and Lee University, Lexington

Two-Year Colleges

25. Bluefield College, Bluefield
26. Ferrum Junior College, Ferrum
27. Marymount College, Arlington
28. Southern Seminary Junior College, Buena Vista
29. Sullins College, Bristol
30. Virginia Intermont College, Bristol
31. Virginia Seminary and College, Lynchburg

* A specialized graduate institution offering program leading to the master's degree only.

APPENDIX C

VIRGINIA POPULATION, AGE 18-24,
 BY PLANNING DISTRICT,
 FROM 1970 WITH PROJECTION TO 1985
 (in thousands)

District	1970	1975	1980	1985
1	8.7	11.7	10.5	8.2
2	12.3	16.5	15.6	12.4
3	17.3	21.4	20.1	18.1
4	20.3*	16.7*	13.2	13.5
5	25.3	29.4	30.6	28.8
6	22.1*	25.6*	25.3	23.8
7	10.8	13.5	14.6	13.9
8	114.1	119.8	151.2	160.8
9	7.2	9.4	10.6	9.8
10	12.9*	14.2*	15.6	14.9
11	17.6*	21.9*	23.3	21.5
12	24.4	30.0	30.3	27.2
13	8.5	12.1	11.8	9.6
14	9.0	11.3	10.8	9.7
15	62.2*	71.0*	78.2	75.8
16	10.7*	10.8*	11.0	10.9
17	2.9	4.8	5.0	4.0
18	4.2	6.1	6.6	6.1
19	17.8*	21.0*	23.1	22.1
20	101.1*	98.3*	106.4*	98.0
21	48.4*	44.3*	50.0	50.5
22	3.5	5.6	5.8	4.6
State	561.4*	615.6*	669.1	644.2

*Corrected for out-of-state military and/or college populations.

SOURCE: Bureau of Population and Economic Research, University of Virginia.

APPENDIX D

PRELIMINARY FALL HEAD-COUNT ENROLLMENTS
FOR 1964-65, 1969-70, 1970-71 FOR ALL VIRGINIA
INSTITUTIONS OF HIGHER EDUCATION

	State Controlled	Privately Controlled
<u>1964-65</u>		
Two-Year Colleges	3,131	4,286
Four-Year Colleges	45,057	<u>18,947</u>
Total	48,188	23,233
Grand Total		71,351
Percent of Grand Total	67.47	32.53
<u>1969-70</u>		
Two-Year Colleges	24,624	4,584
Four-Year Colleges	<u>71,409</u>	<u>22,673</u>
Total	96,033	27,257
Grand Total		123,290
Percent of Grand Total	77.89	22.11
<u>1970-71</u>		
Two-Year Colleges	29,154	3,821
Four-Year Colleges	<u>78,879</u>	<u>24,209</u>
Total	108,033	28,030
Grand Total		136,063
Percent of Grand Total	79.40	20.60

SOURCE: State Council of Higher Education for Virginia.

APPENDIX E

COMPARISON OF THE NUMBER OF BACHELOR'S
AND HIGHER DEGREES CONFERRED BY VIRGINIA FOUR-YEAR COLLEGES
AND UNIVERSITIES IN 1968-69 and 1969-70

	1968-69*	Percentage of Degrees in Each Category	1969-70**	Percentage of Degrees in Each Category
Bachelor's Degrees				
Private Inst.	2,930	24.6	2,323	19.1
Public Inst.	8,963	75.4	9,841	80.9
Total	11,893	100.0	12,164	100.0
First Professional Degrees				
Private Inst.	129	19.5	106	18.5
Public Inst.	534	80.5	468	81.5
Total	663	100.0	574	100.0
Master's Degrees				
Private Inst.	147	6.9	153	6.4
Public Inst.	1,977	93.1	2,254	93.6
Total	2,124	100.0	2,407	100.0
Doctor's Degrees				
Private Inst.				
Public Inst.	255	100.0	299	100.0
Total	255	100.0	299	100.0
GRAND TOTAL				
Private Inst.	3,206	21.5	2,582	16.7
Public Inst.	11,729	78.5	12,862	83.3

*Includes data from thirteen of twenty four-year private institutions.

**Includes data from eighteen of twenty four-year private institutions.

SOURCES: Private Data from HEGIS.
Public Data from Degrees Conferred by the State Council
of Higher Education for Virginia.

APPENDIX F

NET MIGRATION OF VIRGINIA COLLEGE STUDENTS
AND PERCENT OF VIRGINIA STUDENT RESIDENTS
ENROLLED IN HOME-STATE INSTITUTIONS

Year	Net Migration	Percent Enrolled in Virginia Inst.
1958	- 3,314	60
1963	-10,200	64
1968	-14,770	66

SOURCE:

APPENDIX G
 INCOME AND EXPENDITURES,
 ALL ACCREDITED PRIVATE COLLEGES AND UNIVERSITIES IN VIRGINIA
 FOR SELECTED YEARS

Fund	1959-60	1964-65	1969-70
Income:			
Education & General	\$ 16,004,618	\$ 26,515,139	\$51,525,896
Student Aid Grants	453,356	713,715	2,768,250
Auxiliary Enterprises	7,950,273	12,755,646	19,731,307
Total	24,408,245	39,984,500	74,025,453
Expenditures:			
Education & General	15,695,482	25,718,659	52,146,215
Student Aid Grants	810,954	1,642,930	4,245,855
Auxiliary Enterprises	6,722,071	10,282,286	17,563,348
Total	23,288,507	37,643,875	73,955,418
Net Income	\$ 1,179,738	\$ 2,340,625	\$ 70,035

SOURCE: Center for Higher Education, University of Virginia.

APPENDIX H
 CURRENT FUND AND EDUCATION AND GENERAL SURPLUSES AND DEFICITS OF VIRGINIA
 PRIVATE COLLEGES AND UNIVERSITIES FOR FISCAL YEARS 1969-70 AND 1970-71 BY LEVEL
 1969-70 (N=26)

	Two-Year No. of Inst.	Inst. Total Amount	Four-Year No. of Inst.	Inst. Total Amount	Total No. of Inst.	Total Amount
Current Fund:						
Surplus	5	\$305,066	12	\$1,502,412	17	\$1,807,478
Deficits	1	171,331	8	1,424,055	9	1,595,386
Education and General:						
Surplus	6	599,633	12	1,582,035	8	1,582,035
Deficits				1,566,739	18	2,166,372

1970-71 (N=22)

	Two-Year No. of Inst.	Inst. Total Amount	Four-Year No. of Inst.	Inst. Total Amount	Total No. of Inst.	Total Amount
Current Fund:						
Surplus	3	\$209,503	14	\$ 785,755	17	\$ 995,258
Deficits	2	43,106	3	559,807	5	602,913
Education and General:						
Surplus	3	41,572	9	1,343,699	12	1,385,271
Deficits	2	219,059	8	640,540	10	859,599

SOURCES: 1969-70, Center for Higher Education, University of Virginia.
 1970-71, Data collected by panel of consultants through State Council of Higher
 Education for Virginia.

APPENDIX I
 EXPENDITURES FOR STUDENT AID GRANTS
 BY VIRGINIA PRIVATE COLLEGES AND UNIVERSITIES
 FOR SELECTED YEARS

	1959-60	1964-65	1969-70	1970-71
Two-Year Institutions	\$ 42,963	\$ 85,215	\$ 351,798	\$1,139,438*
Four-Year Institutions	767,991	1,557,715	3,894,058	3,138,557**
All Institutions	810,954	1,642,930	4,245,855	4,277,995***

*Five of six two-year institutions only.

**Seventeen of twenty four-year institutions only.

***Twenty-two of twenty-six private colleges and universities.

SOURCE: Center for Higher Education, University of Virginia, - except for 1970-71 data which were collected by the panel of consultants through the State Council of Higher Education for Virginia.

APPENDIX J
 STATE APPROPRIATIONS FOR
 COMPREHENSIVE STATE PROGRAMS OF FINANCIAL AID
 FOR STUDENTS ATTENDING PUBLIC OR PRIVATE
 COLLEGES OR UNIVERSITIES

State	Amount Appropriated (in thousands)			Average Award		
	1969-70	1970-71	1971-72	1969-70	1970-71	1971-72
California	\$ 11,865	\$ 15,532	\$ 18,835	\$808	\$861	\$788
Connecticut	907	1,571	1,330	597	669	668
Florida		1,520	600		691	750
Illinois	26,059	33,103	39,400	681	687	679
Indiana	3,080	3,140	7,357	470	435	715
Iowa	1,762	3,262	4,290	652	799	905
Kansas	150	150	150	367	500	463
Maryland	2,900	2,750	3,211	400	422	338
Massachusetts	2,000	3,500	8,000	667	538	500
Michigan	12,500	12,867	13,268	520	548	570
Minnesota	775	1,475	2,630	599	600	676
New Jersey	11,850	18,836	21,973	445	594	615
New York	67,745	70,300	76,250	276	278	254
Ohio		8,500	15,000		567	600
Oregon	815	530	1,055	117	128	402
Pennsylvania	51,400	51,400	55,458	664	605	596
Rhode Island	1,500	1,476	1,861	750	609	748
Texas			1,000			500
Vermont	1,099	1,310	2,400	523	416	632
Washington	390	1,446	1,446	465	135	135
West Virginia	175	250	300	280	313	300
Wisconsin	2,950	3,363	3,526	310	389	415
TOTALS	\$199,923	\$236,280	\$279,339	\$425	\$442	\$437

SOURCE: Third Annual Survey Undergraduate State Scholarship Grant Program Joseph D. Boy, Illinois State Scholarship Commission.

APPENDIX K

PHYSICAL PLANT ASSETS AND INDEBTEDNESS
 IN VIRGINIA PRIVATE COLLEGES AND UNIVERSITIES
 FOR FISCAL YEARS 1959-60; 1964-65; 1969-70 (N=26)

	1959-60	1964-65	1969-70
Physical Plant Assets <u>(Book Value):</u>			
Two-Year Institutions	\$ 6,629,727	\$ 17,183,315	\$ 31,983,159
Four-Year Institutions	53,244,160	84,896,063	168,853,585
Total	59,873,887	102,079,378	200,836,744
Physical Plant Indebtedness:			
Two-Year Institutions	517,595	2,337,193	10,396,517
Four-Year Institutions	4,924,087	13,638,745	47,539,836
Total	5,441,682	15,975,938	57,936,353

SOURCE: Center for Higher Education, University of Virginia.

APPENDIX L

PER-CAPITA PERSONAL INCOME, 1969

1.	Connecticut	\$4,595	26.	New Hampshire	\$3,471
*2.	Alaska	4,460	27.	Missouri	3,458
3.	Nevada	4,458	28.	Arizona	3,372
4.	New York	4,442	29.	Wyoming	3,353
5.	California	4,290	30.	Virginia	3,307
6.	Illinois	4,285	31.	Texas	3,259
7.	New Jersey	4,241	32.	Vermont	3,247
8.	Massachusetts	4,156	33.	Montana	3,130
9.	Delaware	4,107	34.	Georgia	3,071
10.	Maryland	4,073	35.	Maine	3,054
11.	Michigan	3,994	36.	Oklahoma	3,047
12.	Hawaii	3,928	37.	South Dakota	3,027
13.	Rhode Island	3,858	38.	North Dakota	3,012
14.	Washington	3,848	39.	Utah	2,997
15.	Ohio	3,738	40.	Idaho	2,953
16.	Indiana	3,687	41.	New Mexico	2,897
	<u>UNITED STATES</u>	<u>3,687</u>	42.	North Carolina	2,888
			43.	Kentucky	2,847
17.	Pennsylvania	3,659	44.	Tennessee	2,808
18.	Minnesota	3,635	45.	Louisiana	2,781
19.	Wisconsin	3,632	46.	South Carolina	2,607
20.	Nebraska	3,609	47.	West Virginia	2,603
21.	Colorado	3,604	48.	Alabama	2,582
22.	Oregon	3,573	49.	Arkansas	2,488
23.	Iowa	3,549	50.	Mississippi	2,218
24.	Florida	3,525			
25.	Kansas	3,488			

*The figure for Alaska should be reduced by 30 percent to make the purchasing power generally comparable to figures for other areas of the United States.

SOURCE: U. S. Department of Commerce, Regional Economics Division, "State and Regional Personal Income in 1969," Survey of Current Business 50:33-44, August 1970, p. 35.

APPENDIX M

STATE EXPENDITURES FOR
STATE INSTITUTIONS OF HIGHER
EDUCATION PER CAPITA OF
POPULATION, 1969

*1. Alaska	\$121.51		<u>UNITED STATES</u>	\$49.74
2. Utah	108.96			
3. Colorado	95.19	30. Illinois		49.59
4. New Mexico	95.17	31. California		49.37
5. Wyoming	94.48	32. Georgia		49.23
6. Hawaii	92.39	33. Louisiana		49.14
7. Washington	89.18	34. North Carolina		47.67
8. Vermont	88.24	35. Texas		47.64
9. Wisconsin	86.83	36. Idaho		46.90
10. South Dakota	81.58	37. Maine		44.71
11. Oregon	81.51	38. Virginia		44.23
12. North Dakota	80.49	39. Missouri		43.70
13. Arizona	78.43	40. Ohio		43.13
14. Indiana	77.10	41. Maryland		41.82
15. Michigan	72.33	42. South Carolina		39.04
16. Minnesota	71.74	43. Connecticut		38.30
17. Delaware	68.92	44. Mississippi		37.70
18. Iowa	68.90	45. Arkansas		37.17
19. Oklahoma	67.04	46. Florida		34.20
20. Montana	64.46	47. Massachusetts		30.14
21. New Hampshire	63.33	48. New York		28.51
22. Nebraska	62.41	49. Pennsylvania		26.93
23. Nevada	62.41	50. New Jersey		26.12
24. Kansas	59.74			
25. West Virginia	58.49			
26. Kentucky	52.72			
27. Alabama	51.32			
28. Rhode Island	50.29			
29. Tennessee	49.92			

*The figure for Alaska should be reduced 30 percent to make the purchasing power generally comparable to figures for other areas of the United States.

SOURCE: U. S. Department of Commerce, Bureau of the Census. State Government Finances in 1969. Series GF69 No. 3. Washington, D.C.: Government Printing Office, June 1970, p. 13.

APPENDIX N

PER CAPITA STATE AND
LOCAL GOVERNMENT EXPENDITURES
FOR HIGHER EDUCATION, 1968-69
(BY STATES)

*1. Alaska	\$121.51	UNITED STATES	<u>\$57.21</u>
2. Wyoming	111.68		
3. Utah	108.96	28. Illinois	56.80
4. Wisconsin	105.25	29. North Carolina	54.14
5. Colorado	101.78	30. Texas	53.03
6. New Mexico	95.16	31. Missouri	52.32
7. Arizona	93.05	32. Mississippi	51.97
8. Hawaii	92.39	33. Idaho	51.62
9. Oregon	89.79	34. Alabama	51.32
10. Washington	89.18	35. Ohio	50.99
11. Vermont	88.23	36. Rhode Island	50.28
12. North Dakota	83.71	37. Tennessee	49.98
13. Michigan	83.55	38. Louisiana	49.77
14. South Dakota	81.58	39. Georgia	49.76
15. Indiana	77.56	40. Maryland	49.04
16. Iowa	72.05	41. Florida	47.75
17. California	72.01	42. Maine	44.70
18. Minnesota	71.83	43. Virginia	44.22
19. Kansas	70.72	44. New York	43.82
20. Delaware	68.92	45. South Carolina	39.05
21. Oklahoma	67.22	46. Connecticut	38.29
22. Montana	66.43	47. Arkansas	37.17
23. Kentucky	64.30	48. Massachusetts	30.32
24. Nebraska	63.99	49. New Jersey	28.75
25. New Hampshire	63.33	50. Pennsylvania	27.87
26. Nevada	61.46		
27. West Virginia	58.49		

*The figure for Alaska should be reduced 30 percent to make the purchasing power comparable to figures for other areas of the United States.

SOURCE: U. S. Department of Commerce, Bureau of the Census, Governmental Finances in 1968-69, Series GF69 No. 5, Washington, D.C.: Government Printing Office, September 1970, p. 46.