AN ANALYSIS OF THE IMPACT OF PRIVATE FUNDING ON SELECTED
TEXAS PUBLIC INSTITUTIONS OF HIGHER EDUCATION

DISSERTATION

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The purpose of this study was to determine the impact of private funds on selected Texas public institutions of higher education by identifying and comparing the specific ways these institutions are affected by private funds.

Collecting data for this study began with the preparation of a questionnaire to be mailed to the seventeen university presidents in Texas public institutions of higher education with student populations of more than 5,000. The basis for classification by size was the system used by the Council of Presidents of the Texas Public Senior Colleges. The questionnaire attempted to determine how much money has actually been contributed by private sources and how this money was utilized.

Conclusions

1. Private contributions to institutions of higher education will continue to increase in the immediate future.

2. Private contributions to public institutions of higher education come from a variety of sources.
3. Private contributions make a greater impact on programs and projects involving people rather than on buildings and equipment in public institutions of higher education.

4. Future uses of private money in public institutions of higher education also appear to be related to people rather than to capital spending.

5. Public institutions of higher education in Texas will depend upon private funds to a greater extent in the foreseeable future.

Implications

In addition to these findings, several implications appear to be warranted:

1. Because of the need for additional private funds, development activities in public institutions of higher education will increase and become more important to public institutions.

2. Recent opinions by the State Attorney General's office will necessitate more accurate reporting and careful utilization of the private funds received by public institutions of higher education in Texas. Information now considered confidential may be ruled public information.

3. Because of restricted state funds, flexibility will be possible only through the private fund raising activities of development offices.
4. The drop in enrollment will affect the funding by the state legislature, which will put more pressure on development to keep the quality of higher education at a high level.

5. University budgets will become more stringent.

6. Monies raised through fund raising activities will be directed toward supplementing the more stringent university budget by financing sabbaticals, rewarding good teaching, allowing well-known scholars to visit the campus, supplementing salaries, and other needs.

Recommendations for Further Study

The following additional research appears to be needed: (1) a study of the comparisons of business planning models and university planning, with emphasis on special funding; (2) a study of public information in the open records of the Coordinating Board and the Legislative Budget Board regarding the amounts of private funds reported by public institutions; and (3) a study to develop more effective ways of involving philanthropists, members of boards of regents, and prominent citizens in the acquisition of private funds for public institutions of higher education.
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CHAPTER I

INTRODUCTION

Private funding has long been a part of the overall development of higher education in the United States. Prior to the establishment of the land-grant colleges and state universities, private funds constituted the most important single source of income to higher education. As a result of the growth of governmental support in the last hundred years, private giving has, however, declined in relative importance as a component of total income; and today it accounts for less than 10 percent of all funds received by all undergraduate institutions (5, p. 74).

by Brakeley, John Price Jones, Inc., further shows that one public institution, the University of California (all campuses, including University of California at Los Angeles and Berkeley) received private contributions of $57,481,000 in 1975-1976 (1, pp. 1-4). This amount is obviously significant to this institution.

Dr. James E. Prinnow, Jr., Chancellor, University of Tennessee at Chattanooga, validates the importance of private funds for public institutions when he says,

One of the persistent myths concerning public higher education is that it does not depend on voluntary support for continuing sustenance and excellence. The American public is conditioned to the fact that private colleges and universities need substantial monies from the private sector in order to survive and prosper, but public colleges as well, need voluntary private support in order to offer the excellent educational programs the public demands and needs, and which current levels of funding from state legislatures will not provide (4).

The need for private support for public institutions does exist and is more critical than ever. The increasing level of private support for public institutions would tend to refute the general public opinion that only the private institutions are the recipients of these gifts. In addition, President Malcolm Moos of the University of Minnesota emphasized the need for private funds in public institutions when he said,

If you look in each of our 50 states, you will not find any truly great public university which has been financed entirely by state appropriations.
Rather you find that all public universities that we associate with excellence received generous private support. There can be no doubt. This is where the margin between a good and a great institution lies. Legislators build basically sound public universities, but great public universities are built by private bequests, gifts and grants (7, p. 15).

The staggering inflationary costs of higher education have begun to put much pressure on state legislators to raise the needed funds. This trend makes it necessary to provide additional funding not only to maintain the status quo but also to make advancements. Dr. Howard R. Bowered, president of the University of Iowa, says,

Legislators do not look with favor on the extras that will make the difference between adequacy and excellence. The public institutions which wish to strive for exceptional performances are, therefore, forced to look to private sources for the funds needed to lift them above the commonplace or the mediocre. Those public institutions that have done greatest, have done so with the help and encouragement of private resources and private leadership (7, p. 1).

The role of private funding in public universities is therefore becoming increasingly more important every year. Private interest in public higher education is indicated by the donations which have been made. In order to continue to increase the amount of private funds given to public institutions, much more needs to be known about the present impact of these funds and the future potential of private funds in such public institutions of higher education. Dr. Stephen Spurr, former President of the University of Texas, discusses the importance of private support to the development of a great university when he says,
The difference between success and greatness is always extra effort. The winning miler runs as fast as he knows he can—and then a little faster. The great chef follows the recipe and then adds that certain something from his own ingenuity. The truly great businessman invests what it takes to operate his business smoothly and then adds venture capital for expansion. A great university, too, must do something extra. A tax supported university like the University of Texas could probably operate indefinitely—though modestly—with State funds alone. But facilities and activities that make a truly outstanding university have to be supported in other ways. Traditionally, this support comes from private gifts and bequests (8, p. 1).

**Purpose of the Study**

The purpose of this study is to determine the impact of private funds on selected Texas public institutions of higher education by identifying and comparing the specific ways these institutions are affected by private funds.

**Research Questions**

For the purpose of this study the following research questions have been formulated:

I. What is the trend in the amount of private money that has been given to public institutions of higher education in Texas in the past five years (1972-1977)?

II. Of the private money that has been given to public institutions of higher education in Texas, what percentages were given for designated purposes and what percentages were unrestricted for the 1972-1977 period?
III. Which are the sources of private money (corporations, religious denominations, alumni, friends, foundations, and other groups) and what amounts were given by each to public institutions of higher education in Texas during the 1972-1977 period?

IV. In what specific ways has private money been used to develop public institutions during the five-year period 1972-1977?

V. In what ways could additional private funds be used by the public institutions of higher education in Texas?

VI. What trends can be expected in private giving to public institutions of higher education in Texas?

VII. In what unique or unusual or different ways might additional private funds be utilized by public institutions of higher education in Texas?

VIII. What significance do university officials feel that private money will have on public institutions of higher education in Texas?

Significance of the Study

The progress and continued growth of our entire society is based on the foundation of knowledge that is developed in higher education. In order to insure these advancements, public institutions need private support to upgrade quality and to offer additional opportunity.
The impact of private monies on public institutions of higher education can contribute to their greatness. The generosity of philanthropists makes this margin of excellence for higher education. Dr. John R. Silber, president of Boston University, attempts to equalize public and private sectors for the benefit of the student when he says,

Public higher education is a single system, with independent and state components. All students are members of the public. All higher education is "public" higher education for the simple reason that there is nothing but the public to educate. They are differentiated only by the mechanisms each uses to pay the costs (5, pp. 3-6).

Joseph D. Hughes of the Richard King Mellon Foundation predicts that in the future students will face concerns about which type of institutions, public or private, can provide them with the education they expect. "Today," Hughes says,

the nation's 1,200 private colleges and universities are educating less than one-third of students enrolled in higher education. The problem is compounded by the fact that graduate education--by far the most expensive service a university renders--is largely concentrated in the private institutions in higher education (3, pp. 6-12).

It should be noted that Hughes is referring to research in private institutions in the eastern United States. This study, however, will be concerned only with public institutions in Texas.

It is difficult to say what makes a truly great institution of higher education. It is hoped that the data
obtained will enable university administrators to gain understanding of and insight into some ways private funds can affect a public institution in its quest to become great. A thorough search of the literature revealed no studies which addressed themselves specifically to the impact of private funding on public institutions. However, studies have been conducted that dealt with an individual university's striving for the margin of excellence that made the difference for that institution.

Procedures for Collecting Data

Collecting data for this study began with the preparation of a questionnaire to be mailed to the seventeen university presidents in Texas public institutions of higher education with student populations of more than 5,000. The basis for classification by size was the system used by the Council of Presidents of the Texas Public Senior Colleges.

The questionnaire attempted to determine how much money has actually been contributed by private sources and how this money was utilized. Each research question was used to prepare a corresponding section in the questionnaire. The answers to the questionnaire define categories where most private monies have been contributed. The information gained also helped determine what kinds of programs or innovations would be best utilized in these public institutions.
An 80 percent return was considered necessary for completion of the study. In order to secure this return, a number of telephone calls was made to the designated respondents.

Analysis of Data

The analysis of the data for this study used descriptive statistics—principally means, frequencies, percentages, and totals. Sums and percentages were calculated from the data obtained. Comparisons of responses among three groupings of institutions by size were also made. Again, the classification system of the Council of Presidents of the Public Senior Colleges was utilized. Conclusions, implications, and recommendations were then drawn from these data.
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Although many universities are apparently content merely to survive on state legislative support, most really great universities, such as the University of California at Los Angeles, the University of California at Berkeley, the University of Michigan, and The University of Texas at Austin, have gained academic preeminence in part because of private monies. In fact, private philanthropy is one of the major factors which enable a university to develop excellence in education. The changing role of the university, particularly since World War II, has created new responsibilities as well as new problems. An obvious method of meeting these challenges is attracting monies from private sources. Even a brief survey of higher education since World War II will show the increasing importance of private funding for public institutions.

In an attempt to attract private monies, university development offices came into existence in the late 1940's. These first offices were of limited effectiveness, however, because the directors tended to be favorite teachers, retired from the classroom but still active in the life of the institution, or retired presidents, deans, or athletic
coaches whose strengths as development officers were based on the warmth of their personality and the breadth of their concern for the whole school (19, p. 12). Development on most campuses prior to the 1940's was handled through university administrative offices rather than through a specific development office. The president was usually the development representative.

The period following World War II has been called "The Golden Age" for American higher education (3, p. 3). The generation of war veterans was the beneficiary of the "GI Bill," a national scholarship system. Research on campus boomed as government contracts for science and technology development were awarded to universities in increasing numbers.

The National Defense Education Act of 1958 recognized the need for trained manpower, and American scholarship rapidly increased in both quality and quantity (21, p. 36). Growth and progress typified the nation, and the university kept pace with it. The university was seen as an institution of status, a prestigious symbol of an advanced society.

This prestige was a catalyst whereby alumni, friends, corporations, and foundations were motivated to assist and support the university. To be associated with a major educational institution was a meritorious endeavor. In the post-World War II days, athletics took on a new significance. Money was given readily to help with recruiting, scholarships,
and building the athletic program. The winning football program generated a large volume of contributions, and as the athletic programs met with success so did other units of the university. The philosophy was that a "whole" university system would excel as each area gained success. Texas A&M, Notre Dame, University of California at Los Angeles, University of Southern California, The University of Texas (Austin), University of Michigan, and others are examples of this philosophy (6).

The growth of universities was rapid during the 1940's. Student enrollment increased dramatically. In 1920, only a few more than 600,000 students were enrolled in U.S. institutions of higher education; by 1950 enrollment had reached 2,659,000 students. In 1970, the total enrollment in U.S. institutions stood at 7,136,000 students; and by the fall of 1975 it reached 9,700,000 (15, p. 26).

The 1940's were considered the Golden Age for higher education due to a number of factors. Hiroshima ushered in the atomic age. Technology and science were emphasized more than ever. Universities were dealing with increasing enrollments and often were not prepared to meet this growth phenomenon. Athletics was becoming big business, and competition was strong not only for the good athlete but also for the development of the athletic program and budget. State legislatures were generous with their appropriations to higher education. The most significant characteristic of
the late 1940's was that a diploma did equate to job obtain-
ment (8, pp. 9-10).

The "inflated dollar," a problem which compounded all
others, began in this period. Buying power, since 1940, has
regularly decreased with accompanying rise in costs of
maintenance, goods, and salaries. A survey of 630 institu-
tions in the late 1940's revealed some alarming facts. One
hundred thirty of these institutions were not balancing
their budgets. Others, in order to circumvent deficits,
were eliminating or curtailing worthwhile programs, courses,
and activities.

Although the financial situation was generally bleak,
some private institutions in New England, Chicago, and the
west were attracting millions of dollars by meticulous
planning, hard work, and patient waiting. Development
staffs affiliated with these institutions held fast to three
axioms for fund raising success: (1) houses in order,
(2) projects of merit, and (3) potential for enhanced
service (17, p. 24).

Americans by 1950 were well aware of the financial
plight of private higher education. The reports of Truman's
Commission on Higher Education had received wide and varied
coverages and reactions. Though their conclusions and recom-
mandations were not in accord, they did agree that public
institutions should make greater efforts to advance them-
selves through education fund raising.
Some business and industrial leaders by then were quite concerned over higher education's plight and convinced boards of directors that corporations were obligated to contribute to colleges and universities. One of the most lucid arguments was advanced by Irving Olds, then Chairman of the Board of U.S. Steel. Olds said, "Unless American business recognizes and meets its obligations to higher education, it is not properly protecting the long range interest of its stockholders, its employees and its customers" (7, p. 1).

Another most influential corporate executive, Frank Abrams, of Standard Oil of New Jersey, said, when invited by the Advertising Council to talk at the opening of the nationwide Better Schools Campaign, "Business was a kind of absentee stockholder in education and ought to pay some attention to its investment" (1, p. 9). Frank Abrams, Irving Olds, and Alfred Sloan, Jr. later met and formed an organization that would instruct and awaken the business world to the immediate and ultimate needs of higher education. From these efforts evolved the Council for Financial Aid to Education. This organization is one of the major reasons voluntary giving to higher education has soared so high over the past decade.

A major hurdle to corporate giving until 1952 was the question of public acceptance. The federal government permitted corporations to give up to 5 percent of their
incomes, before taxes, to charitable and educational institutions and have it deductible. But the entire question was forced into the courts for review by the New Jersey case of A. P. Smith vs. Barlow. Mrs. Barlow, a stockholder, sued the company for contributing company funds to Princeton University. Frank Abrams and Irving Olds were two of the star witnesses for the corporation. The court upheld the company's action. Judge Stein, in rendering his opinion, declared, "the benefits derived from such contributions are nationwide and promote the welfare of everyone anywhere in the land" (1, p. 9).

The 1950's were a time also when the American College Public Relations Association and the American Alumni Council decided to pool their resources, programs, and conferences in order to be of service to fund raising and development officers. Further, these two organizations, aided by a Ford Foundation grant, in 1957 announced plans for the first higher education development conference on the advancement of understanding and support of higher education. This conference was regarded as both a master plan and encyclopedia of institutional planning and advancement (5, p. 129).

Two other important political happenings of the 1950's which directly affected higher education were McCarthyism and the launching of Sputnik. A real fear developed that Communists were taking over many key leadership roles in America. With the launching of Sputnik, education was
challenged. Most believed the United States was years behind Russia especially in science and technology. American paranoia caused education to play "catch-up." The emphasis was on science and technology, and most of the highly technical corporations joined the effort to meet this challenge of the Russians (4, p. 12).

Finally, the American Association of Fund-Raising Councils reported that

Over the eleven-year period from 1950 through 1960, Americans increased their investment in the nation's philanthropically supported institutions at a faster pace than either personal income or the gross national product advanced. These figures indicate that Americans through the 1950's were becoming more generous. Fund raising had become more professional and skillful, and the massiveness of appeals tended to produce better general results. By 1960, private fund raising in higher education had come into its own with the completion of an 82 million dollar campaign by Harvard. Once their success was registered, other institutions of higher education launched other ambitious efforts. Stanford, in a three-year campaign, raised 113 million dollars and Columbia has just completed a five-year effort which resulted in a 200 million dollar goal being exceeded. Public institutions took a lead from the University of Michigan which successfully completed astronomical campaigns which are too numerous to mention here (11, pp. 494-496).

The babies of the "baby boom" of the 1940's reached college age, and the increasing emphasis on education as an assurance of better paying jobs caused a flood of students seeking the college degree. In the 1960's public higher education grew rapidly, and by 1970 there were 1,060 public institutions and 1,465 private ones as compared with 519 public and 890 private schools in 1930. Expenditures grew
proportionately. The public higher education budget reached $20,800,000,000 by 1972, while private schools lagged behind with budgets totaling $10,700,000,000.

To manage the rapidly increasing demands made on higher education, several actions were initiated. State university systems grew, incorporating state colleges (notably teachers' colleges) into a larger system in an attempt to gain economies of scale and to weed out duplication of effort. Some financially weak private institutions were brought into the state systems. The need for private funds to supplement the increasing budget expenditures became extremely relevant (4, p. vii).

Clark Kerr, a noted educator and chairman of the Carnegie Commission on Higher Education, said that the decade of the 1960's was characterized by the most rapid growth and development of institutions of higher education in American history. As the postwar babies reached college age, not only did the college-age population rise to unprecedented numbers, but the proportion of these young people seeking higher education also rose steadily. In this era, moreover, there was a heightened appreciation of the contribution of higher education to national growth and scientific development, which encouraged rising state government appropriations, massive federal aid programs, expanded private gifts, and increased student fees. Thus, institutions
of higher education were equipped financially to absorb the swelling enrollment of students. However, toward the end of the 1960's, signs of financial stress became apparent in the world of higher education, and by 1970 increasing numbers of institutions were facing financial difficulties as the flow of funds from various sources ceased to rise at the rapid rate that had been experienced from the late 1950's to about 1967 (2, p. 3).

In essence, for higher education, few periods of time have spawned more crises than the decade of the 'sixties. Some were brought about by political decision; others by social evolution. Educators, as well as students, alumni, and the general public, began questioning life styles and personal values along with many of the traditional teaching techniques and institutional goals. Other crises stemmed from outgrowths of twentieth-century technology and economic problems. In the latter part of the decade, inflation compounded the rapidly changing economic base of our colleges and universities.

By the beginning of the 'seventies, astute educators were aware of three conditions:

1. In the public eye, the image of higher education had become tarnished. To the public, higher education—the system in which so many people had put such high hopes for the advancement of mankind—had proved to be as fallible as man himself.

2. Financially, some of our colleges and universities were in such economic straits that there were questions whether they could survive.
In fact, among small private colleges, the institutional death rate had begun to climb. Even the most affluent and most prestigious institutions, public and private, had experienced deficits and restricted spending.

3. The ordinary way of "doing things," of managing our institutions, was no longer adequate—either for the given task or for the time left in which to complete that task (14, pp. 34-39).

The U.S. Tax Law (78 Stat. 45) of 1964 brought another incentive for philanthropic giving. This law permitted a donor who had made a contribution in excess of 30 percent of his adjusted income in a taxable year to carry forward the excess and deduct it from his taxable income during the following years (up to five years maximum) until the excess was used up in deductions. The five-year carry-forward deduction was also extended to corporations.

The deduction limitation for charitable contributions was changed again by the Tax Reform Bill of 1969. This act increased the 30 percent deduction ceiling to a maximum of 50 percent of an individual's adjusted gross income for gifts of money, effective January 1, 1970.

The Tax Reform Bill of 1969 changed the methods used to determine the charitable contribution deduction value for gifts in kind of real estate and securities. Under this bill, if real estate has been held by the donor less than six months, the tax deduction is limited to the costs of the property. If the real estate has been held for more than six months by donor, the fair market value of the property is allowed for the tax deduction. Therefore, there would be no capital tax gain on the appreciation.
The charitable contribution deduction has been considered by many fund raisers as essential to the solicitation of private funds. Solicitation activities at institutions of higher education have been categorized into three broad areas: annual fund drives, capital campaigns, and deferred giving programs (14, pp. 34-39).

The Vietnam War had a large impact on universities. Because it was an undeclared and unpopular war, it caused student turbulence and violence never seen before on campuses. Some persons criticized universities because administrators were not coping well with the unrest. Students were more varied in their course selections; many students were taking courses but not necessarily those directed toward a degree. The universities were diversifying and attempting to become "all things" for all their students. The traditional liberal education was very popular. A crisis was developing in that critics opposed this move because students were graduating but were unable to find jobs. There was no guarantee that a college degree would equate to a job (10, p. 68).

Many noted scholars were verbal with their opinions. For example, Frankel felt that

The problem is that of training young men and women in highly specialized skills needed by a modern society while at the same time opening their eyes to what lies outside their specialties; the problem is that of retaining and rebuilding the essentially aristocratic tradition of liberal learning in a democratic climate; the problem is that of connecting technology to the ideals of liberal civilization; and finally, the problem is
that of negotiating and mitigating the extraordinary tensions between traditional elements of our culture with the scientific elements (9, p. 25).

Almost as suddenly as it appeared, the violence of the 1960's subsided and the decade of 1970's finds American higher education "licking its wounds" and wondering what happened. Hindsight being a marvelous form of analysis, the educational community began to reflect on the immediate past to speculate about its implications for the future.

The 1970's marked the beginning of erosion in higher education. A Harris poll conducted in 1971 showed that public confidence in education had declined 30 percent since 1966. All major institutions had declined, but education had fallen more than average. The Carnegie Commission lamented in 1973, "There has been a basic erosion of affection for and interest in education, including higher education. A sense of confidence once lost is not easily restored. A lack of confidence now exists in what is being done, in conceptions of what should be done, in the processes for making change" (15, p. 26).

The concern with public confidence and the general feeling of malaise which marked the 1960's were typified in the special commissions and study groups and the special issues of journals and periodicals dealing with the status of the university. Daedalus, the prestigious journal of the American Academy of Arts and Sciences, published a
two-volume series, "American Higher Education: Toward an Uncertain Future" in Fall, 1974, and Winter, 1975. In one of the essays, Perkins reviewed the immediate past:

The turbulent sixties have been followed by the more peaceful seventies—and it makes us nervous. The baying of the wolves has been followed by an eerie silence. But we ask ourselves: Have the wolves really gone away or are they taking advantage of the darkness to draw even nearer to the campfire? Are various searchlights in the form of commission studies and scholarly articles leaving us dissatisfied and discontent with our analysis of the part of our prognosis of the future? (18, pp. 50-53).

Since private support provides the difference between the adequate and the truly great universities, development has gained more responsibility. Frank T. Cory, chairman, International Business Machines, said, "American universities and colleges are a source of educated people and new ideas--both essential to a sound economy and a free society. By supporting our educational institutions, we are making an investment that I am convinced will be repaid handsomely" (13, p. 3).

Private support is more vital than ever today as inflation, increased competition for state and federal funds, and budget cutbacks erode financial support for universities. For example, inflation took $6.60 of every $100 spent to operate U.S. colleges and universities in 1976-77, according to the Higher Education Price Index developed by K. Kent Halstead, a researcher for the National Institute of
Education (NIE). In 1978, when the inflation rate hovered between 7 and 9 percent, the loss was even greater.

This problem is reflected in the prices colleges and universities have to pay for goods and services. Over the next few years, at least, colleges and universities can expect inflation rates to continue to rise (16, p. 7).

Both public and private colleges and universities enjoy substantial tax exemptions on property and operating funds, as well as tax deductibility status for gifts received. This advantage has resulted because all colleges and universities operate in the public interest. In addition, nearly all of them carry forward federal research programs or benefit from scholarships, fellowships, and many other programs which utilize public funds. Tax sources, direct or indirect, contribute substantially to the quality of both public and private institutions.

It is safe to say that without the magnificent support provided by the fifty separate states, most students who are working toward degrees and the millions who have come before them would never had had the chance for an education at a public university. But the contributions of the states to the maintenance of the major public network of higher education are not keeping pace with the demands of the times. A two-year comparison of levels of support shows an overall gain of 20 percent. This figure does, in fact, surpass increases in higher education prices, as measured by the
Higher Education Price Index. During the same period, the Higher Education Price Index rose 13.5 percent.

However, the index does not measure need, and if colleges and universities had been able to raise professional salaries to match the 5.8 percent inflation rate for the 12-month period ending June 30, 1977, the index would have risen 7.0 percent for that period, instead of 6.4 percent, thus boosting the overall two-year rise accordingly.

The state budget process involves advance planning, and figures must be prepared well over a year ahead. Thus, budgets do not reflect new circumstances or unexpected opportunities. Private support is often the source of funds needed to take advantage of unforeseen opportunities (13, pp. 10-11). Private funds come from many sources, as Figure 1 demonstrates. These sources of help have much to gain from a strong system of public higher education.

The Office of Research and Information of the National Association of State Universities reveals where the state university private support dollar goes, as shown in Figure 2 (10, pp. 10-11).

Other factors are also affecting philanthropy and university life. Some of the relevant problems facing higher education are declining enrollment, unemployment on the national level, and the emphasis of education turning to vocational skills.
The demands on universities are more complex than ever. Universities are now expected to become responsible to the public they serve, while being more accountable to state legislatures for their funding. The traditional liberal arts education is being questioned. A diploma no longer equates to a job guarantee. Also, the competition for admission to the professional schools of law, medicine, and veterinary medicine is so keen that many potential candidates are never accepted. Hard questions are having to be asked of universities,
such as whose responsibility is it to educate potential professional (12, pp. 56-60).

The overriding uncertainty as Kerr sees it, however, is whether higher education can regain lost public confidence:

The campus is increasing its demands on society through requests for greater financial support and for freedom by control by society at the same time that campus elements are urging the campus to take a more active role in attacking and changing society. It is difficult to predict at this time whether the crisis of public confidence which has intensified the growing financial stringency in higher education will continue (13, pp. 1-7).
Roy H. Parks, president of the Park Broadcasting and Newspaper, Inc., states an alternative which could work. He says,

I suggest a new alliance between the American business world and the great land-grant and state universities... We have mutual interest in scientific and economic research... We have mutual interest in insuring that future graduating classes are superbly educated. We look to higher education to provide us with the leaders who will run our businesses and industries. Where else but on the campus can business find such talent? Most important, we both are threatened by burgeoning governmental power and interference. To preserve our freedom of choice and action, we must stand together. Business and industry have received significant help from land-grant and state universities. Now business and industry must help finance them. Every business, large or small, benefits, so every business and every industry should contribute (14, p. 9).

Walter S. Holmes, Jr., chairman of C.I.T. Financial Corporation, has a strong point when he says, "The problems of our society tend to receive more attention than the opportunities. Higher education helps provide the opportunities to solve those problems and deserves the fullest support business can give" (14, p. 1).

In conclusion, the Office of Research and Information for the National Association of State Universities and Land-Grant Colleges states clearly the relevance of private money for public colleges and universities. The men who formed and led them were devoted to the concept of universal suffrage and to what one historian calls "the inevitability
of material and moral progress." They saw education as a way to enrich human life.

This idea of continuing social and economic advancement is the fundamental basis of public higher education in America today. By contributing to public higher education, private donors are investing in the progress of all of American society.

It is difficult to imagine a great university without the benefits which private support provides. And it is also difficult to imagine a great nation without great universities (14, p. 11).
CHAPTER BIBLIOGRAPHY


12. Hitch, Charles J., "Ten Years After; Ten Years Hence," Daedalus, 104 (Fall, 1975), 56-60.


CHAPTER III

PROCEDURES FOR THE COLLECTION
AND ANALYSIS OF DATA

The purpose of this chapter is to describe the procedures employed in this study, which attempts to develop an understanding of the impact of private funding on selected public institutions of higher education in Texas. The study design, selection of the institutions to be studied, the development of the instrument, the procedures for collecting the data, and the procedures for analyzing the data follow.

Study Design

The study and procedural design of this inquiry was developed to obtain descriptive information on the various dimensions of fund raising activities in development programs in Texas. A major purpose of the design was to ascertain what impact private money had on selected public institutions of higher education.

Research questions and procedures were developed in consultation with development officers, financial consultants, and academic professors. Because information specifically related to this study is housed in the institutions of higher education in the state of Texas, has not been
published, and is difficult to obtain, the design attempted to establish a knowledge and information base.

Models designed to provide a basis for determining the impact of funds on institutions are difficult to locate and implement. Therefore, the design was developed to gather basic information in order to assist future researchers in studying the impact of selected funds on institutions of higher education.

Selecting the Institutions

The population for this study consisted of seventeen universities in Texas. The seventeen educational institutions in the study each had a minimum enrollment of 5,000 students during the study period, 1972-1976. Experts in development suggested, and the study assumes, that institutions with fewer than 5,000 students would not be likely to have adequate data or organized fund raising programs. Therefore, only larger institutions were selected. The classification of size used by the Council of Presidents of Texas Public Senior Colleges was utilized to group the seventeen institutions and to determine which of the total of twenty-two would not be studied.

The following state institutions of higher education in Texas were selected for this study:
Development of the Instrument

The questionnaire (see Appendix A) was developed after reviewing the literature and consulting with professionals. The questionnaire was designed to accomplish the following:

to determine the trend in the amount of private money that has been given in the past five years in Texas; to obtain information concerning the private money that has been given
to public institutions of higher education in Texas and what percentages were given for designated purposes and what percentages were given as unrestricted for the 1972-1977 period; to acquire data as to the sources of private money; to determine what specific ways private money has been used to develop public institutions during the study period; to expand on ways additional private funds could be used by the public institutions of higher education in Texas; and, finally, to find unique or unusual ways additional private funds could best be utilized by public institutions of higher education in Texas.

Procedures for Collecting the Data

Data for this study were generated through the questionnaire. Three practicing development officers reviewed the questionnaire and suggested additions and modifications. The questionnaires were mailed to the presidents of each of the seventeen universities. Each president was asked to name a respondent and return the name on an enclosed card. The president or his designate then completed the questionnaire. Personal telephone calls were made to six universities in order to clarify or complete the information requested.
Treatment of the Data

The data collected from the returned questionnaires was tallied and placed in tables and illustrations related to each of the research questions. These data were then compared and contrasted by groups of institutions, according to size. Means, percentages, and other descriptive tools were used for the analysis. The results were then used to prepare the conclusions and implications regarding each area of the study.
CHAPTER IV

PRESENTATION AND ANALYSIS OF THE DATA

This chapter presents the data obtained from the questionnaire and an analysis of said data with reference to the research questions presented in Chapter I.

Questionnaires were sent to seventeen public state supported universities in Texas. Sixteen of the universities returned the questionnaire with all of the major portions of the questionnaire answered. One university returned the questionnaire unanswered.

Analysis of Data

The research questions are presented and followed by the presentation of the data collected, with the analysis of these data.

Research question I.—What is the trend in the amount of private money that has been given to public institutions of higher education in Texas in the past five years (1972-1977)?

The first research question sought to secure information about the trend in the amount of private money given to public institutions of higher education in Texas for the five-year period 1972-1977. Fourteen of the universities
furnished data concerning the receipts of private money during the study period. All of the universities reported for a minimum of three of the five years of the study period. Private gifts increased from $32.5 million to $49 million during the five-year study period. In the cases where the universities did not report for the entire study period, the trend was extrapolated, utilizing factors and procedures obtained from the Financial Compound Interest and Annuity Tables, Fifth Edition, for the unreported years. The data are considered reliable inasmuch as only 13 percent of the values used in establishing the trends were extrapolated values, while 87 percent were actual reported values.

A study of the data submitted shows a range of $2,147,000 to $44,361,000 given to the sixteen institutions during the five-year period. This range is so great that statistical averaging of the information for all the universities as a single group would be meaningless. For the purpose of analysis, therefore, the universities reporting were divided into two groups. Group 1 included four universities which had 20,000 or more students enrolled during the reporting period. Group 2 includes the remaining thirteen universities which had fewer than 20,000 students enrolled during the study period. This information is presented in Table I.
<table>
<thead>
<tr>
<th>Universities</th>
<th>Group 1</th>
<th></th>
<th></th>
<th>Universities</th>
<th>Group 2</th>
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<td>10,341</td>
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<td>11</td>
<td>18,302</td>
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<td>12</td>
<td>15,752</td>
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<td>8,885</td>
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</tbody>
</table>

Table II lists the total private money received by the sixteen public institutions of higher education in Texas and the total private money received by each of the two groups.

### TABLE II

TOTAL PRIVATE CONTRIBUTIONS RECEIVED BY SIXTEEN INSTITUTIONS OF HIGHER EDUCATION IN TEXAS, 1972-1977

<table>
<thead>
<tr>
<th>Years</th>
<th>Group 1</th>
<th>Group 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972-73</td>
<td>$30,409,000</td>
<td>$2,147,000</td>
<td>$32,556,000</td>
</tr>
<tr>
<td>1973-74</td>
<td>30,314,000</td>
<td>2,501,000</td>
<td>32,815,000</td>
</tr>
<tr>
<td>1974-75</td>
<td>33,104,000</td>
<td>2,843,000</td>
<td>35,947,000</td>
</tr>
<tr>
<td>1975-76</td>
<td>36,625,000</td>
<td>3,651,000</td>
<td>40,276,000</td>
</tr>
<tr>
<td>1976-77</td>
<td>44,361,000</td>
<td>4,655,000</td>
<td>49,016,000</td>
</tr>
</tbody>
</table>
Figure 3 is a graphic presentation of the data assembled and shown in Table II. This figure depicts Group 1 universities compared to Group 2 universities with bar graphs. Both Group 1 and Group 2 universities are combined for the bar graph for the reporting sixteen universities.

During the first two years of the reporting period, both the Group 1 and Group 2 universities experienced no increase or growth in the money received from the public; however, during the latter three years, namely 1974, 1975, and 1976, the amounts given increased each successive year over the previous year from 9.5 percent to 21.7 percent. Only in these years did giving keep up with the inflationary rates. The inflation rates according to the United States Department of Labor Bureau of Statistics were 11.0 percent for 1974, 9.1 percent for 1975, and 5.8 percent for 1976 (information received by telephone). The Group 2 universities during this reporting period did experience a larger percentage increase than universities did in Group 1; however, the monies were of such small volume compared to the Group 1 universities that the amount of increase might be misleading. Group 2 universities are reported to have been in the beginning stages of recruitment and development of private funds when a larger percentage of increase could be expected. In any case, it may be that the development offices or those persons responsible for soliciting and recruiting private funds concentrated their efforts, or at
Fig. 3—Total private contributions received by sixteen institutions of higher education in Texas 1972-1977.
least were more successful during the latter three years of the reporting period.

Figure 3 shows dramatically the trends in giving and the amounts given to each group. This graphic illustration is given in order to emphasize the reports.

With respect to research question I, both Table II and Figure 3 indicate an increasing trend in monies contributed to public institutions. Both Group 1 and Group 2 universities have sizeable percentage increases during the reporting period. In addition to the increased giving reported, Group 1 universities received 91 to 93 percent of all monies contributed by the public in the state of Texas during the five-year period.

Research question II.—Of the private money that has been given to public institutions of higher education in Texas, what percentages were given for designated purposes and what percentages were unrestricted for the 1972-1977 period?

From the data obtained from the questionnaires received, no clear decision can be made as to whether the money received was restricted or unrestricted. In an attempt to make this determination, telephone calls were made to six development officers at the larger universities. The purpose of these calls was to determine whether the reported amounts were unrestricted or restricted. The responses of these
development officers indicated that revealing the unrestricted amounts would possibly violate the donor's confidentiality and therefore this information was not available. In Voluntary Support of Education 1975-78, prepared by the Council for Financial Aid to Education, only four of Texas' public institutions of higher education revealed the details of gifts received by their institutions. The report has a detailed analysis, but also does not give the unrestricted amounts.

Although no answer to research question II was possible, reportable data were available. Table III shows the universities compared, using the amount of money given per student as the criterion. The amount of money that was contributed to each university in Group 1 and Group 2 was divided by the number of students at each university during 1976-1977, the last year of the study period. When the amounts given are reported on a per student basis, some of the differences between universities become apparent.

Group 1 universities averaged $360 per student in private gifts, ranging from $130 to $639 per student, and the Group 2 universities averaged $40 per student, with the range being $8 per student to $61 per student. Average giving per student was nine times greater in Group 1 universities than in Group 2 universities. In order to more clearly demonstrate the difference between the two groups
TABLE III

AMOUNT OF MONEY GIVEN PER STUDENT AT FOURTEEN INSTITUTIONS OF HIGHER EDUCATION IN TEXAS, 1976-1977

<table>
<thead>
<tr>
<th>Universities</th>
<th>Group 1</th>
<th>Amount Per Student</th>
<th>Universities</th>
<th>Group 2</th>
<th>Amount Per Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>$639</td>
<td>5</td>
<td></td>
<td>$30</td>
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<tr>
<td>2</td>
<td></td>
<td>130</td>
<td>6</td>
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<tr>
<td>3</td>
<td></td>
<td>330</td>
<td>7</td>
<td></td>
<td>61</td>
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<tr>
<td>4</td>
<td></td>
<td>286</td>
<td>8</td>
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<td>12</td>
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<td>52</td>
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<td></td>
<td></td>
<td>13</td>
<td></td>
<td>17</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>14</td>
<td></td>
<td>10</td>
</tr>
</tbody>
</table>

of universities, Figure 4 shows the same information in graphic form.

Research question III.—Which are the sources of private money (corporations, religious denominations, alumni, friends, foundations, and other groups), and what amounts were given by each to public institutions of higher education in Texas during the 1972-1977 period?

The respondent who filled out the questionnaire at the reporting universities was requested to give, in rank order of importance, the sources of the university's financial gifts. Consequently, each university which reported ranked
Fig. 4--Amount per student of private funds given to public universities in Texas, 1972-1977.
the sources of gifts according to the amounts of money given by each source. The six ranks according to amount given by each source are listed in Table IV.

Table IV indicates that the most frequently mentioned source in the first rank was corporations. Foundations were most frequently mentioned as the second ranked source. Friends was third, and alumni was fourth. All of the public institutions studied listed gifts from religious organizations in the last rank.

The sources receiving the most first rank designations were alumni, friends, foundations, and corporations, in that order. The sources receiving the most second rank designations were corporations, foundations, and friends. Third rank sources most frequently mentioned were friends and corporations. Following these two sources in third rank were alumni, foundations, and other, all receiving the same frequency of mention.

Research question IV.—In what specific ways has private money been used to develop public institutions during the five-year period 1972-1977?

Table V shows the variety of ways, in rank order, in which private money has been used to develop each of the public institutions during the five-year period 1972-1977. Both Group 1 and Group 2 universities utilized the money very similarly. Research and scholarships were the most
<table>
<thead>
<tr>
<th>University</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
<th>Fifth</th>
<th>Sixth</th>
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</thead>
<tbody>
<tr>
<td>Group 1</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Alumni</td>
<td>Foundations</td>
<td>Corporations</td>
<td>Friends</td>
<td>Other</td>
<td>Religion</td>
</tr>
<tr>
<td>2</td>
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<td>Friends</td>
<td>Corporations</td>
<td>Foundations</td>
<td>Other</td>
<td>Religion</td>
</tr>
<tr>
<td>3</td>
<td>Corporations</td>
<td>Foundations</td>
<td>Friends</td>
<td>Other</td>
<td>Alumni</td>
<td>Religion</td>
</tr>
<tr>
<td>4</td>
<td>---</td>
<td>---</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Foundations</td>
<td>Corporations</td>
<td>Other</td>
<td>Friends</td>
<td>Alumni</td>
<td>Religion</td>
</tr>
<tr>
<td>6</td>
<td>Corporations</td>
<td>Friends</td>
<td>Foundations</td>
<td>Alumni</td>
<td>Other</td>
<td>Religion</td>
</tr>
<tr>
<td>7</td>
<td>Friends</td>
<td>Foundations</td>
<td>Alumni</td>
<td>Corporations</td>
<td>Other</td>
<td>Religion</td>
</tr>
<tr>
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<td>Corporations</td>
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<tr>
<td>14</td>
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<td>Foundations</td>
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<td>Corporations</td>
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</table>
TABLE V
WAYS PRIVATE MONEY HAS BEEN USED TO DEVELOP PUBLIC INSTITUTIONS OF HIGHER EDUCATION
IN TEXAS, 1972-1977

<table>
<thead>
<tr>
<th>University</th>
<th>1</th>
<th>2</th>
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<td></td>
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<td>Research</td>
<td>Buildings</td>
<td>Equipment</td>
<td>Honors Program</td>
<td>Faculty Salary</td>
</tr>
<tr>
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<td>Scholarships</td>
<td>Athletics</td>
<td>Research</td>
<td>Dept. Grants</td>
<td>Equipment</td>
<td>Honors Program</td>
</tr>
<tr>
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<td>Research</td>
<td>Scholarships</td>
<td>Chairs Endowed</td>
<td>Buildings</td>
<td>Unrestricted Endowment</td>
<td>Equipment</td>
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<td>Visiting Artists</td>
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<tr>
<td>Group 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Scholarships</td>
<td>Research</td>
<td>Athletics</td>
<td>Equipment</td>
<td>Visiting Artists</td>
<td>Honors Program</td>
</tr>
<tr>
<td>10</td>
<td>Special Programs</td>
<td>Scholarships</td>
<td>Equipment</td>
<td>Research</td>
<td>Equipment</td>
<td>Honors Program</td>
</tr>
<tr>
<td>11</td>
<td>Scholarships</td>
<td>Research</td>
<td>Honors Program</td>
<td>Faculty Salary</td>
<td>Athletics</td>
<td>Equipment</td>
</tr>
<tr>
<td>12</td>
<td>Library</td>
<td>Scholarships</td>
<td>Athletics</td>
<td>Equipment</td>
<td>Research</td>
<td>Lectures</td>
</tr>
<tr>
<td>13</td>
<td>Supplement President's Salary</td>
<td>Research</td>
<td>Scholarships</td>
<td>Equipment</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>14</td>
<td>Athletics</td>
<td>Scholarships</td>
<td>Research</td>
<td>Museum</td>
<td>Visiting Artists</td>
<td>Equipment</td>
</tr>
</tbody>
</table>
mentioned uses for private money. Other uses for private funds were unique to the particular institution reporting. These uses were athletics, honors programs, a supplement to the president's salary, library, equipment, museum, and department grants.

The uses of private money, therefore, have been ranked by their importance to public institutions of higher education in Texas in the following ways: Scholarships was the most frequently mentioned use in the first rank, followed by research. Four other uses were noted but each received only one mention. Scholarships was also the most frequently mentioned use in the second rank, closely followed by research. Athletics did receive two designations in this rank. Of all the rankings made as to uses of private money for public institutions, buildings were mentioned only two times out of seventy-eight designations.

Research question V.—In what ways could additional private funds be used by the public institutions of higher education in Texas?

Table VI indicates the ways additional funds would be used by the reporting institutions presented in rank order of importance.

Unrestricted uses, endowed chairs, endowed professorships, faculty assistance, and program enrichment were the most frequently mentioned ways of using additional private
<table>
<thead>
<tr>
<th>University</th>
<th>Rank Order</th>
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<tr>
<td></td>
<td>1</td>
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</tbody>
</table>

**Group 1**

<p>| | | | | | |</p>
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<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Endowed Chairs, Endowed Professorships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Unrestricted</td>
<td>Chairs and Professorships</td>
<td>Scholarships</td>
<td>Buildings</td>
<td>---</td>
</tr>
<tr>
<td>3</td>
<td>Chairs</td>
<td>Unrestricted</td>
<td>Scholarships</td>
<td>Research</td>
<td>Equipment</td>
</tr>
<tr>
<td>4</td>
<td>---</td>
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</table>

**Group 2**

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<table>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>Unrestricted</td>
<td>Scholarships</td>
<td>Research</td>
<td>Professorial Chairs</td>
<td>Equipment</td>
</tr>
<tr>
<td>6</td>
<td>Equipment</td>
<td>Buildings</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>7</td>
<td>Unrestricted</td>
<td>Scholarships</td>
<td>Research</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>8</td>
<td>Faculty Chairs</td>
<td>Research</td>
<td>Books (library)</td>
<td>---</td>
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</tr>
</tbody>
</table>
### TABLE VI—Continued

<table>
<thead>
<tr>
<th>University</th>
<th>Rank Order</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Group 2</strong></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Research</td>
</tr>
<tr>
<td>10</td>
<td>---</td>
</tr>
<tr>
<td>11</td>
<td>Scholarships</td>
</tr>
<tr>
<td>12</td>
<td>Library</td>
</tr>
<tr>
<td>13</td>
<td>Faculty</td>
</tr>
<tr>
<td>14</td>
<td>Scholarships</td>
</tr>
</tbody>
</table>
funds. Scholarships and research received frequent mention as potential uses. Buildings were noted by only three institutions.

Results of priorities for alternate ways additional private funds could be utilized show that endowed positions, whether chairs or professorships, were most prevalent, with nine choices shown in Table VI. Scholarships and research tied with eight choices; the emphasis on research and scholarships also can be seen in Table V. Unrestricted money had four choices. Equipment was shown as an alternate way to utilize private funds, receiving three choices. Buildings received only two designations.

Research question VI.—What trends can be expected in private giving to public institutions of higher education in Texas?

Eleven of the seventeen universities responded to this question in essay form. These responses will be found in detail in Appendix B.

An analysis of the responses received reveals that optimism is high that public institutions will receive greater percentages of private donations. Positive expressions were frequently used—such as "will increase," "marked increase," and "will increase greatly." Only one institution of the eleven reporting stated that its private gifts would remain the same, which means very little private
giving. One sentence from one report indicates what may be the consensus of the reporting institutions: "All state supported institutions should use the term tax assisted rather than supported, indicating more real need in the pursuit of excellence."

All but one of the reporting universities suggest that public institutions will expand their development activities as state money continues to become more restricted. The trend also indicates that corporations and foundations will continue to be the major sources, as shown in Table IV.

Most of those reporting indicate that donor contributions will contain restrictions as to how the funds may be used. Even though unrestricted funds are preferred, it is believe that they will be more difficult to obtain. Research is reported to become more important as institutions attempt to solve the many problems facing society, such as energy, water, and quality of life. The trends indicate that contributions are obtainable, but will be directed at specific concerns. The respondents also believe that million dollar gifts will be fewer.

A significant trend reported is that universities will have to be more accountable to the public concerning gift income. Integrity and accountability will be watchwords for the future.

Another trend reported is related to the new Tax Reform Act of 1976. According to the statements, this act made major changes in the estate and gift tax provisions.
Another trend reported is that declining enrollments and the rise in the inflation rate create a climate for an aggressive pursuit of funds. No comments were made about ways for increasing these efforts.

**Research question VII.**—In what unique or unusual or different ways might additional private funds be utilized by public institutions of higher education in Texas?

**Research question VIII.**—What significance do university officials feel that private money will have on public institutions of higher education in Texas?

Research questions VII and VIII elicited somewhat similar responses. Consequently, the responses will be combined for analysis. Seven of the seventeen universities responded to this question. These responses are found in Appendix C.

From the responses received, the consensus was that private money makes the difference between just a good school and a great one. Several concerns were expressed which are significant. Examples are "Competition for the tax dollar will increase," and "The taxpayers' revolt will have its impact on how state legislatures will finance higher education."

The university-related foundation will have its impact on institutions of higher education, according to the responses. One comment was that "Private foundations related
to state universities will play an increasingly important role in both the generation of gifts and in providing the operational funds to raise money as well. Further, gift funds will be necessary in a broader list of purposes as the mood in Austin turns increasingly sparse." (See Implications in Chapter V.)

Another comment suggests that a closer relationship with corporations for mutual benefits will become necessary. Universities will need to cooperate more closely in establishing programs that receive private funding so that duplication of effort can be eliminated. It will become more prevalent for foundations to be convinced "to consider more support of public institutions."

It will become more important to "sell" the university. The trend is to "marketing." This plan will, of necessity, include public affairs, external affairs, institutional relations, and all image-building activities, according to respondents.
CHAPTER V

SUMMARY OF FINDINGS, CONCLUSIONS, IMPLICATIONS,
AND RECOMMENDATIONS FOR FURTHER STUDY

Introduction

This chapter presents the findings, conclusions, implications, and recommendations for further study. The purpose of this study was to determine the impact of private funds on selected Texas public institutions of higher education by identifying and comparing the specific ways these institutions are affected by private funds. These data were obtained from a questionnaire and analyzed with reference to the research questions, using descriptive statistics.

The population selected for this study and used to provide data was public supported universities in Texas which had a student enrollment in excess of 5,000 students for the study period, 1972-1977. The seventeen universities with at least this enrollment are East Texas State University, Lamar University, North Texas State University, Prairie View A&M, Sam Houston State University, Southwest Texas State University, Stephen F. Austin University, Texas A&I University, Texas Tech University, Texas Woman's University, University of Houston, The University of Texas (Arlington), The University of Texas (Austin), and The University of Texas
(El Paso), The University of Texas (San Antonio), West Texas State University, and Texas A&M University. Questionnaires were sent to these seventeen public state supported universities in Texas. Sixteen of the universities returned the questionnaire with all or portions of the questionnaire answered.

The research questions dealt with the trends in the amount of private money that had been given during the study period. In addition, questions were directed toward identifying whether the contributions received were designated or unrestricted; the sources of the private money, as well as the ways the private money was utilized within each institution; how additional private funds could be used by public institutions of higher education in Texas; trends in private giving; unique or unusual ways additional private funds could be utilized; and the significance university officials feel that private money has and will have on public institutions of higher education in Texas.

The institutions were divided into two groups, according to size. The size classification system of the Council of Presidents of the Texas Public Senior Colleges was utilized. Responses were then compared.
Summary of Findings

A summary of the major findings of this study follows.

1. Private gifts have increased from $32.5 million to $49 million during the five-year study period.

2. Group 1 universities, with enrollments in excess of 20,000 students, received 90.5 to 93.4 percent of private gifts.

3. Only one of the Group 2 universities had gifts of $1,000,000 or more in any year of the study.

4. Only in the last three years have gifts kept up with inflation. The inflation rates were 11% for 1974, 9.1% for 1975, and 5.8% for 1976.

5. In all public institutions studied, religious organizations were the least important contributors in dollars donated.

6. Alumni were more active givers in the large institutions and accounted for the largest single source of gifts.

7. Scholarships and research are most frequently mentioned as uses for private contributions.

8. No consistent pattern of current use of private contributions is evident other than for scholarships and research.

9. Benefits for faculty are given as a potential use for private funds by a majority of the institutions reporting.
10. Gifts per student at the universities studied ranged from $8 per student to $639 per student.

11. Based upon the trend of recent years and the awareness of donors regarding the needs of public institutions, it seems apparent that public institutions will receive greater percentages of private donations.

12. Public institutions will turn increasingly to private gifts to maintain flexibility in funding programs and starting new academic efforts and research projects as state funds are restricted even more.

13. Universities will have to be more accountable to the public concerning the gift income.

Conclusions

1. Private contributions to institutions of higher education will continue to increase in the immediate future.

2. Private contributions to public institutions of higher education come from a variety of sources.

3. Private contributions made a greater impact on programs and projects involving people rather than projects involving buildings and equipment in public institutions of higher education.

4. Future uses of private money in public institutions of higher education also appear to be related to people rather than capital spending.
5. Public institutions of higher education in Texas will depend upon private funds to a greater extent in the foreseeable future.

Implications

In addition to these findings, several implications appear to be warranted.

1. Because of the need for additional private funds, development activities in public institutions of higher education will increase and become more important to public institutions.

2. Recent opinions by the State Attorney General's office will necessitate more accurate reporting and careful utilization of the private funds received by public institutions of higher education in Texas. Information now considered confidential may be ruled public information.

3. Because of restricted state funds, flexibility will be possible only through the private fund raising activities of development offices.

4. The drop in enrollment will affect the funding by the state legislature, which will put more pressure on development to keep the quality of higher education at a high level.

5. University budgets will become more stringent.

6. Monies raised through fund raising activities will be directed toward supplementing the more stringent university
budget by financing sabbaticals, rewarding good teaching, allowing well-known scholars to visit the campus, supplementing salaries, and other needs.

Recommendations for Further Study

The following additional research appears to be needed:

(1) a study of the comparisons of business planning models and university planning, with emphasis on special funding;

(2) a study of public information in the open records of the Coordinating Board and the Legislative Budget Board regarding the amounts of private funds reported by public institutions; and

(3) a study to develop more effective ways of involving philanthropists, members of boards of regents, and prominent citizens in the acquisition of private funds for public institutions of higher education.
APPENDIX A

REGIONAL ANALYSIS OF THE IMPACT OF PRIVATE FUNDS ON SELECTED TEXAS PUBLIC INSTITUTIONS

Institution Enrollment: Spring '78

Official 12th Class Day: Summer '78

Fall '78

I. What is the total amount of private giving that your institution received in:

<table>
<thead>
<tr>
<th>Year</th>
<th>Endowment</th>
<th>Operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1972-73</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. 1973-74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. 1974-75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. 1975-76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. 1977-78</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

II. Rank in terms of amounts given, the sources of private money to your institution, with the largest being #1 and the last #6.

1. Corporations
2. Religious denominations
3. Alumni
4. Friends
5. Foundations
6. Other groups

III. For the past five years, indicate in rank order (1-9) according to the amounts expended, the way private money was used for the following designated purposes:
III. Continued

1. Faculty salaries ___________________
2. Scholarships _____________________
3. Honor Programs ___________________
4. Research __________________________
5. Equipment __________________________
6. Visiting artist-in-residence _______
7. Buildings __________________________
8. Athletics ___________________________
9. Other (Specify) _____________________

IV. If funds from private giving have been used to enrich curriculum offerings, check the categories in which the funds were used.

   ___ 1. Professional artists
   ___ 2. Public speakers
   ___ 3. Knowledgeable resource persons
   ___ 4. Noted scholars
   ___ 5. Materials
   ___ 6. Not applicable
   ___ 7. Other (Specify below)

     ________________________________
     ________________________________

V. If private money has been used to motivate or reward faculty, in which disciplines did this occur?

   ___ 1. Arts and Science
   ___ 2. Business
   ___ 3. Engineering
   ___ 4. Education
   ___ 5. Community Service/or continuing education
   ___ 6. Research
V. Continued

____ 7. None

____ 8. Other (Specify below)

________________________

________________________

VI. If private money has been used to reward faculty, indicate the ways money was used.

____ 1. Supplement salary

____ 2. Attendance at National conference

____ 3. Purchase of materials or equipment

____ 4. Employment of assistants

____ 5. Travel and related expenses

____ 6. Other (Specify below)

________________________

________________________

VII. Have private funds been used to innovate and/or create?

Yes ____ No ____ If so, how?

________________________

________________________

________________________

________________________

VIII. Give the most outstanding example of how an existing program changed as a result of private gifts.

________________________

________________________

________________________

________________________
IX. Given additional private money, in what priority order would you expect these funds to be expended? (List program area or project.)

1. 

2. 

3. 

4. 

5. 

X. Suggest future trends in private giving to public institutions of higher education in Texas.

XI. Indicate any additional comments regarding private giving to public institutions of higher education in Texas.
APPENDIX B

TRENDS IN PRIVATE GIVING TO PUBLIC INSTITUTIONS
OF HIGHER EDUCATION IN TEXAS

<table>
<thead>
<tr>
<th>Universities</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>Based upon the trend of recent years and the awareness of donors regarding the needs of public institutions, it seems apparent that public institutions will receive greater percentages of private donations.</td>
</tr>
<tr>
<td>#2</td>
<td>Will increase due to more intense activity on part of institutions.</td>
</tr>
<tr>
<td>#3</td>
<td>As more and more private universities feel the &quot;crunch&quot; of inflation, foundations (private sources) will no doubt face the problem of whether to give aid to a private school and chance its dissolution soon after, or whether to invest in somewhat more stable public institutions. Public institutions will turn increasingly to private gifts to maintain flexibility in funding programs and starting new academic efforts and research projects as state funds are restricted even more.</td>
</tr>
<tr>
<td>#4</td>
<td>Generally declining, except by specific matching of institutional need with donor's interest.</td>
</tr>
<tr>
<td>#5</td>
<td>The trend in our size of institution appears to remain the same, which is very little private giving.</td>
</tr>
<tr>
<td>#6</td>
<td>As public becomes aware of need for private giving to public institutions, there should be a marked increase in frequency and amount of gifts.</td>
</tr>
</tbody>
</table>
The needs for private sector support to public institutions will increase greatly—I would expect development staffs to increase in size—there will be more direct involvement in fund raising by deans and department chairpersons (otherwise they will be left in the wake) and the redirection of private funds away from marginal programs to more critical areas of need.

More and more gifts from corporations will be restricted to areas of their interests. There will be fewer donors of the $1,000,000 gifts. Colleges and universities will have to make up for this by greater participation by more alumni and non-alumni individuals. Universities will have to be more accountable to the public concerning the gift income.

Increase should be trend because of more diligent efforts being conducted by capable development and alumni personnel. All state supported institutions should use the term tax assisted rather than supported indicating more real need in the pursuit of excellence.

The new Tax Reform Act passed by Congress in late 1976 made major changes in the Estate and Gift Tax provisions. Several well known authorities now predict that it appears more donors will distribute funds from estates and trusts while living rather than after death through wills, bequests, and heirs. Tax advantages seem to be about the same for some donors who have estate tax problems situations.

We believe it will increase as public institutions are now in an era of generally declining enrollments and rising costs that will urge their aggressive pursuit of funds.
APPENDIX C

ADDITIONAL COMMENTS REGARDING PRIVATE GIVING TO PUBLIC INSTITUTIONS OF HIGHER EDUCATION IN TEXAS

<table>
<thead>
<tr>
<th>Universities</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1</td>
<td>With expectations of reducing enrollments, smaller appropriations, and inflation, public institutions will solicit more strongly the corporate sector. Success will result from more involvement by public institutions with corporations in specialized staff training programs and modifications to degree programs to meet the needs in the job market. Corporate giving is large and done on a business basis, not through charitable feelings. Institutions will be required to &quot;show and tell,&quot; more and more, and to rely less on the &quot;heart palpitations&quot; of loyal alumni for private dollars.</td>
</tr>
<tr>
<td>#2</td>
<td>Private foundations related to state universities will play an increasingly important role in both the generation of gift funds and in providing the operational funds to raise money as well. Further, gift funds will be necessary in a broader list of purposes as the mood in Austin turns increasingly sparse.</td>
</tr>
<tr>
<td>#3</td>
<td>Makes the difference between just a good school and a great one.</td>
</tr>
<tr>
<td>#4</td>
<td>With a few exceptions, public institutions have not been doing the best possible job in raising private sector funds. In most cases developmental activities have not been given a high priority or emphasis by institutional administrations/administrators. In time I would expect this activity to rank second only to academic/student affairs.</td>
</tr>
<tr>
<td>Universities</td>
<td>Responses</td>
</tr>
<tr>
<td>--------------</td>
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</tr>
<tr>
<td>#5 Competition for the gift dollar will increase. Public universities and colleges will have to target their special proposals more carefully. They will have to engage their top alumni more and more in their corporate proposals. Universities will need to cooperate more closely in establishing programs that require private funding so that duplication of effort can be eliminated.</td>
<td></td>
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<tr>
<td>#6 Foundations must be convened to consider more support of public institutions. All state institutions must make better and sounder approaches to foundations in order to convince them of the real need.</td>
<td></td>
</tr>
<tr>
<td>#7 As the tax-payers revolt hits respective states more and more pressure will be placed on public institutions to raise money for existing and new programs now funded by state tax dollars. Institutions will be faced with hiring new and expanding existing development operations to meet the need. Annual, capital, and deferred-gift income will be more important than ever before in the history of higher education. The trend is to &quot;marketing&quot; and many development officers will be responsible for overall supervision of a key marketing plan to sell the university. This plan will include public affairs, external affairs, institutional relations, and all image-building activities.</td>
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</tbody>
</table>
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