



Sample of weekly memorandum

The model on the following page illustrates the preferred format and character of a class memo required each week from the student. Student should read at least fifteen (15) pages per week. Please include page numbers in the subject citation of memo.

[Date]

To: Professor Keith Jepsen

From: [Name]

Subject: Froomkin, J. "The Impact of Changing Levels of Financial Resources on the Structure of Colleges and Universities." In S.E. Hoenack & E.L. Collins (eds.) *The Economics of American Universities* (pages 189-214). Albany, NY: State University of New York Press (1990).

Although the volume containing this chapter was published in 1990, the author wrote from a 1984 perspective—ten years past, as of this writing. He described trends in resources, examined patterns of institutional cutbacks in the face of declining resources, and discussed the possibility of a looming financial crisis.

Trends in Revenue Sources of Higher Education. Froomkin noted that tuition and fees had increased four-fold between 1966 and 1984, though due to inflation they yielded "only ten percent more resources per student," and that, while "the contribution of tuition and fees to adjusted institutional revenues . . . (was) relatively stable over the years," their net contribution was eroded by necessary increases in unrestricted scholarships. Government appropriations, which produced "one and (one) half times as much current revenue . . . as . . . tuition and fees," increased sharply at the state level from 1966 until the early 1980s when "an increasing number of state legislatures have become more niggardly with respect to their allocations to colleges and universities (in part because they were) hard pressed for resources to fund other programs (due to) declining revenues." Froomkin noted that "government appropriations other than those by states play a very minor role in the current revenues of institutions of higher education," with "federal money account(ing) for eight percent of the net revenues of public colleges and universities (and only) a little over one percent" of private institutions' budgets, and with local support in decline. Gifts to both public and private schools increased during the period in question, but "that part of endowment income which is used to pay for current expenses (grew) more slowly than gift income. Nevertheless, it nearly doubled in real terms." "Grants and contracts play(ed) a lesser role in the current revenues of institutions of higher education" at the time of Froomkin's writing than they had in the 1950s and 1960s, and issues of concern at that time were the federal emphasis on defense-related research, the possibility of across-the-board cuts in federal research funds, which made up "nearly eighty percent of contracts and grants," and "the scientific community's contention that (even existing) research and development budgets (were) inadequate . . . based on . . . slow growth . . . rather than decline."

Financial Crisis and Patterns of Cutbacks. Noting the effects of declining enrollment and economic slowdown evident in the early 1980s--with the former predicted to raise its head even more strongly in the 1990s--Froomkin examined the patterns of cutbacks in institutions that had already experienced shrinking resources. Institutions whose resources were reduced less than 25% per FTE limited the number of faculty through hiring freezes or shrinkage via attrition; lagged faculty salaries; tightened cost controls; required auxiliary enterprises to break even and/or contribute to the general university revenues; reduced maintenance; and delayed some facilities renovation and/or deferred capital maintenance.

The impact of resource reduction on academic offerings consisted primarily of de-emphasis or elimination of weaker graduate programs at research universities, although less selective institutions "changed their character by discontinuing unpopular courses and offering others that were more likely to appeal to students," and many initiated or added to undergraduate and graduate business programs.

Noting that there had been only one publicized case of an institution with a reduction in resources greater than 25% per FTE (CUNY) Froomkin pointed out that such a reduction necessitated the dismissal of one sixth of the full-time faculty.

Froomkin predicted that the coming enrollment decline's effects would not be even, and that the most vulnerable would be institutions in states where the number of traditional age students would most decline, such as the Northeastern states; non-selective, low prestige institutions; and smaller liberal arts colleges. Eventually, however, enrollment decline would affect the whole of higher education, at very least by stimulating competition among all institutions as they seek to maintain enrollment levels. He predicted that declining enrollments and revenues would combine with the subsequent competition to create a situation that would cause both federal and state legislatures to examine higher education costs more closely.

So What (agree/disagree and explain): Froomkin's predictions seem to me to have been right on the mark, and the pattern of cutbacks he described--hiring/salary freezes, cost controls, reduced or deferred maintenance, and increased calls for support from auxiliaries in times of "moderate" crisis and large-scale dismissals of faculty (and, presumably, staff) in more severe situations--seem typical of those employed by troubled institutions with which I'm familiar. It is, I think, helpful to allow ourselves to be informed by the lessons of the past (the old saw "those who do not learn from history are doomed to repeat it" comes to mind) in order to at least make sense of our present, if not to influence the future. Major lessons here: heavy dependence on tuition and governmental support make higher education very vulnerable to downturns in the economy and, given the large share of cost associated with faculty/staff salaries, it is clear that the more severe the crisis, the greater the chance that institutional responses will be in the form of control and/or reduction of those costs. In addition, Froomkin's prediction that declining enrollments and escalating competition (a disintegration of higher education's "united front") would draw increased governmental scrutiny has materialized, and brings to mind a number of other old saws, like "there's strength in numbers" or "divide and conquer" . . .