NEW YORK STATE

AND

THE POLITICS OF POSTSECONDARY SPENDING

Monograph 84-12

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$3.00
(1984)
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This paper attempts to place the fiscal problems faced by higher education in a broad political economic context so strategies for coping with decline can be better evaluated. At the national level, fiscal crisis theories are used to examine broad changes in higher education spending patterns. Also explored are the ways in which crisis politics are used to shape higher education policy making. At the state level, theories of regional variation are used to understand more fully why some states face conditions of greater fiscal austerity than others. The ways in which state higher education officers try to mediate regional crisis are also taken into account. To make this analysis concrete, specific and meaningful at the level of daily practice, this paper concentrates on the way national and regional trends affect a particular institution, and on the way managers and faculty at that institution attempt to respond to and alter the course of events. The institution in question is part of the State University of New York (SUNY) system -- SUNY at Buffalo.

The general line of argument advanced is that the fiscal problems faced by higher education stem from political economic struggles over resource allocation at the national and regional level. At issue is the control of state resources. During the past ten years (1975-1985), conservative spending policies have been making headway, eroding the liberal gains of the previous decade (1965-1975). The most articulate spokespersons for this conservative resurgence are those political and corporate leaders who assert the primacy of the private sector and demand that more and more public dollars be channeled to powerful private enterprises, which they see as the engine of progress. Generally, enactment of conservative spending policies means retrenchment for higher education. While there has been marked regional variation with regard to the intensity and degree of retrenchment, most post-secondary institutions have felt some pressures from conservative spending policies.
It is further argued that the main strategies educators have developed to respond to retrenchment involve: (1) ignoring its political dimensions; (2) accepting it as a straightforward economic problem, best solved by cutting public services, and aligning knowledge production more closely with the economy; and (3) accommodating cuts, so long as the rewards, status and prestige of the university community are preserved. For higher education, these strategies mean leaner budgets, fewer faculty, and more attention to the utility of knowledge as defined by the business community. Responsiveness to business includes job training, high technology Research and Development (R&D), economical and efficient transfer of knowledge from university to corporation.

By re-examining the political economic context of fiscal crisis in higher education, it is hoped that this paper may serve to re-open the debate about strategies for coping with decline. While it is clear that the business community benefits from higher education's accommodation to retrenchment, acquiescence without debate has obscured the costs to the other sectors of society. Perhaps trying to understand the forces that shape national and regional fiscal crisis, examining their impact on one university and attempting to look at that institution's response will help to clarify what survival costs.

**Fiscal Crisis Theory and the Politics of Higher Education**

Fiscal crisis theory addresses the causes that create conditions where government expenditures outpace tax revenues. According to theorists such as O'Connor (1973), this condition occurs when the private sector is able to demand successfully ever increasing socialization of its production costs. The state pays a greater and greater share of business and industry's costs, but corporations contribute little in the way of taxes. In other words, government provides the physical and social infrastructure necessary for private profit making: highways, airports, harbor facilities, industrial parks, on the one hand; schooling, R&D monies, medical care, on the other. So long as tax revenue is sufficient to continue this type of social investment and also maintain
social expenditures -- unemployment insurance, welfare, income maintenance -- that make such a distribution of tax dollars acceptable, this division of public revenue goes unquestioned. However, the amount of tax the working and middle class can pay has its limits. At this point, fiscal crisis -- state revenue shortfalls, severe state and federal program cutbacks -- occurs. It is a structural condition, unlikely to change without major realignment of the system.

Recently private sector efforts to socialize production costs have become more urgent. Intense competition in the global marketplace encourages leaders of multinational corporations to make greater demands for public funds. These demands range from greatly reducing corporate taxes, on the one hand, to government subsidy of those industries, such as electronics and communications, "targeted" for international market competition, on the other.

Similar demands are made of education. If the views of corporate leaders who sit on the many government and foundation task forces deliberating over educational reform are taken as representative, then it is possible to get a fairly clear sense of the corporate sector's position (National Commission on Excellence in Education, 1983; Task Force for Education on Economic Growth, 1983; Twentieth Century Fund Task Force, 1983; Business-Higher Education Forum, 1983). In the main, corporate leaders are asking that the overall costs of education be reduced even as they request that these reduced resources be re-allocated to better serve business. In other words, corporate leaders are asking the citizenry to socialize production costs in at least two ways. First, they ask the public to forego services to free up money for private sector use, usually for projects that business leaders claim will stimulate economic growth. An example is provided by the requests by business leaders for public assistance for U.S. firms operating in international markets. Second, trimmed and pruned educational services are to be redesigned to further lower business costs through a wide array of programs. Some examples are proposals for programs that would provide low cost
student labor to corporations, others that would prepare students for quite specific jobs, still others that would supply them with skills needed in the business world.

Although the majority of the reports in which corporate leaders make such views clear focus on the secondary schools, some look at the university. Key among these is the Business-Higher Education Forum's, *America's Competitive Challenge* (1983). This particular report is noteworthy for several reasons. First, it deals specifically with post-secondary education, with a strong emphasis on research universities. Second, the report is the product of the deliberations of Chief Executive Officers of some of the nation's most powerful corporations and prestigious universities, including Rockwell International, General Electric, Ford Motors and AT&T, for the corporate sector, and the University of California, Harvard, and Carnegie Mellon for the academic sector. Together, these organizations come close to representing the leading edge of economy and academy, and are likely to reflect new trends in policy development. Third, the position taken by these university leaders vis-a-vis their corporate counterparts illustrates an emerging strategy for coping with fiscal crisis at the national level.

The Forum made only a single, general recommendation, one that emphasizes the primacy of the economy and implies the central task of education, and all other public agencies, is to foster global U.S. economic hegemony. The recommendation reads as follows:

> As a nation, we must develop a consensus that industrial competitiveness is crucial to our social and economic well-being. Such a consensus will require a shift in public attitudes about national priorities, as well as changes in public perceptions about the nature of our economic malaise.

*(Business-Higher Education Forum, 1983)*

The Report is very clear that building a "competitive economy" requires the U.S. public to shift their attitudes so as to support conservative spending policies that achieve greater socialization of corporate costs. The position advanced for academic research and development provides a telling case for the way these policies would effect higher education. The Forum points to the costs corporations should pay for
new R&D efforts and identifies areas where universities should contribute. The universities' costs are by and large borne by government, and the corporations' share is financed by tax breaks. In other words, the public pays either way. For example, the Forum asks that the federal government expand its traditional support for basic academic research, equipment and facilities, but within the context of "university-industry cooperation," aimed at identifying and speeding up "new methods of transferring technology developed with government R&D to private industry." Corporations would finance their contribution through "double deductions" for their R&D related efforts.

Other aspects of the Forum's program for university-industry R&D stress not only economic breaks for private sector firms, but also enhance their control of the research process. The report recommends that any legislation which stands in the way of unrestrained research and development be abolished. For example, an end to anti-trust, regulatory and other legislation that impedes discovery and implementation is advocated, especially legislation related to chemical substances or environmental protection. In the same vein, the Forum asks that "large companies" be allowed "the option of retaining title to inventions developed with federal R&D funds," and also asks for "negotiation of better protection of the intellectual property of U.S. firms conducting business in less-developed countries."

In sum, business leaders recommend spending policies that mean public monies are used to defray a greater share of industrial R&D. Further, they urge that legislation protecting the public from irresponsible corporate marketing of products so developed be rescinded, and instead ask that the public to pay an as yet unknown and perhaps incalculable cost in health and safety. Leaders of research universities seem willing to endorse corporate leaders' recommendations because they protect intellectual property and assure a continued flow of federal research dollars to academic science. All public considerations -- consumer rights, affirmative action, environmental protection -- go
by the board, as do issues of academic integrity, such as university autonomy and academic freedom to pursue research regardless of its utility.

The leaders of the elite research universities who participate in the Forum illustrate one strategy for coping with fiscal crisis at the national level: make common cause with the leaders of great corporations in creating a high technology economy. Indeed, these universities' presidents often take the initiative, developing collaborative research and training efforts with corporations. Although research universities seem to be pursuing this strategy vigorously, it is not without problems. Perhaps the greatest is the inequality of the partnership. Universities are giving up a great deal of control over their R&D programs and business related curricula. However, they will survive comfortably.

The strategy research universities seem to be evolving to cope with fiscal crisis is not necessarily generalizable to post-secondary education as a whole. For example, this strategy is not available to institutions without a proven and highly rated research capacity. In other words, the vast majority of post-secondary institutions cannot utilize such a strategy. Moreover, pursuit of high technology as outlined by the Forum is essentially a conservative response, one that focuses on a narrow definition of research and service while slighting the broader educational mission of the university. Basically, this strategy resolves the problem created by fiscal crisis through supporting the corporate sector in its efforts to appropriate public monies to subsidize production for private profit. Since there is no provision for simultaneously increasing the tax base, a "high tech" strategy that favors increasing monies for private use implicitly supports decreasing funds for social expenditures. Again, this "high tech" strategy may benefit elite research institutions, but it is not necessarily good for higher education as a whole. In the long run, curtailing monies for social expenditures is likely to hamper the operation of non-elite institutions by decreasing funds available for a host of activities, ranging from scholarship and loan programs to remedial and tutorial services.
Those most likely to suffer are poor, minority and ill-prepared students who benefit from social expenditure programs now under attack.

If a high tech strategy for coping with the problems posed by fiscal crisis is unlikely to be profitably pursued by the majority of institutions, what are the alternatives? Unfortunately, the higher education community has put forth few realistic strategies. There are a number of plausible explanations for higher educators inability to devise plans for managing crisis. First, the managers of elite research universities, the traditional spokespersons for higher education, are, as previously noted, looking to high tech strategies that leave the post-secondary community divided and leaderless. Second, higher educators still cling to ideas of "institutional neutrality," limiting their possibilities for political action. For example, at national educators' forums, such as American Association for Educational Research, debate over a strategy for Association lobbying predictably reaches an impasse when the issue of the propriety of political action is discussed. Third, the traditional supporters of an expansive higher education policy are now advocating retrenchment. During the past decade, the major higher education policy planning organizations -- groups such as the Carnegie Commission and Carnegie Council, Brookings, Sloan, Education Commission of the States\(^3\) -- have by and large taken a position \textit{against} increased social expenditures (Scott, 1983).

Educational leaders from all walks of national life are responding to fiscal crisis by redefining it as educational crisis. This redefinition of crisis is seen very clearly in the series of national educational policy reports discussed here. Although there is some variation, in the main these reports attribute the current economic crisis to the dearth of educational excellence at all levels. They argue that the way to economic and educational regeneration is through higher standards, especially for college entrants at senior institutions. Education is seen as solving the nation's problems without making increased demands on the public purse by focusing on managerial and technological
contributions. In other words, the economy's productive capacity will be enhanced through drawing on the talents of fewer but better and more goal-oriented students.4

Such an educational logic makes sense only if an unfettered private sector is seen as the key to prosperity. Once cut-throat international competition is questioned as the only mechanism for recovery, the rhetoric of excellence is more clearly seen as a screen for the creation of an exclusionary standard that equates quality with scarcity. Indeed, the rhetoric of excellence conceals a turning away from two decades of liberal educational spending policies.

While a line of analysis that blames American pedagogy for current U.S. economic problems is unlikely in the long run to improve educational practice or invigorate the economy, in the short run refuting such charges absorbs educators energies, making it difficult to see how the larger struggle over tax structure and public product effects various groups in higher education. For example, educators have not widely debated which post-secondary institutions will gain and which will lose should conservative spending policies prevail. While it is difficult to make exact predictions, the broad outline of higher education after implementation of such policies seems fairly apparent. Those most likely to lose are the less distinguished public senior institutions, be they four-year colleges or institutions that offer programs through the Master's level. Those most likely to gain are community colleges and elite private research institutions. Public research universities will probably continue to hold their own. Four-year and Master's level public senior institutions, especially the many located far from urban areas, will give way to expanded community colleges where students will be inexpensively prepared for low level, high tech careers: clerical, computer keypunchers, and service sector jobs. Elite private research universities will continue to train well prepared students able to pay high tuition and supplement their educational costs with a host of government subsidies, both direct and indirect. The majority of public research universities will survive by making common cause with corporations intent on developing
high technology, but they will serve fewer students at higher tuition rates in more utilitarian programs. Few institutions will shut down, but educational opportunities within institutions will be narrowed and the gap between two-year schools and research universities will widen, especially in terms of social and economic rewards for graduates.

All in all, the higher education community has done little in the way of developing alternatives to conservative spending policies. Indeed, a segment of that community seems to be actually collaborating with corporate leaders in articulating conservative spending policies as a solution to fiscal crisis. However, some regions of the U.S. have experienced such intense economic difficulties that state systems of higher education located within them have had to more clearly articulate strategies for coping with decline. These regional variations will now be considered.

Theories of Regional Variation and the Politics of Higher Education Spending

The decentralized system of government in the U.S. means fiscal crisis occurs at both national and state levels. Some states are harder hit than others. Indeed, the U.S. is characterized by shifting patterns of state growth and decline shaped by trends in capital investment, which, in turn, are guided by the distribution of natural resources, exploitability of the labor force and state incentives for investment (Eldridge & Thomas, 1964). As Goodman points out (1979), those states currently experiencing the most severe fiscal crisis are in the main located in the older, industrialized regions of the U.S. and typically have highly unionized labor forces, outmoded manufacturing facilities, high taxes, heavy public debts, costly social service establishments, "runaway" plants and population loss. Those states experiencing growth are usually -- but not exclusively -- located in the South, Southwest and Rocky Mountain regions and have "right to work" (anti-union) laws, low taxes, and minimal social service outlays. They are able to attract business by offering cheap labor, tax incentives and state aid. As a result, they are prospering through capital investment, job and population growth.
How do business strategies for increasing profits through relocation effect levels of state support for higher education? The fifty states are now competing with one another by offering themselves as preferential sites for business investment. While tax incentives and industrial infrastructure are important for business investment, labor costs remain the key concern of most corporate managers since these account for the largest share of production costs in most industries. Thus, a low level of unionization can be taken as an index of a state's willingness to grant concessions to business. States able to attract business stress their citizens low level of unionization as part of their sales effort. Indeed, these states promise investors a docile work force through Right to Work laws. Where such laws exist, sales efforts are successful, capital investment occurs, and new jobs are created (Goodman, 1979). Somewhat surprisingly, in these growth states there is also expanded governmental investment in post-secondary education.6

These patterns are seen in the United States during the 1970s. Table 1 shows in its top eight lines the 41 (of 48 or 85%) states where levels of unionization were inversely related to job growth in the 1970s. It also shows that 33 of these 41 states (80%) budgeted post-secondary education accordingly: expanding higher education where job gains were linked to low unionization and contracting it where the inverse relationship obtained. In short, where the states are successful in selling their citizens as profitable labor, the infrastructure of higher education is likely to expand.

Does federal R&D spending exacerbate or balance out these trends in state funding? The distribution of federal funds is somewhat less sensitive to the job competition among states than is the pattern of state post-secondary funding. Thus, among the 41 states showing the inverse relationship between unionization and job creation, 26 (63%) also show appropriate federal R&D funding: above average grants for states "winning" the competition for corporate investment, and below average grants for the "losers" (see Table 1). Within these 26 states, the 15 winners averaged federal
R&D funding increases of 186% between 1970 and 1979. For the 11 "losers," it was only 72%.

While federal R&D spending reflects state higher education spending patterns, it does so less than perfectly. Several factors prevent rising, labor intensive states from full realization of their regional gains at the federal R&D level. First, presidential science policy has traditionally been responsive to the leaders of large, national corporations concerned with R&D for capital intensive industrial development, such as the defense industry (Domhoff, 1979; Greenburg, 1968). As a result, R&D funding may not respond fully to regional variation directed toward securing cheap labor. Second, established universities in older states have had a historical advantage over universities in newer states in terms of physical capacity to deliver such "big science" -- specialized laboratories, expensive equipment, extensive libraries. Further, the entrenched system of academic prestige channels federal R&D funds to these same well established performers (Wolfle, 1978). As a result, the distribution of federal funds is somewhat less sensitive to the job competition among states than is the pattern of state post-secondary funding. Nonetheless, the spending pattern for the decade shows a trend toward a redistribution of federal R&D funds that favors universities in rising states, a redistribution encouraged by those states increasing ability to subsidize R&D infrastructure costs.

In sum, those states with low levels of unionization attract business, gain new jobs and have above average higher education spending. Highly unionized states are losing business and jobs and are falling below average in higher education spending. Federal spending shows a tendency to follow state patterns, with above average increases in growth states and below average increases in declining states. Business profit maximizing strategies, then, appear to influence government higher education spending patterns at both state and national levels.
What does this pattern mean for state systems attempting to cope with decline? In general, these systems are becoming quite sensitive to corporate needs. They are trying to enhance activities and programs likely to bring investment and jobs back to the regions in question. Indeed, all levels of these systems are concentrating on job training, development of expertise to meet corporate needs, R&D geared to high technology. Despite these efforts to stimulate corporate contributions, systems in declining regions are experiencing substantial reductions of budget and restrictions of function. For example, personnel and equipment funds are being cut and degree programs are being phased out.

Institutions have developed a fairly standard set of responses to these reductions: eliminating all surplus from service and support budgets, selecting "horizontal" (across-the-board) or "vertical" (selective) personnel retrenchment strategies, or some combination of the two; making better use of available resources by reallocating internally from slow to high growth fields; accepting fewer but better students in high job placement areas; charging students higher tuition rates. While these strategies have become routine procedures for dealing with retrenchment across the nation, they are especially well-developed in declining regions. New York state offers a case in point.

New York State, Fiscal Crisis and Regional Variation

New York state is almost a case book illustration of the problems faced by a state located in a declining region. Indeed, New York may be at the leading edge of decline. It is characterized by high unionization, low job growth, less than average higher education spending, and less than average R&D investment (see Table 1). In the 1970s, the state education system, reflecting the state's economy, encountered serious fiscal problems. State expenditures increased 2.4 times between 1971 and 1981, but education expenditures by only 1.6 (U.S. Bureau of the Census, 1973; U.S. Bureau of the Census, 1981).
Perhaps the best way to begin to understand the fiscal constraints higher education faces in New York is to look briefly at the City system. The City University of New York (CUNY) is a municipal system, funded for many years primarily with City monies. The fortune of the system reflects the fortune of the City. In 1974, New York City was on the brink of bankruptcy. Although there is still no widely agreed upon explanation for the crisis, most analysts acknowledge that it cannot be simply dismissed as politicians' wanton overspending. Instead, the crisis must be placed in a larger context, one that treats corporate flight from urban areas, regional cycles of growth and decline, and fiscal crisis of the state (Mermelstein & Alcaly, 1977; Newfield & DuBrul, 1977). While the causes of New York's crisis may be difficult to discover, the outcomes are somewhat easier to identify. In the main, the primacy of the private sector in public policy making was reasserted. What this meant for CUNY was a marked loss of resources, especially personnel, and the end of many of the reforms instituted in the 1960s and 1970s.

Economic planning for the City was shifted from municipal government to a small group of powerful financiers whose oversight of City fiscal strategy was supposed to build confidence in New York's investment potential. Confidence was created by austerity measures. For financiers, austerity involved gaining control of the City's economic planning apparatus, securing their own loans to the City, and creating a series of substantial tax incentives for corporations doing business in New York (Lichten, 1980). For CUNY, austerity meant firing 5,000 part time faculty and 1,000 untenured full timers (Academic Freedom, 1977). Austerity also meant ending CUNY's free tuition program, moving away from open admissions and extensive remedial programs, losing many women and minority faculty in the lower ranks and many minority students who depended on an array of special services. For the union, austerity meant pledging members' pension fund as security against the City's default on outstanding loans, a
commitment that saved the jobs of senior faculty but rendered the AFT relatively unable to criticize City cutbacks.

In this instance, crisis politics were used to impose conservative spending policies. While the crisis was certainly real -- there was no money in the treasury and the City was unable to borrow -- the causes were unclear and there were many possible long term solutions. Yet only one solution was put forward by the representatives of the financial community responsible for defining the situation: cut public spending programs not directly beneficial to business.

The short term pay offs from this solution are apparent, but the long term costs and benefits are uncertain. CUNY provides an example. The threat of bankruptcy provided an opportunity to legislate conservative solutions to fiscal crisis in which open enrollments were closed down, tuition was instated, tutorial and remedial programs reduced and faculty positions trimmed to the bone. While this solution relieved the City's immediate financial obligations and may even free up some dollars for private sector use, it is blind to the many costs that will eventually come due. Open enrollment was working, benefitting both CUNY's traditional working class clientele as well as minority youth. While white students who enrolled under open enrollment still completed more degrees than minority students, blacks and hispanics completed significantly more degrees than they had in the past (Lavin, et al., 1979). If these students are denied access to higher education, then other means of integrating them into society will have to be found, and they will have their own costs in terms of dollars, social order and political legitimacy.

However, the pertinent issue may not be so much short term economic cost as long term social control. Higher education has always been an important arena for symbolic politics, especially for establishing the always contested balance of power between state and corporation. Like the famous Dartmouth College case of 1819, the treatment of CUNY may point to a significant shift in this balance. In the Dartmouth
case, the freedom of private corporations from close oversight by the state was established, and an era of rapacious laissez-faire capitalism ushered in (Rudolph, 1962; Hofstadter, 1961). In case of CUNY cutbacks, the private sector is going further, and seems to be asserting its right to state oversight.

Like CUNY, SUNY -- the State University of New York -- is struggling with the private sector over public resources. SUNY is a statewide system, legally and organizationally separated from CUNY. SUNY was organized in 1948, when it became clear that CUNY and the private colleges and universities in the state would be unable to meet the growing demand for post-secondary education. Authority over CUNY, SUNY and the private or independent sector is held by the Regents, as is authority for all education that occurs in New York, from kindergarten through graduate school (Milstein & Jennings, 1973).

As is the case with CUNY, SUNY is trying to cope with private sector demands that encroach on its budget. The State of New York has made a commitment to sustaining private higher education as well as public and the SUNY system often competes directly with private post-secondary institutions for public monies. During the past decade, the private sector seems to have gained ground. Between 1975, when system wide retrenchment first occurred, and 1982, state spending increased by 104%, State aid to private colleges and universities increased at a rate of 65%, but spending for SUNY increased only at a rate of 43%. What decreasing SUNY spending means in educational terms is suggested by overall faculty-student ratios. In 1975-76, the state authorized 34,317 full-time positions when enrollment was 148,399. In 1983-84, 30,346 positions were authorized for an enrollment of 156,419 -- approximately 4,000 fewer positions for 10,000 more students (United University Professions, 1983).

As with the CUNY crisis, this shift in resources can best be understood in terms of fiscal crisis at the national and regional levels. Regional economic problems mean that family's tuition spending power as well as traditional tax support for higher
education are constricting. Tight money at the federal level means it is unrealistic to turn to Washington, D.C., for any sort of sustained aid. The dearth of resources makes both private and public sector claims for aid more urgent.

While regional and national efforts to achieve private sector control of public resources can be analytically separated, in practice they seldom are. This intertwining of national and regional can be seen in New York State in terms of higher education planning. Since the early 1970s, national policy planning organizations have been concerned with cutting the cost of public higher education and preserving a strong private sector. These aims are captured by a recommendation put forward by the Committee for Economic Development, a national and influential private policy making organization, that argues for raising tuition at state institutions to cover one-third to one-half of actual student costs (1973). Established higher education planning groups, such as Carnegie and Brookings, basically endorsed this recommendation (Darknell, 1975). SUNY, like many other state systems, has raised its tuition to more nearly approximate these standards.

While the influence of national policy planning groups should not be overestimated, neither should the capacity of these groups to shape state responses to educational and economic problems be underestimated. State planning agencies may well have come to tuition increases by themselves, but a national standard set by prestigious policy making institutes probably helped local groups seeking increases to more readily legitimate their policy. On resource issues, national and regional policy makers may often share similar agendas and work toward common goals. Some understanding of this mutuality of interests can be gained by looking at SUNY.

Many SUNY system leaders are active participants in national policy planning organizations currently concerned with adjudicating the budgetary claims of public and private institutions in such a way as to insure that the needs of private institutions are met. For example, Earnest Boyer, President of the Carnegie Foundation for the
Advancement of Teaching, was a former SUNY Chancellor and chair of the SUNY Research Foundation. E. K. Fretwell, Jr., moved from the presidency of SUNYAB to chair the Carnegie's Board of Trustees. Clifton Wharton, Jr., is currently Chancellor of the SUNY system, Vice Chair of Carnegie's Board of Trustees, a signatory of the Business-Higher Education Forum report, and a member of the National Commission on Excellence (Scott, 1983).

While SUNY leaders are certainly want to improve the state system, they also seem to recognize as legitimate private sector claims on the public purse, and do not advocate reductions of public subsidy to private institutions. Since these same leaders generally seem to see conservative spending policies as the solution to national and regional fiscal crises, they are in a bind when it comes to finding money to meet system costs. In the main, they suggest squeezing more out of the faculty in terms of labor, and more out of the students' family in terms of tuition. This solution deals with local fiscal problems and is in keeping with national trends toward conservative spending -- the individual is asked to pay for a greater portion of reduced public services even while more of his or her tax dollar is used to pay private sector costs.

In addition to recognizing private sector demands as legitimate, SUNY leaders have to contend with a very strong private sector lobby. The Commission of Independent Colleges and Universities (CICU) represents private sector institutions and has established a planning process that parallels and often strongly influences public planning. CICU is dominated by prestigious private research universities such as Columbia, New York University, Syracuse and Rochester. The powerful private research institutions are politically effective because they are usually able to count on the votes and influence of the many small denominational and church related colleges. Although these institutions do not get nearly the amount of state largess as the prestigious private universities that benefit from public sector programs such as Bundy Aid, TAP and
dormitory loans, they are so dependent on the funds they do receive that they predictably back CICU demands. 8

A brief consideration of the Regents (1980) and SUNY system (1980, 1982) planning documents gives a concrete sense of state managers strategies for the future. The Regents plan to manage decline effectively by using state monies to generate more funds and by developing human resources to rekindle the regional economy. In terms of generating funds, institutions are asked to attract out-of-state and foreign students able to pay high fees. Faculty at graduate universities are asked to increase the amount and quality of their research to the point where the New York aggregate will be more than 10% of all research expenditures in the U.S. With regard to regenerating the economy, research institutions are expected to engage in projects designed to increase New York’s multinational corporations share of world trade. Colleges and universities are also expected to develop joint projects with industry in high tech fields. In terms of human resources, faculty are asked to improve measurably the quality of student skills, to retain a greater number of students, and prepare them for job placement in areas related to their specialized training. A number of criteria proposed for measuring the success of the system in achieving these outcomes turn on the utility of the university to the economy. For example, job placement is a measure of quality education at all levels.

In the main, the SUNY master plan refines and clarifies the Regents strategies for managing decline. Research is important insofar as it contributes to service aimed at reinvigorating the economy. The SUNY Research Foundation, for example, is expected to implement an industrial liaison program designed to enable corporations and faculty to function as partners in technology transfer. Efforts to encourage faculty in these areas have been made by modifying the SUNY copyright and patent regulations so professors’ creative discoveries can be more readily disseminated. Faculty are also supposed to deliver training programs, applied research and technical assistance to state
businesses. An example of this is SUNY's Export New York Program, which educates business persons about opportunities in foreign markets and assists them in developing export enterprises. Faculty are also encouraged to gear their activities to service delivered on a fee basis, thus generating income for the university. Finally, faculty are expected to serve state agencies -- for example, putting university health care delivery systems to work in state correctional facilities and mental institutions. As SUNY Chancellor Clifton R. Wharton put it, "Public service is the most direct way of acknowledging the basic obligations of a state supported university to the society which provides the resources for its existence." The SUNY system is also making efforts to monitor quality control. Internal program review is scheduled to occur every five years. Excellence in education is to be measured in terms of "value added," as well as by student placement in programs of advanced study or in jobs.

While these strategies hold out some promise, they also have problems. These high tech, high return strategies are capital intensive rather than labor intensive: they are extremely costly but do not address pressing regional economic difficulties, such as unemployment. Moreover, as conservative spending policies gain national credence, other state systems are feeling the effects of fiscal crisis and turning to such strategies. It is not clear that New York, with its sluggish economy, can offer industry the tax breaks, public service and higher educational incentives that growth states hold out. Nor is it apparent that all SUNY units would be able to compete successfully with the state's strong private universities in developing alliances with industry. The several universities and colleges in the SUNY system have responded variously to crisis politics and strategies developed by state system managers to cope with them. Some institutions -- such as CUNY and SUNY-Albany -- have sharply cut faculty, others have kept faculty but cut virtually everything else, including student enrollment. Yet none of the institutions in the state's system have closed, and a new one has even opened. Rather than trying to list the many ways in which institutions have responded to state
system managers' efforts to devise strategies that mediate national fiscal crisis and regional decline, a single university's responses -- SUNYAB -- is examined in hopes that it will provide a fuller understanding of some of the problems of retrenchment.

The State University of New York

at Buffalo (SUNYAB): Institutional Response

SUNYAB has experienced severe retrenchment in recent years. Since 1971, SUNYAB has lost 275 instructional and research positions. The SUNY crisis followed hard on the heels of the CUNY crisis, and resulted at least in part from the state's assumption of some fiscal responsibility for CUNY. The heaviest reductions at SUNYAB took place since 1977: 130, or approximately half of the total. Staff reductions were accompanied by severe cutbacks in support and service budgets, and also brought increases in faculty workload. Between 1977 and 1982, student workload rose from 18,617 FTE students to 20,251. At 20.5/1 SUNYAB has the highest faculty-student ratio of any graduate center in the SUNY system (SUNYAB, 1983). SUNYAB's undergraduate/graduate ratio has also shifted dramatically. In the mid-1970s, SUNYAB had an enrollment of approximately 60% graduate students and 40% undergraduates, but as funds were internally reallocated to meet heavy undergraduate student enrollment in new areas, those proportions reversed. Currently, the ratio is 40% graduate to 60% undergraduate.

The major strategies for coping with reductions advanced by both faculty and administrators have centered around finding ways to protect tenured faculty. Although a great many faculty lines have been removed by attrition, no tenured faculty members have been fired on grounds of financial exigency. SUNYAB has been able to protect its tenured faculty by a combination of union political pressure, clever bookkeeping, and internal reallocation of resources.

SUNYAB is a closed shop union campus. Its faculty are all part of the United University Professions (UUP), an affiliate of the American Federation of Teachers. The
UUP has firmly rejected all cuts, always affirmed tenure and seniority, and refused to participate in planning for retrenchment. The UUP has very reluctantly accepted as part of its collectively bargained contract Article 35, which gives the SUNY system chancellor the unilateral right to declare a situation of financial exigency, under which faculty retrenchment could occur (Headrick, 1979). Although the UUP has recognized in principle the power of SUNY management to initiate faculty cuts, in practice the UUP has used its considerable political leverage to defeat attempts to retrench. When budget reductions are threatened or announced, the UUP turns out its members on picket lines at the state house even while its staff lobbies in congressional chambers. In the last election, the UUP went a step further, endorsing Cuomo for governor, in the explicit hope of fending off further SUNY system cuts.

In general, the UUP has succeeded in protecting tenured faculty, and even in keeping their salaries at a level competitive with the most highly paid state systems across the nation. However, their victory is not without costs. There are relatively few young, women or minority. Teaching loads are frequently in marked imbalance between the several colleges and various departments due to severely curtailed hiring across the university. It almost seems as if the union and the state have reached a tacit understanding: there are fewer tenured faculty, but their positions are secure and well-paid.

The collective solidarity of the UUP and faculty in the face of continual efforts to retrench more broadly and deeply is admirable. However, it may be time for the organized faculty to move away from a position that makes public spending policy solely a management problem. Perhaps the UUP could emulate the more progressive blue-collar unions that are currently developing "future" committees that plan for change in a way that protects on-line workers without jeopardizing either the enterprise or work force as a whole.

In the years 1977-1982, SUNYAB's administration also tried to protect tenured faculty. However, the administration arrived at its position from a somewhat different
set of values and assumptions than the UUP. During this period, the key central administrators were long time faculty members who had spent years at SUNYAB. They were committed to the faculty as a collectivity, and were reluctant to propose principles and a process for retrenchment, let alone follow through on it. Although personnel decisions were centralized in the Academic Vice-President's office, the administration tried to make reductions and reallocate resources largely through attrition. In their efforts, they became adept at high risk budget manipulation, balancing books but not bodies. For example, they habitually used the positions vacated by faculty on leave to make new tenure track appointments, counting on the continuing high number of absences to allow them to cover the new positions. In many cases, there were not enough lines to cover the return of tenured faculty, did other faculty not rotate out on leave (Rossberg, 1984).

However, this approach to meeting budget reductions had its costs. Attrition occurred unevenly, and it has not been possible to respond fully to changing student demands through reallocation alone. Since 1977, one hundred positions have been reallocated. These lines have been taken mainly from Arts and Sciences or the professional schools that prepare state workers -- Education, Information and Library Science, Social Work. They have been given to five high demand areas: Computer Science, Architecture, Management, Law and Engineering. Arts and Science and the professional schools have suffered from this process. For example, the English Department has lost fifteen nationally recognized scholars since 1974, and received only one tenure track position to offset that loss; the Faculty of Educational Studies has incurred a one-third reduction, and has been completely reorganized, from seven to three departments. But reallocation of vacated positions in Arts and Science and some of the professional faculties has not solved the university's resource problems. The five high growth areas have also suffered. Their faculty have heavy teaching
loads, and even so they have had to turn away thousands of well qualified undergraduates (SUNYAB, 1984/1985).

While the administration's commitment to on-line faculty demonstrates a laudable concern for the local academic community, this strategy for coping with retrenchment has some problems. First and foremost, it leads to acceptance of retrenchment as an economic problem that clever management can stave off; as such, it forestalls university-wide debate over the political dimensions of retrenchment and probably delays the emergence of long-term and lasting solutions. Second, and related, this strategy begs the question of what the relation of university to economy should be -- should university offerings respond to student perceptions of the job market as manifested through their enrollment patterns, or can faculty reach a common conception of an educated person that might guide academic offerings? Third, is a strategy that saves faculty lines by turning students away appropriate for a state university? Generally, emphasis on preserving the core academic community has kept this question from being widely debated, either in the university or public forums.

SUNYAB now has a new administration that must respond to some of these problems. In the main, the new president seems to be cautiously attempting to expand high growth areas while still preserving traditional core academic departments and values. The President tries to reconcile technical growth and academic values by emphasizing high quality, utilitarian research. For example, he stresses making common cause with corporations to develop high tech business, but only if such a university-industry liaison emphasizes quality research (Sample, 1982).

However, the new president needs resources to pursue this strategy. He is trying to find these where he can, probing for areas that are not strongly organized. For example, he sought to cut administrative assistant lines across the campus, releasing a substantial amount of money. This move was met by sustained union and faculty protest. He has also explored the possibility of combining professional schools that
emphasize the preparation of state workers, expecting such a consolidation to free up funds. But to-date he has not moved forward on this project.

Given the present strength of the organized faculty, as well as unclear mandate from state managers about personnel retrenchment, the president seems willing to proceed slowly, asking administrative units for greater economy and efficiency, and faculty for higher productivity, especially with regard to high visibility research in high tech fields. The overall pattern of resource allocation seems to award new resources to high growth areas, to maintain minimally the core academic departments, while areas that build neither utilitarian research or academic prestige appear to be neglected. In the long run, the administration hopes for national recognition of high quality research that serves the needs of a high tech economy. The present SUNYAB administration honors quality, especially when quality enhances university and economic productivity. In sum, SUNYAB seems to be following national and regional trends that see a somewhat closer alignment of the university with the corporate sector as the price for survival.

SUNYAB's strategies for dealing with fiscal crisis have the same drawbacks as do SUNY's. Located as it is in western New York, SUNYAB must address the problems of highly skilled but unemployed blue collar workers. Again, strategies emphasizing utilitarian research that develops capital intensive, high tech industry may be inappropriate. Nor is it clear that an institutional policy emphasizing utilitarian research will bring the faculty to new heights of productivity. On the one hand, utilitarian research depends on academic entrepreneurship that addresses itself to the external rewards of the marketplace in a tight economy. On the other, the indicators of excellence, which the profession recognizes -- high rankings in quality ratings, high student test scores, strong publication records -- are geared to the internal differentiation of the post-secondary community in an expanding economy (Lawrence & Green, 1980).
The attempt to reconcile these values might result in mixed messages that lower productivity rather than in an invigorated faculty.

**Conclusion**

If SUNYAB is typical, there is a good deal of continuity in New York at the institutional and state level. In the main, strategies developed to cope with decline are compatible with national efforts to solve the fiscal crisis of the state with conservative spending policies. SUNY and SUNYAB are making every effort to realign higher education with high tech sector of the economy. Managers and administrators have developed an array of programs and services to demonstrate the creativity and accountability of the public sector in meeting private sector needs. While their strategy addresses private sector leaders' concerns with public spending, it is a conservative response, one that would cut access and opportunity along with costs. It reaffirms private sector primacy with regard to claims on public resources and control of public policy making, defines education as a privilege rather than a right, and works toward a narrowed hierarchy of opportunity.

SUNY and SUNYAB have by and large ignored these political dimensions of retrenchment. They have not loudly and systematically asked who benefits from a redeployment of public resources, even though groups within their clientele clearly suffer disproportionately -- women and minority faculty on the wrong end of the seniority system, poor and minority students in need of financial and remedial aid. Instead, they have accepted definitions of fiscal crisis that make conservative spending policies seem the only possible solution, even though their systems pay a steep price. In ignoring the political dimensions of retrenchment, they legitimate conservative spending policies and bring premature closure to explorations of alternative solutions to economic problems. They also confirm the right of powerful, private sector groups to determine how public monies are spent, with socialization of costs, but not profits.
To accommodate demands for cuts, state and institutional leaders seem to have devised a routine set of coping mechanisms: cut service and support staff, remand or reallocate vacated positions, increase workloads, select students more carefully, emphasize utility by developing training and research programs that develop high tech, high growth, high profit corporations. Higher education leaders, whether administrators or faculty, seem willing to make these accommodations, so long as the rewards, status and prestige of the university community are preserved. However, as the dimensions of retrenchment are more clearly understood, and the immediate threat to the academic community seems less overwhelming, administrators and faculty can perhaps begin to ask how the gains in social justice made during a decade or more of liberal spending can be nurtured if they support or accommodate conservative spending policies.
table 1
NOTES

1. It is often difficult to tell if corporate leaders, educational leaders and political leaders have separate or shared interests, and to understand exactly how these might articulate. On this point, see Sheila Slaughter and Edward T. Silva, "Making Hegemony Problematic: Power, Knowledge and the Concurrent Center in the American Education System." Educational Theory 33 (Spring 1983): 79-90. At this point in the analysis, the author is focusing on corporate leaders; their relation to education leaders is treated later in the piece.

2. Signatories representing the corporate sector for the Business-Higher Education Forum's report, America's Competitive Challenge, are Robert Anderson, Rockwell International (co-chair); John Burlingame, General Electric; Philip Caldwell, Ford Motor Company; Edward Donley, Air Products and Chemicals; Paul H. Henson, United Telecommunications; Gerald D. Laubach, Pfizer; James E. Olson, AT&T. Representing the universities are David S. Saxon, University of California (co-chair); Derek Bok, Harvard; Richard M. Cyert, Carnegie-Mellon; Theodore M. Hesburgh, Notre Dame; Matina S. Horner, Radcliffe; Robert Q. Marston, University of Florida; Wesley W. Posvar, University of Pittsburgh; J. W. Peltason, American Council on Education; Clifton R. Wharton, Jr., State University of New York System.

3. In the main, I am in agreement with the identification of these groups presented in Barbara Ann Scott's Crisis Management in American Higher Education (New York: Praeger, 1983), pp. 76-102.


5. My thanks to Ed Silva for his participation in developing this analysis, a fuller version of which is forthcoming in the Review of Higher Education, under the title "Toward a Political Economy of Retrenchment: American Public Research Universities."

6. The cause and effect linkage between new jobs and expanded post-secondary spending is far from clear, and probably involves a complex interplay of demographics, economics and politics rather than direct causality. However, the correlation holds, whether or not the interaction of intervening variables is fully understood, and as such deserves notice as an important trend in higher education.

7. The patterns of state higher education spending described in this article are not firmly fixed; indeed, these patterns may be more characteristic of the past decade than the present, especially when the continued decline of labor unions and the continued volatility of capital are taken into account. However, the analytical point -- that higher education spending is strongly shaped by capital-labor struggles -- should help us better understand spending trends in a decade when unions are faced with speed ups, give backs and plant closings, while business profit maximizing strategies move U.S. capital overseas.
Although all private sector institutions gain from these programs, the benefits are not uniform. Examination of Bundy Aid, for example, the single largest source of state aid to private institutions, makes the point that a few large, private research institutions win a disproportionate share of available funds. Of the 93 institutions in New York eligible for and receiving Bundy money, the state’s ten largest private universities -- Columbia, Cornell, Syracuse, Rochester, New York University, Adelphi, Fordham, Hofstra, Yeshiva, and Long Island University received 55% of the total aid payments, or $129.3 million. Those institutions the state education department terms multiversities (Columbia, Cornell, Syracuse, Rochester, and New York University) receive between 34-39% of the State's Bundy funds, an average total of approximately $21 million per year. For further details, see Barbara Ann Scott, Crisis Management, p. 160.

There are many variations to the SUNYAB retrenchment pattern, most notably situations where tenured faculty are fired, sometimes in significant numbers. However, even this type of procedure has become fairly routine. In the main, institutional mission and goals are agreed to, criteria established, and an elaborate consultative process followed. On this point, see Robert C. Shirley, "The SUNY-Albany Experience," in Responses to Fiscal Stress in Higher Education, ed. Robert A. Wilson (Center for the Study of Higher Education; University of Arizona, 1982): 19-24; and G. S. Melchiori, "Smaller and Better: The University of Michigan Experience." Research in Higher Education 16 (1982): 55-69.
<table>
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<tr>
<th>STATES (N=48)</th>
<th>UNIONIZATION</th>
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<th>POST-SECONDARY GROWTH</th>
<th>FEDERAL R AND D FUNDS</th>
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<td>Low=10% or less in early 1970's</td>
<td>High=more than 20%</td>
<td>Low=less than 24%, 1970-78</td>
<td>High=above average</td>
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1. Alaska and Hawaii are omitted.


REFERENCES


