

EDITORS' NOTES

As the social and economic significance of higher education increases throughout the world, colleges and universities find themselves facing many financial and economic challenges. Growing student demand and government expectations have made it imperative that institutional leaders become prudent fiscal managers and aggressive revenue generators. No longer can campus administrators simply rely on many of the traditional funding sources that dominated their development during previous decades. Currently, private institutions continually strive to maximize public resources through tuition-based government programs, and public institutions constantly maneuver to free themselves from public authority in order to exploit private revenues. Maximizing and forecasting revenue has become an important item on the agenda for every strategic-planning and institutional research team.

Each year, the Cornell Higher Education Research Institute conducts a forum that brings researchers and institutional leaders together to address how higher education institutions are affected by these evolving economic conditions. In May 2001, many of these experts gathered to discuss how these financial and economic challenges were influencing institutional revenue production. Many of the papers initially presented at this conference have been refined into less technical versions and included as chapters in this text. In this volume, the contributors primarily address the issue of revenue generation and how institutions are struggling to find an appropriate balance between meeting public expectations and maximizing private market forces. Although many of these issues are not new, the contributors provide important insights into the current economic challenges and financial motivations that permeate nearly every aspect of college and university leadership today.

Nancy Cantor and Paul Courant open the volume by providing a practical overview into the multifaceted fiscal challenges facing public universities today. The authors also offer useful insights into the possible educational consequences of overzealous revenue-based institutional management.

The next three chapters address the effects of government policy and institutional governance on college and university revenue patterns, particularly as they relate to taxpayer support and student pricing. F. King Alexander compares state support by institutional sector and highlights drastic variations in taxpayer assistance by state and institutional sector. Alexander also analyzes the role of the federal government in influencing state higher education funding and policy.

In Chapter Three, Robert Toutkoushian addresses how colleges and universities are managing to secure new revenues to meet expanding expenditure demands during times of economic recession. Toutkoushian highlights the programmatic and fiscal challenges facing higher education institutions and the possible consequences of current economic conditions.

In the next chapter, Robert Lowry analyzes how the selection processes of public university governing boards affect institutional tuition and college pricing. Lowry concludes that high levels of state control and a greater share of board members being chosen by voters or appointed by politicians appear to be associated with lower tuition levels at public institutions.

In Chapter Five, John Cheslock discusses numerous issues encompassing the ambiguous area of transfer students and the costs associated with them. The chapter not only sheds light on enrollment patterns of transfer students and the possible fiscal effects for institutions but also suggests the potential of efficiency gains within state systems through improved planning.

The final two chapters analyze patterns in annual giving and endowment revenue production. In Chapter Six, Christopher Smith and Ronald Ehrenberg summarize efforts to analyze differences in the levels and shares of annual giving coming from different sources and differences in the levels and shares of annual giving going to different uses at private research universities. Their findings provide further evidence as to why the disparity in wealth between rich and poor universities continues to expand. Sharon Oster's concluding chapter addresses the issue most commonly known as "crowding out" or the effects of endowment growth and wealth on future alumni giving. Oster's results suggest that there may well be an adverse response to college and university affluence in giving levels.

Throughout this book, many complex economic and fiscal challenges facing colleges and universities are discussed. The problems raised by the contributors do not have simple solutions, but we hope that the insights provided about options and alternatives will enable campus leaders, strategic-planning administrators, institutional researchers, and policy-makers to better understand evolving patterns in public and private revenue reliance.

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