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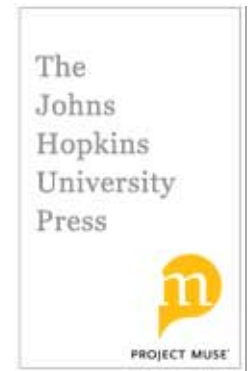
## Some Perspective on Hard Times

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## SOME PERSPECTIVE ON HARD TIMES

**Joseph F. Kauffman**

Our Association is not so old that one can refer to a "tradition" in presidential addresses. We are glad to be together again each year and the Association president's address usually reflects the incumbent's scholarly or professional interest. It may be a paper on one's ongoing research or a portion of a book that one is developing. At least that is my recollection of the addresses of my two most recent predecessors.

My own career in higher education has combined practitioner with professor—or vice versa—but whatever the nature of my responsibilities, I have always valued most highly my membership in this Association and its forerunner, the Association of Professors of Higher Education (APHE).

If I may be permitted a personal note, it was always my aspiration to spend the latter part of my professional life free of administrative duties so that I could attempt to be professor/scholar—or at least be more reflective and contemplative about our field. I seized that opportunity in 1973 when I left a college presidency to return to the UW-Madison as professor. (In fact, I was on a panel at the APHE program in Chicago, in 1974, speaking on "The Practitioner As Professor.")

When I agreed to have my name placed on the ASHE ballot in 1979, I had no idea that I would ever be in the position I now hold. If I *had* known, I would not have accepted the opportunity to serve ASHE in this capacity for it has been difficult for me to meet fully all of my responsibilities to the membership. Although I still teach one course each semester, and work with a dozen Ph.D. candidates, I am unable to find time for studying or scholarly pursuits. I have returned to the "administrative trenches," as one reviewer of my last book described it. (What keeps me going is the knowledge that, as a sexagenarian, I cannot keep doing this much longer!)

As the Executive Vice President of one of the largest University Systems

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*Presidential address delivered at the Annual Meeting of the Association for the Study of Higher Education, Washington, D.C. March 2, 1982.*

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in the United States, I do have an existential perspective that I would like to share with you this evening. I think my experience is transferable to others as well—thus I will generalize from it.

The one overwhelming concern that dominates all others in higher education today is MONEY. It preoccupies Deans, Vice Presidents, and Presidents as well as faculty. It affects all thinking about the future, as well as the present. (Those who are not here tonight to hear this, probably could not get travel funds or afford to come to Washington at their own expense!) The subject of MONEY dominates concerns with student enrollments, tuition policy, the Federal and State role in higher education, the who pays—who benefits debate, admissions standards, arguments over quality, faculty morale, collective bargaining, governance, libraries, the new technology, the future of graduate education and even issues of academic freedom. It is all pervasive.

As one who chose education as a field of endeavor to avoid the hurly burly values of the marketplace, it is disconcerting to find money as the dominating force on each agenda. I am more than ever resolved that in my future teaching of would be educational leaders, there will be a proper concern with resources—their acquisition, management, allocation and defense. That can no longer be left solely to a business office!

It was a decade ago that Earl Cheit (1971) used the term “the new depression in higher education,” to describe the general erosion of the financial position of a selected group of institutions he had studied under the auspices of the Carnegie Commission on Higher Education. Since that study we have lived through OPEC, inflation, recession, and what I regard as a new depression today. I can only speak of public institutions in my examples—but I fully recognize that independent institutions are deeply affected as well.

In state universities one used to speak of “soft money” as Federal and Foundation grants. State appropriations and recessions leave one with no source of “hard money” today. Planning for a declining enrollment or a declining budget had a rational, predictive base—at least it was planning for future events. What we face today is an increasingly turbulent, rollercoaster type of resource allocation in which a base budget may not be known from semester to semester. Appropriations may be withdrawn in the middle of a year. Fees are set for the current term only. Non-tenured staff are given notice, repeatedly, just in case they cannot be retained. (The research literature on retrenchment does not deal with this turbulence—it deals with decline.)

Permit me to illustrate the current turbulence with some items\* from several states, including my own—Wisconsin. In anticipation of revenue shortfall this year or in the 1981–83 biennium:

*Minnesota:* In January, it was determined that there would have to be a reduction of \$25.6 million in state funds for the University of Minnesota

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\*Preliminary data from a State Higher Education Executive Officers Survey, January 22, 1982.

for the balance of the 1981–83 biennium (16 months). There will be layoffs, program reductions, and the like. “Outplacement” activity is underway. (A similar reduction of 8 to 9% was made in the Minnesota State University System appropriation.)

*Ohio:* On January 26, President Jennings announced to the faculty, staff, and students an anticipated reduction in the state appropriation to Ohio State University of \$55 million for the remaining 17 months of the 1981–83 biennium. If that size reduction does take place, it represents a *one-third* reduction in this biennium—a fact which President Jennings characterized as “twice the percentage cutbacks we faced in the Great Depression.” (OSU’s tuition is already among the highest in the nation for land grant universities.)

*Michigan:* Financial vicissitudes of this state are well known and I won’t include them here except to say that the cash flow problems are so severe that the fourth quarter appropriation payment to the University of Michigan, normally expected in July, will be withheld until after October 1, when a new fiscal year begins. Meanwhile, as a constitutional university, Michigan can borrow the money—if it can afford the interest.

A quick survey of some other states reveals:

*Tennessee:* A substantial reduction in appropriations is expected. Although higher education represents only 20% of the state budget, it is expected to bear 40% of the total reduction. Enrollment reductions and tuition increases are expected.

*Kentucky:* There has been an 11.3% reduction in current appropriation with expected enrollment reductions and some program terminations.

*West Virginia:* A 5% reduction in the appropriation has been experienced for this year and there is a proposal under consideration to eliminate salary increases for 1982–83.

*Missouri:* There has been a 10% reduction in appropriations this year and salary increases postponed and tuition increases planned for next year.

*Washington:* Even with a tax increase voted by the Legislature and approved by the Governor, there will be a 5.5% reduction for *both* years of the biennium and salary increases for 1982–83 have been deferred.

*Wisconsin:* In my own state, where some 47% of the entire University of Wisconsin System operating budget comes from state appropriations—we have experienced in 1980–81, *last* year—first a 4.4% cut, then a 1.4% cut, followed then by a “freeze” on purchasing of capital equipment, travel, hiring, etc. Then, in 1981–82 (with a 2% base budget cut to start off the new year—there is before the Legislature a proposed additional 2% cut for *this* year (with 4 months to go) and 4% for next year 1982–83.

The expected state revenue shortfall for the biennium is \$450 million and since the University cuts will only produce a small fraction of that, various tax proposals are also being considered.

If one looks at 1982–83, the second year of the biennium, we are talking about a reduced appropriation of about \$17 million—on top of a cut in the base budget already amounting to over \$4 million. In addition, our enrollment funding formula, which would have produced about \$6 million, was *not* funded in this biennium, although we are serving those students. Then increased health insurance and other fringe benefits costs were *not* funded in this biennium, so that we must pick up an additional \$4 million for those. That amounts to approximately \$30 million—without even counting inflation costs, a severe winter and other pressures.

Unlike many other public institutions, we have a rather interesting problem regarding tuition. It is based on a formula in which the student pays a percentage of the educational cost—determined by appropriations. Thus, the *less* we get from the state, the lower the tuition. Although our Board of Regents can charge and collect a higher amount of tuition to offset reductions in appropriations, we are *not* authorized to spend such income without the approval of *both* the Governor and the Legislature!

I am reluctant to reveal here that the Governor (formerly one of the Chancellors in our System) has also recommended, in his budget adjustment bill, that faculty and staff with annual salaries of \$30,000 or more *not* receive any salary increase in 1981–83!

Well—enough of this agony—prosperity is right around the corner we hear. I shall spare you a recitation of the Reagan Administration's proposed cuts, affecting higher education, except to say that they will devolve increasingly on the states and, thus, increase the state's role and interference in our institutions.

If there's a "new depression"—can we learn anything by looking at the "old depression"—the Great Depression it was called. Most of you are too young to remember it, but I recommend you visit the stacks in your libraries and browse through the higher education journals and proceedings of meetings in the early 1930s. It will give you some perspective on our hard times. We need that. David D. Henry gave us a chapter on the effect of the depression in his book *Challenges Past, Challenges Present* (1975). He reminded us that after twenty years of enrollment growth, in which college enrollments *tripled* between 1910 and 1930, that enrollments *declined* by more than 8% in the year 1933–34 (p. 14); that 84% of all institutions (almost all public institutions) reduced faculty salaries at least once between 1931 and 1936 (p. 16).

I have personally gone into the archives to examine some of the minutes and documents of faculty meetings at the University of Wisconsin (Madison) in 1932 and 1933. One faculty report recommended how faculty salary reductions should be made, prescribing a "scale of salary waivers," graduated by level of salary received (Report, 1933). I would remind you that the average faculty salary in that year was \$2,500. I would also remind you that the depression was accompanied by *deflation*, estimated at 15% in 1933.

One further item in the Report concerned “curtailment of expansion.”

It may require a decade for the State to recover from the present economic depression. Hence we recommend that during the period of recovery the University should set itself against all forms of expansion involving additional expense without corresponding curtailments. Emphasis should be placed on a smaller number of services rendered with high quality rather than on many services rendered under minimum standards.

One fascinating source I found in the basement of Memorial Library was the bound *Proceedings of the Institute for Administrative Officers of Higher Institutions* which used to meet annually at the University of Chicago. Volume V contains the presentations made at the 1933 Institute, and I would like to cite several excerpts here.

In welcoming the participants to the University of Chicago campus in 1933, President Robert M. Hutchins made these introductory remarks:

On behalf of The University of Chicago I have the greatest pleasure in welcoming you here today. As colleagues you are always welcome. As fellow-sufferers in a cruel world we are especially glad to see you now. We hope we shall discover that the situation in your institutions is worse than in our own, so that we may recapture some of that fine sense of superiority that helped us over so many hard spots before 1929. If, on the other hand, it appears that you are better off than we are, we shall find out how you do it, imitate you as rapidly as possible, and take great credit to ourselves for the splendid improvements that we have introduced. (page 3)

Later, in his address, President Hutchins made a plea that faculty salaries *not* be reduced—that, rather, if forced to choose between reducing faculty compensation or reducing the size of the faculty, he would maintain the compensation of the scholar. That is different from what most universities were doing. He explains his view in this way: (page 7)

The most sadistic president can hardly enjoy letting men go in these days. But the effect on higher education of doing that is far less serious than decreasing the amount or decreasing the certainty of faculty salaries. Faculty salaries have had little but their certainty to recommend them . . . The share-the-wages movement has no place in the higher learning. Nobody has ever suggested that faculty salaries are too high, but it may be suggested, and I think rightly, that faculties are too large. In view of the organization and methods of instruction in American universities it is inevitable that this should be so. Because of the departmental system and because of our habit of teaching everybody everything and in classes

as small as possible we have had, in a period of rising enrollments, to go in for quantity rather than quality in the staff. The self-examination which the depression induces . . . can result in economies only through reductions in the size of faculties. The easier course is not to examine ourselves at all but to solve our problem by reducing salaries. That requires no effort, no thought, no plan. It can be done by anybody who understands the rudiments of arithmetic. But it deprives us of the only benefit of the depression, which is the opportunity to advance American education through fundamental reorganization.

The President of the University of Minnesota in 1933, Lotus D. Coffman, also made a presentation at this 1933 Institute. I want to cite two sections of his remarks that will resonate with today's environment.

To maintain that the depression has lifted all higher institutions of learning to a new level of exalted service would be far from the truth. Many of them have, in the face of declining incomes, watered down everything to the point of mere existence. What the ultimate effect of this will be, no one can tell. For some colleges and universities to retain their academic names at a time when they are but pale shadows of their former greatness, menaces to some degree the existence of all colleges and universities. For these institutions to claim that they are as good as they ever were, will lead unthinking persons to believe that other more vigorous and more expensive institutions are in some manner deceiving the public.

The depression has wiped some institutions out of existence and it has sadly weakened others. So far as the state universities are concerned, it has had one other important effect. There has been a tendency, observed so far as I know for the first time, on the part of state legislatures to reduce the state university to the level of the most inadequately supported institutions of higher learning of the state. By this I do not mean to imply that the appropriation of the state university has been made the same as that of the most poorly supported institution, but that the same salaries are paid to all teachers in all state institutions alike. This has actually come to pass in a number of states. In North Dakota, for example, the salaries of all university teachers, of all normal school teachers, and of teachers in all other state-supported schools, have been fixed at \$1,920 a year. The statement that a university teacher is no better than a teacher in any of the other schools was made in the legislature with telling effect. Nearly fifty years of progressive and self-sacrificing endeavor on the part of pioneer educators to build a university of high rank is wiped out by a single act.

As for the new rhetoric about quality, standards, and who should pay for higher education, the following statement by the President of the University of Minnesota—although made in 1933—has a familiar ring to it:

I cannot forego saying that the depression has given the enemies of public education a more sympathetic audience than they have been accustomed to find. They have urged vigorously the restriction of registration to intellectually gifted students, assuming that educators are fully competent to pick such students at the beginning of their careers. The more extreme advocates of this doctrine go so far as to maintain that education above the graded schools should be paid for by those who are able to purchase it. In other words, they would deny the American doctrine that everyone should receive that type of education which is adapted to his capacities and needs. The outcome of this theory is easy to foresee; it means that the masses will be taught the rudiments of an education and that a small number of fairly bright people of wealth will receive the advantages of college training. Municipal and state universities will then disappear; a few higher institutions of a prestige character will survive and flourish. We should not pause to mention this matter here were it not for the fact that the desire to save funds—to solve the depression by reducing taxes, and especially the taxes hitherto made available for humanitarian and educational institutions—has made these critics vocal and respectable.

The Institute's Proceedings cover a variety of other topics, including student financial aid, suggestions for cutting costs through deferred maintenance, freezing vacancies, cutting back on mimeographing, and the like—all familiar to us today. A student affairs officer from the University of Chicago presented the results of a survey of what colleges and universities were doing in 1933 to assist their "indigent students" (Woellner, 1933). Obviously, finding ways to assist students in meeting their financial obligations, was a great challenge then.

Almost all of the institutions developed student loan programs, although they were very modest compared to those of today. Fee payments were a problem and many institutions instituted provisions for deferred and installment payments. Twenty-eight institutions reported that they were accepting farm produce as payment, in lieu of cash. "The University of Florida has accepted farm produce as payment of fees, but only at market prices. Beloit College, Wisconsin has accepted farm produce and canned goods as payment of tuition, for higher than market prices" (p. 146).

The report goes on to describe part-time employment, cooperative work and study plans, and various student self-help programs, such as cooperative boarding clubs. "The University of Iowa has opened its Field House for use



as a dormitory, where 90 students may room for one dollar per week'' (p. 153).

One final citation from this volume concerns Iowa State University, whose president in 1933, R. M. Hughes, describes the condition of his university. After describing three successive years of budget reductions, he states that the 1933–34 reduction in state appropriations (amounting to some 30%) required salary cuts, ranging on a graded scale by size of salary, from 15 to 30%. The president's salary was reduced by 40%, by action of the legislature.

Well, enough of this litany of woe from administrators. Browse through the *Bulletin of the AAUP* from the early 1930s. There you will see some faculty observations. May I provide just one—from a message from the President of the American Association of University Professors (AAUP) to members of the Association, in 1934.

The Great War [that is World War I] made remarkable changes in all of our institutions of higher learning. The bountiful years of the nation, an aftermath of the War, brought great increases in the resources of colleges through private benefactions and state appropriations. The enormous increase in student enrollment necessitated large increases of the teaching staffs. The high cost of living coupled with greater college appropriations caused increases in professors' salaries throughout all sections of the country. We of the teaching staffs were congratulating ourselves that we could look forward to years of comfort when we could spend all our energies in a comfortable existence of interesting work without the necessity of worrying about the wolf at the door. And then came the crash! The salaries so slowly built up after long years of effort disappeared almost over night. Many of our members lost their positions. They actually awoke at night to hear the dread sound, "I'll huff and I'll puff and I'll blow your house down." (*Bulletin*, 1934, p. 6).

Well—that is enough of the Great Depression. I said at the outset that money seemed to dominate everything we face today. I don't want to belabor the point. But I do want to say that all of this *should* affect the field of higher education as a subject of study. It will affect our graduate students certainly—in tuition, financial aid, and job opportunities. It must affect the content of our interest areas of finance, governance, history, planning and administration.

Certainly the politics of higher education today are increasingly important as higher education fights for its share of a diminishing or decreasing pie. In Wisconsin, public higher education a decade ago received approximately 25% of the state's general revenues—it is now down to 18%, with enrollments at an all-time high. The demands of medicaid, welfare, and other entitlement programs make appropriations for higher education a discretionary matter—and there are few discretionary matters left to Governors and Legislatures.

Because we are on an enrollment-driven funding base, as are most public institutions, we are also attacked for lowering standards to maintain FTE student enrollment, protect faculty jobs, etc. At the same time, enrollment increases are *not* being funded—as the state positions itself to take-away funds when enrollment declines. Those of you who teach politics of education have some interesting new phenomena with which to deal.

On the matter of quality and standards, Schools of Education are under increasing attack. While the attack is focused on the poor quality of undergraduates choosing Education as a major (SAT scores), the faculties in Education are also indicted. In the struggle for scarce resources on campus, Schools of Education are in jeopardy as re-allocation to Business, Computer Science, and Engineering takes place.

It is not easy to keep up one's spirit in the face of all this. Dare I admonish you to be optimistic? In one of those 1933 publications I was browsing through, I came across a piece in *School and Society* urging teachers not to give up their noble calling, even as they learn to do more with less. It ends with these few sentences:

To-day American colleges and universities have their very life-blood threatened by the exigencies of reduced budgets and uncertain securities, which have grown more and more depleted since October, 1929. While the destructive battle-axes of short-sighted legislation and chance are causing irreparable losses on every hand, it is to be hoped that the teachers and all educational leaders who remain in the field will steel every nerve in a supreme effort to maintain a high morale—even if essential economic reinforcements be not yet in sight. (McCain, 1933, p. 869)

There is little that one can add to that quaint but heartfelt entreaty. One must have perspective. And one must have some faith that confidence in the importance of higher education will fully be restored. That we have adapted to changing conditions before and that we have survived periods of stress and crisis before are self-evident. Higher education is not as fragile as some would maintain.

Those who are scholars in Higher Education have much to contribute to policy-makers who may doubt the value of the higher learning to our society. You also have much to offer to your faculty colleagues in other disciplines, who do not have the benefit of your understanding and perspective on current issues. Men and women in our field have much to contribute and we all bear an increasing responsibility in these hard times.

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