

of aid. My prediction is based simply on the obvious inelasticity of other sources in relation to the expansion task ahead.

Tuition and fees, in 1963, the latest year for which figures are available provided about 20 per cent of all income in all our institutions, public and private, taken together. Income from this source will rise somewhat but not nearly as fast as costs, and therefore this source will, in my opinion, represent a declining portion of total income. Endowment income and gifts, which taken together, again for all institutions, public and private, accounted for about 8.5 per cent of income in 1963 will also rise but not as fast as costs and so will also represent a declining portion of the total.

The dramatic success of the special endowment drives of a few of our major private universities seems to belie this assertion. They are to be warmly congratulated for their accomplishment. But I would remind you that only a few of the more fortunate institutions have demonstrated such success.

Income from ancillary enterprises, which was 17 per cent of the total in 1963, will, with more students, obviously rise but again may well represent a declining proportion of total income. This is because the unit costs in these enterprises, which are in any event financially self-contained, should rise somewhat less rapidly than the costs of instruction and research.

STATE AND LOCAL FUNDS WILL NOT MATCH GROWING NEEDS

Finally, income from state and local governments, which at present covers about 26 per cent of the total costs of higher education will rise in absolute amount, but will meet a declining proportion of the much larger costs ahead. The cities and states, especially the latter, have borne the principal burden of the great expansion of student numbers of the past decade. Their resources are derived in major part from tax systems that have virtually reached the limit of productivity. Other calls on state and local income, such as welfare and lower levels of education, are becoming ever more demanding. For these reasons it is unlikely the cities and states will be able to maintain their present proportional effort.

We are forced therefore to a very simple conclusion. If this nation's needs for higher education are to be met in the years to come, the federal government will have to accept the principal part of the consequent financial burden. And, judging from the statements of those representing higher education, this is what they think and want, as contrasted with an earlier period when there were considerable doubts on this score. As evidence I have only to cite the total reversal of policy on this question by the Association of American Universities from the position it took in the early fifties.

Some of you may have been at the American Council on Education meeting in San Francisco in 1964 at which my predecessor, John Gardner, spoke. In commenting on higher education's attitude toward federal aid he told the story of the little boy who wrote to his family from summer camp that the food was terrible, and anyway the portions were so small. I would suggest to you now that the little boy writing today would be concerned only about the size of the portions and the shape of the dishes in which they are served.

At present about 30 percent of federal aid takes the form of research and development support. A good question can be raised of how much this contributes to the undergraduate educational purposes of our colleges and universities. It is my belief, however, that in the future a steadily rising proportion of the federal contribution will represent direct support for institutional operating and instructional costs and support for students. Research support, while continuing to mount in dollar volume, will probably represent a declining proportion of the federal contribution because higher education's capacity to absorb vastly increased research funds will be restricted pending a general strengthening of the enterprise.

Well, if the federal government is to be the largest supporter of higher education, what will be the consequences? Will this be a good or a bad thing? Will the leverage in the federal contribution serve to make the enterprise more orderly and more efficient? Should it be used that way? Will the needs of the nation which are external to but dependent on higher education be better met? Will there be a decline of freedom and autonomy in our colleges and universities? What will happen to academic standards? What will happen to the distinction between public and private institutions?

These are questions which lie just over the horizon for both the federal government and higher education. It seems extraordinary to me that they are re-