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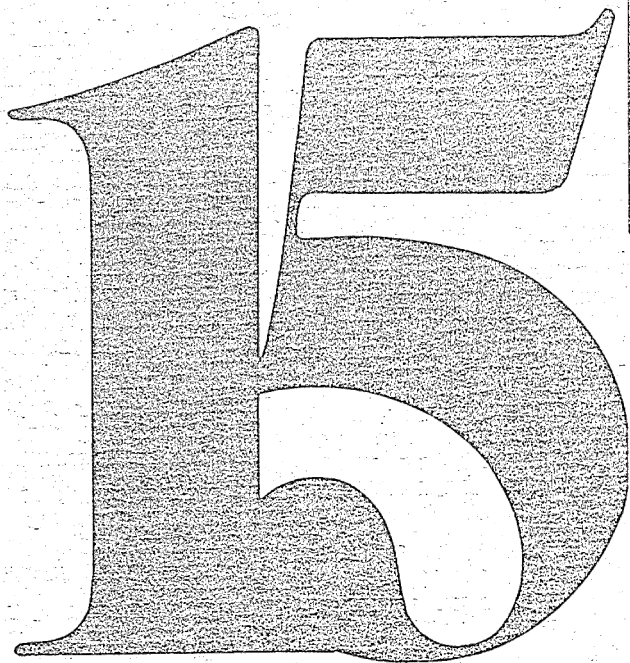
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the university

Civil Rights Speakers

Reservations for a University of Notre Dame dinner featuring Governor Jerry Apodaca of New Mexico on April 17 are being accepted by officials of the Center for Civil Rights. The dinner is a highlight of the second annual conference to be held in conjunction with the University's Civil Rights Lecture. Rev. Jesse L. Jackson will deliver the 1975 lecture at 8 p.m. on April 16 and will speak again at a noon luncheon April 17. (See NDR 12, p. 264.)

Apodaca will discuss the role of state and local government in ensuring economic security to all citizens by providing equal educational opportunities. His talk after the 8 p.m. banquet in the Monogram Room of the Athletic and Convocation Center will be part of the "Right to Quality Education" section of the three-day conference attended by authorities in the fields of health care, full employment and welfare reform. Other speakers in the Center for Continuing Education session on urban education earlier in the day will include Jose A. Cardenas, director of the Intercultural Development Research Association, San Antonio, Texas; James S. Coleman, University of Chicago sociologist and author of "The Coleman Report"; Velma M. Hill, assistant to the president of the United Federation of Teachers, and Barbara A. Sizemore, District of Columbia superintendent of schools.

Speakers on the "Right to Health" topic from 9 a.m. to noon April 17 will be Martha W. Griffiths of Michigan, retired U.S. Representative; Dr. John L. S. Holloman, president of New York City Health and Hospitals Corp.; Dr. E. Peter Isacson, head of the department of preventive medicine at the University of Iowa, and Dr. Howard N. Newman, president of the Dartmouth-Hitchcock Medical Center.

Speakers at the "Right to Meaningful Employment" session April 18 will be Richard Freeman, Harvard economics professor; William Lucy, international secretary-treasurer of the American Federation of State, County and Municipal Employees; Marcus G. Raskin, director of the Institute for Policy Studies,

and Lester C. Thurow, MIT professor of economics and management. Welfare reform or "Right to an Adequate Income" speakers the same day will be James R. Dumpson, New York City commissioner of Human Resources Administration; Nathan Glazer, Harvard professor of education and social structure; Frances Fox Piven, Boston University professor of political science, and Alice M. Rivlin, senior fellow of the Brookings Institution.

Registration for all sessions should be addressed to the Center for Continuing Education, Box W, Notre Dame, Ind. 46556. Notre Dame faculty and students will be admitted without charge to all the lectures except those presented at luncheons or dinners. At these lectures, there will be a fee to cover the cost of the meal.

Commemoration of Francesco Petrarca

The sixth centenary of the death of Italy's famed poet and humanist, Francesco Petrarca, will be commemorated April 14 by the University of Notre Dame's Committee on the Humanities in cooperation with the College of Arts and Letters and the Student Academic Commission. Sessions in the University Art Gallery in O'Shaughnessy Hall will be open to the public.

A highlight of the day will be a discussion at 8 p.m. of "Structural Analysis and the Rime of Petrarca" by Dr. Fredi Chiapelli, director of the Center for Medieval and Renaissance Studies at the University of California at Los Angeles, and a response by Dr. Paolo Cherchi of the University of Chicago's Department of Romance Languages.

William G. Storey, associate professor of theology at Notre Dame, will direct the opening program of the day at 1:15 p.m., the divine liturgy of thanksgiving, "Pro Viris Illustribus." This will be followed at 2 p.m. by a discussion, "The Ideal of Christian Humanism in Petrarca," by A. Robert Caponigri, chairman of the sponsoring committee and professor of philosophy, and a talk, "Petrarca and Cellini: Types of Renaissance Autobiography," by Dino Cervigni, instructor in modern and classical languages.

Prof. Emeritus Thomas G. Bergin of Yale University, Italianist and Renaissance scholar, has prepared translations for a 5 p.m. session where poems, read in Italian by Prof. Paul F. Bosco of Notre Dame and in English by students selected by the Student Academic Commission, will be accompanied by music directed by William Cerny and members of the Department of Music.

Collegiate Jazz Festival

The Seventeenth Annual Collegiate Jazz Festival will be held April 11 and 12 in Notre Dame's Stepan Center. Judges will convene for informal symposia on April 10 and 11 and the opening music session is Friday night, April 11.

Approximately eight to ten big bands and combos will compete before the judge's panel on Friday. The remaining music sessions will be on Saturday afternoon and night. The festival closes with a "jam session" by the judges on Saturday night.

The panel of judges for the 1975 festival includes Dan Morgenstern, former editor of Downbeat magazine; noted author and critic Willis Conover; radio announcer and critic Jack DeJohnette; former drummer with Miles Davis, Chuck Rainey; bass player with Roberta Flack and Gato Barbieri, Cecil Bridgewater; Bridgewater's wife, Dee Dee, trumpet player with the Thad Jones/Mel Lewis Band and a former CJF participant; singer and composer, Sonny Rollins who is regarded by some as the premier tenor sax player; and Hubert Laws, noted flute player and composer.

Richard Abrahms, Chicago pianist, will also be present for Saturday night's jam session.

The Notre Dame festival is the oldest of its type in the country and is attended by bands from all over the nation. Tickets (\$3 for Friday night, \$2 for Saturday afternoon, \$4 for Saturday night and \$6 for an all-session ticket) are being sold on campus through the Student Union ticket office.

Art Gallery Exhibits

The annual Student Exhibition opens in the Art Gallery with a reception from 2 to 4:30 p.m., April 13. During the six-week show which runs through May 25, the works of Notre Dame art students will be displayed in the West Gallery. "For Laymen Only," the exhibition now in Galleries 1-4, will also continue until May 25. This show, designed with the layman in mind, was created by students and faculty of the Notre Dame Art Department to visually answer questions of technique, use of media, multiple images and conservation of works of art. A grand opening and reception on April 13 will mark its official presentation to the community.

Seminars for Businessmen

Two seminars for persons interested in small business and executive decision making will be conducted at Notre Dame during the spring. Both are sponsored by the College of Business Administration; the Small Business Administration and South Bend-Mishawaka Chamber of Commerce in cooperation with the Center for Continuing Education. The Small Business Program began March 31 and continues Monday evenings through May 5. Conducted by Notre Dame staff members, it is designed to improve the capabilities and profits of those engaged in a small business. Concentration is on reducing taxes, establishing profitable credit rules, effectively handling customers, financing businesses, advertising campaigns, avoiding failure in business and merchandising.

The Decision Making series begins April 16 and continues for four Wednesday evenings through May 7. The program is designed to teach executives practical and usable theories for decision making in the areas of marketing, finance and accounting.

faculty notes

Non-university appointments

Rev. Carl F. Ebey, C.S.C., assistant director of internal auditing has been named to succeed Emerit E. "Mike" Moore who retired March 20 after 24 years as director of student accounts.

Rev. James L. Riehle, C.S.C., former assistant to the dean of students and rector of Pangborn Hall; has been named director of the Notre Dame Energy Conservation Committee.

University appointments

J.T. Banchemo, chairman and professor of chemical engineering, has been appointed a charter member of the Chemical Abstracts Service Editorial Advisory Board. The new board consists of 14 chemical and chemical engineering experts from the academic, government, and industrial communities.

Vincent P. DeSantis, professor of history, has been invited to serve on the editorial board of the newly established Library Journal of the Rutherford B. Hayes Library.

Rev. Theodore M. Hesburgh, C.S.C., president of the University, has been appointed to the University of Jordan's board of trustees.

Rev. Oliver F. Williams, C.S.C., assistant professor of theology, has been named to the Committee on the Academic Study of Religion of the College Theology Society.

Miscellany

Hafiz Atassi, associate professor of aerospace and mechanical engineering, presented a lecture on March 12 at the annual Air Force Gas Turbine Fluid Mechanics Meeting in Dallas, Texas, entitled "Unsteady Aerodynamics of Turbomachine Blades."

Robert Betchov, professor of aerospace and mechanical engineering, presented an invited lecture to the Fort Wayne, Indiana, Chapter of the American Society of Mechanical Engineers, on March 13 entitled, "Impressions of an American Scientist from an Exchange Visit in the USSR."

Raymond M. Brach, associate professor of aerospace and mechanical engineering, delivered a lecture entitled "Sound, Hearing and Architectural Acoustics" at the Notre Dame Department of Physics seminar March 19.

James M. Daschbach, professor of aerospace and mechanical engineering, presented a paper on March 21 entitled "Production Systems Analysis - Innovation Teaching," at the American Institute of Decision Sciences in Las Vegas. This paper was co-authored with Thomas J. Cullinane, assistant professor of aerospace and mechanical engineering.

Msgr. John J. Egan, associate professional specialist in theology and director of the Center for Pastoral and Social Ministry, spoke April 20 at a joint breakfast of the St. Vincent de Paul Society and Ladies of Charity, sponsored by Catholic Charities of the Archdiocese of Washington, D.C. His topic was "Parish Outreach Programs." Msgr. Egan will be the keynote speaker for Social Awareness Day, April 26 at the IBVM Community in Western Springs, Illinois, speaking on "The Spirituality of Social Justice" and will deliver the keynote address at the Lafayette, Indiana, Diocesan Assembly in Kokomo on April 27. His topic will be "Reconciliation of Authentic Current Church Teaching with Individual and Collective Conscience."

Elisabeth Schüssler Fiorenza, assistant professor of theology, delivered a lecture, "The New Testament in Contemporary Ethics," at Yale University on March 2 as part of the Ethics Symposium of the Yale, Harvard, and Union Theological Seminary-Columbia University Ethics Colloquia.

Astrik L. Gabriel, director of the University's Mediaeval Institute, will receive the George Washington Medal of the American Hungarian Studies Foundation at ceremonies May 20 in the New Brunswick, N.J., headquarters of the foundation.

Waldemar M. Goulet, assistant professor of finance, presented a paper entitled "Analysis of Volume Changes: OTC to Amex Listing Experiences: 1971-74" on March 8 at the Southwestern Finance Association's annual meeting in Houston, Texas.

Lloyd H. Ketchum, Jr., assistant professor of civil engineering, chaired an employer-student round table discussion at the 67th Annual Meeting of the Indiana Section American Water Works Association in Indianapolis on February 20. He also served as moderator in the Indiana Health Careers Workshop, "The Pollution Solution," and spoke on the topic, "Environmental Health Service/Engineering" at Butler University in Indianapolis on Feb. 25.

Kenneth W. Milani and James L. Wittenbach, assistant professors of accountancy, appeared on several area television talk shows during February and March to explain the Notre Dame Tax Assistance Program, a network of free tax clinics for area indigents, directed by the two professors and carried out by student volunteers from the College of Business Administration and the Law School. The television appearances were: Homemaker's Show, WSBT, Feb. 3; AM Michiana, WSJV, Feb. 24; Midday, WMSH, March 14 and Afternoon Show, WSBT, March 19.

Albert E. Miller, associate professor of metallurgy, spoke before the Welding Research Council in New York City on March 13 on the subject, "Advances in Abrasive Wear Testing." On March 17, he delivered a talk entitled, "Wear - What is it?" to the Bendix Management Club at the Bendix Corporation in South Bend.

Walter Niczgorski, associate professor in the General Program, has accepted a 1975 summer appointment as a visiting faculty member at the Graduate Institute in Liberal Education at St. John's College (Santa Fe campus). He will be directing a preceptorial on James Madison's Notes on the Federal Convention of 1787 and co-directing a Great Books seminar.

Daniel J. Pasto, professor of chemistry, has received a NATO Senior Fellowship for the period June 10 - Aug. 10 for study at the University of Munich, Germany.

John F. Santos, professor of psychology, will deliver the keynote address at a Symposium on Aging and Visual Impairment in Albuquerque, New Mexico, on May 8. His topic is "The Lack of Rehabilitation Emphasis in Programs for the Elderly: A National Problem." This will be the third in a series of presentations by Santos on problems of aging for the University of New Mexico and the Area Agency on Aging. In January, he addressed the Health Sciences Council of the University of New Mexico Medical School on "The Role of the College of Medicine in Developing Programs for the Elderly." In February, he discussed "A Comprehensive Plan for the Organization and Development of Programs for Elderly New Mexicans" at the Interuniversity Faculty-Commission on Aging Symposium, sponsored by the Institute of Gerontology at the University of New Mexico.

Thomas J. Schlereth, assistant professor of American Studies, delivered a lecture entitled "If Christ Came to Chicago: W.T. Stead's Populist Philipic and Midwest Utopia of 1894," at the Annual Meeting of the American Studies Association of Wisconsin and Northern Illinois at Loyola University of Chicago, March 22.

Rev. Oliver F. Williams, C.S.C., assistant professor of theology, presented a paper and led a discussion on "Theology For Ministry" at the National Catholic Educational Association Convention in Atlantic City, New Jersey, on April 1.

Necrology

Andrew J. Boyle, former Notre Dame chemistry professor and assistant dean of the College of Science, died March 18 in St. Joseph's Hospital. A Notre Dame graduate, he began teaching at the University in 1932 and retired in 1972.

office of advanced studies

Information Circulars

National Institutes of Health
Fellowships and Training Grants

No. FY75-72

1. The Individual Postdoctoral Research Fellowship program, authorized under the National Research Service Act, is once again open to application with a May 1 date for the receipt of applications. Awards will be announced in November 1975, subject to the availability of appropriate funding under the Public Law 93-348.
2. The Institutional Research Fellowship program (training grants), also authorized under the NRS Act, will not have a spring competition. When the program is again open to application it will be announced through the NIH Guide for Grants and Contracts.
3. The Research Career Development program is also open to application. May 1 is the receipt date for applications with awards to be announced by December 1975.
4. The Animal Resources Branch, Division of Research Resources, is participating for the first time in the Research Career Development program. Awards will be for individuals with a demonstrated potential to do animal resource-related research who required additional training and experience in a productive scientific environment in preparation for careers in independent research. Specific questions regarding an application in animal resources should be addressed to Dr. Charles McPherson, Animal Resources Branch, Division of Research Resources, National Institutes of Health, Bethesda, Maryland 20014.
5. The National Library of Medicine is accepting applications for training grant program in computer technology. June 1 is the date for receipt of applications and further details may be obtained from the Division of Biomedical Information Support, Extramural Program, National Library of Medicine, 8600 Rockville Pike, Bethesda, Maryland 20014.

National Science Foundation
Research on Productivity Measurement
Systems for Administrative Services

No. FY75-73

The Division of Advanced Productivity Research and Technology of the Research Applications Directorate, National Science Foundation, intends to provide up to \$1,600,000 for the purpose of supporting basic, exploratory, and applied research to create a basis for the design and implementation of productivity measurement systems for administrative services. Research proposals should be addressed to one of eight distinct administrative service areas in the public, private, and non-profit sectors: Accounting and Auditing Services; Budget and Management Analysis; Purchasing Management; Distribution, Sales and Marketing Management; Public Information Programs; Personnel Administration and Training; Inspection and Quality Control; Computing and Information Services. A number of 12-18 month awards requiring 1-5 equivalent person-years of effort each will be made under this program.

Proposals should provide for creating a utilization plan for the results of the research. The potential audience for the results should be identified in the plan and where the state-of-the-art warrants, a prototype guidebook, suitable for informing a broad spectrum of managers on the design and use of the productivity measurement system, may be proposed.

Proposals must be received by April 22, 1975 for consideration for award in FY75. Proposals received after that date and prior to November 11, 1975 may be considered for funding in fiscal year 1976; if funds permit.

For further information, contact the Office of Research and Sponsored Programs, Extension 7378.

North Atlantic Treaty Organization
Fellowship Programme, 1975
Public Policy in Relation to Natural
and Social Environment

No. FY75-74

Purpose

To stimulate serious study of public policy in relation to natural and social environment.

Requirements

Fellowships are available, through open competition, to any national or permanent resident of NATO member countries. Applicants must hold a degree equivalent to the first degree offered at the university level.

Priority Areas for the 1975 Competition Include:

- *Environmental impacts related to energy
- *Solid waste disposal and recycling
- *Advanced programmes for the care and well-being of older citizens
- *Selected aspects of noise pollution

Terms of Award

Grants shall be offered for six, and not more than twelve months. Amount will not normally exceed a total sum of F.B. 220,000 payable in the currency of the member countries as required.

Deadline

Deadline of applications is April 30, 1975. Complete application forms will be sent on request. Awards will be announced in late June 1975.

Write to:

National Science Foundation
Division of Higher Education in Science
Washington, D.C. 20550

For further information contact the Office of Research and Sponsored Programs, Extension 7378.

National Endowment for the Arts
Music Programs: Fellowship-Grants
to Composer/Librettists

No. FY75-75

In fiscal year 1976 (July 1, 1975 - June 30, 1976) the National Endowment for the Arts plans to award grants to assist composers and librettists. The purpose of this program in support of individuals is to encourage:

- 1) The creation of new compositions or the completion of works in progress;

- 2) The creation of new librettos or the completion of librettos in progress;
- 3) The professional development of the composer or librettist.

The National Endowment for the Arts limits its fellowship programs to the awarding of grants to individuals of exceptional talent. Eligibility is further limited to individuals who can give evidence of the successful completion of the necessary foundations in training.

This program funds the individual musician or librettist and does not fund production costs or fees of other persons associated with production elements such as lighting design, choreography, costuming, scenic design or non-musical graphic representation. Although the Endowment seeks information regarding plans for recording, it should be noted that, at the current time, it is not the policy of the Endowment to support recording costs. This program is for active composers and librettists; support is not intended to provide assistance to develop or complete master's degree theses or doctoral dissertations. The Music Program of the Endowment does not fund creative endeavor associated with the fields of music generally known as "rock" and "popular" in recognition of their commercial viability. Applications will be returned to the applicant if the individual does not meet the eligibility criteria or the proposed project does not fall within the scope of these guidelines. If, however, a valid application has been submitted in the wrong category, the Endowment may change that application to the correct category and will notify the applicant of such action. No request exceeding the stated maximums within each category will be considered. The applicant may submit application in one category only. It is preferred that, for larger idioms, only one new work be included in the project description for applicants. Generally, fellowship-grants will not be awarded to the same individual in consecutive years.

The deadline for postmark of applications is May 15, 1975. Copies of the guideline and application forms are available in the Office of Research and Sponsored Programs.

A Directory of Public Service Internships
Opportunities for the Graduate,
Post-Graduate and Mid-Career Professional

No. FY75-76

This directory is designed for individuals seeking public service internship programs that meet their educational and career development needs.

The first category includes internship programs which are designed to serve the professional practitioner who interrupts his or her career for an internship/fellowship experience. These programs are labeled early-career, mid-career, leadership, executive development, post-doctoral or faculty fellowship and research programs.

The second category encompasses internship programs essentially pre-professional in nature, designed for the individual perhaps as part of a formal graduate program or immediately following graduate work.

For further information, contact the Office of Research and Sponsored Programs, Extension 7378.

Current Publications And Other Scholarly Works

ARTS AND LETTERS HUMANISTIC AND SOCIAL STUDIES

English

- Kline, Edward A.
E.A. Kline. 1975. Computational stylistics. Pages 11-17 in, Proceedings of the Second Indiana University Computer Network Conference on Instructional Computer Applications.

History

- DeSantis, Vincent P.
V.P. DeSantis. 1975. Review of Nordin D. Sven, Rich Harvest: A History of the Grange, 1867-1900. History: Review of New Books 3:96-97.
Smelser, Marshall
M. Smelser. 1975. The Babe on balance. American Scholar 44:299-304.

Philosophy

- Evans, Joseph W.
J.W. Evans. 1975. Live as children of light... Notre Dame Observer 9(99):5.
J.W. Evans. 1974. Maritain, Jacques. New Catholic Encyclopedia 16:275-277.

SCIENCE

Chemistry

- Mozumder, Asokendu
*A. Mozumder and M. Tachiya. 1975. Effect of an external electric field on the yield of free ions. IV. Epithermal electron scavenging in neopentane. Journal of Chemical Physics 62(3):979-984.

Scheidt, W. Robert

F.R. Hopf, T.P. O'Brien, W.R. Scheidt, and D.G. Whitten. 1975. Structure and reactivity of ruthenium (II) porphyrin complexes. Photochemical ligand ejection and formation of ruthenium porphyrin dimers. Journal of the American Chemical Society 97(2):277-281.

*Under the Radiation Laboratory

Mathematics

Clay, Robert E.

- R.E. Clay. 1975. Corrections of my paper: A model for Leśniewski's mereology in functions. Notre Dame Journal of Formal Logic 16(2):269-270.

Physics

Chagnon, Paul R.

- J.C. Lawson and P.R. Chagnon. 1975. Gamma-ray transitions in ^{21}Ne . Physical Review C11:643-647.

LAW

Chroust, Anton-Hermann

- A.-H. Chroust. 1974. The philosophy of law of St. Thomas Aquinas: His fundamental ideas and his precursors. American Journal of Jurisprudence 19:1-38.

documentation

Academic Convocation for Conferring of a Degree On President Gerald R. Ford

The citation



At Special Academic Convocation
March 17, 1975
The University of Notre Dame
confers the degree of
Doctor of Laws, honoris causa
on

A man who has come to the presidency of our country in a way in which no other man ever has. He came by appointment, not by election. He came not at a time of national felicity, but as the result of what he himself described as "a national nightmare." He came not at a time which welcomed consolidation -- as had his hero, Dwight David Eisenhower -- but at a time in which rapid change teases our nation's response. He came not at a moment of national unity, but at a moment where distrust had rent our political fabric.

But this is not to say he came to us without a mandate, one far more imperative than the voting margin of his predecessor. Nor is it to say he came to us unprepared. A political descendant of the Midwestern founders of his party, he was schooled twenty-five years in the exacting classroom of the House of Representatives, earning a reputation for the non-partisan virtues of honesty and candor which served him well as minority leader in five Congresses.

His style -- then and now -- is one of simplicity, of directness. Wedded more to principle than to expediency, it is nonetheless a style which listens ... and is open to change. It has eschewed the notion of an imperial presidency by implying that in a democracy, it is understood that common men are called upon to do uncommon things. It is a style which can suffer the scourge of the middle-ground, which can offer a Vietnam clemency program which is destined to satisfy the strict constructionists of neither the Right nor the Left, but still offers and has given a way back from a limbo of alienation to thousands of young people.

His challenges are enormous; we catalogue them on the pages of today's newspaper. Yet all of us wish him well as he continues a quest, one for which his background suits him and one which is more important than any one issue. The man we honor today wonders, necessarily aloud, "Can politics be a healing art?" And we hope with him. On

Gerald R. Ford
Grand Rapids, Michigan
and
Washington, District of Columbia

Father Hesburgh's opening remarks

Mr. President, Dr. Ford; Governor and Mrs. Bowen; Senators Hartke and Bayh; Congressman Brademas; distinguished colleagues from 30 universities and colleges in the states of Indiana and Ohio; Your Excellency; distinguished faculty and trustees of Notre Dame and Saint Mary's, and the greatest student body on earth -- happy St. Patrick's Day and all blessings. Mr. President, on behalf of all of these people, we welcome you to Notre Dame, and we welcome you as an honored member of this Notre Dame family.

My dear friends, this occasion is perhaps more historic than most of you think. Let me say why. In the year 1836, an Indian chief from the Potawatomi tribe, centered here at the place which is now called Notre Dame, traveled all the way to Detroit, Michigan, and there he sought out a Father Badin who was visiting with a Père Richard who happened to be the cofounder of our guest's alma mater, the University of Michigan, and also the first Catholic priest to serve in the Congress of the United States from Michigan, as did for so many years our distinguished honoree this morning. He asked Father Badin if he would come to this spot a few hundred miles away and found a school for the Potawatomies. He came, he founded the school, and a few years later to our national disgrace the Potawatomi Indians were driven all the way to the Osage territory of Oklahoma, and the school died and the place remained empty. Father Badin bought most of this land at auction, several hundred acres, and he deeded it to whoever would come here and found a university. In 1842 Father Sorin arrived amid the bad weather of November on the Feast of St. Andrew, and with one little log cabin and a few hundred dollars in his pocket, he called this place Université de Notre Dame du Lac -- and that my friends is faith.

May I jump from that past to this future. For the past 10 years no President of the United States -- not President Johnson, not President Nixon -- set foot on a first-rate university campus. I would have to say to their credit that it wasn't entirely their fault. Universities are troublesome places because they are filled with people who think otherwise. But they are also places where people think day and night about the values that could characterize and give honor and vision to our nation. This place is peopled by those who desire one thing -- the good life, the life of the mind, the life of the spirit and honor and valor. It's a sad thing when there is a gulf between the government of the country and academia, its universities and colleges. And I think it is to his eternal credit that our guest this morning -- our honoree, our President -- has thrown a bridge across that gulf, not only thrown a bridge across, but has walked across that bridge to us. We honor him for that act and for the healing of this rift between the universities and colleges and our government, between the religious groups in our country and government, between so many people who felt alienated and have come to see that under this man and his healing power we can again be one nation under God, with liberty and justice for all.

The last time I spoke from this podium to many of you I told you that on behalf of hundreds of millions of Protestants and Jews and Catholics I had requested our President to add to the food going to the poor of the world two million tons. Shortly after that, our President in late January did allocate two million tons, and he not only made that decision so that food could move out immediately, but he also added two million tons to the budget for next year to take care of any future crisis.

One last point mentioned in the citation attracted a few hoots and hollers, which is understandable to me because I'm used to them by now and have scars to prove it. This point concerned an action he took shortly after coming into office, something I believe his predecessor would never have done. What he did was open up a clemency program. People say it's not a very good program, and I say, "Compared to what?" There was a program after World War II called President Truman's clemency program. They looked at 15,000 people, and granted less than 10 per cent clemency, 1,300. This program has already granted clemency to three times that number, and we have more than 12,000 waiting yet to be seen. Of those who have come before the program, more than 95 per cent have been granted clemency, and I say that's a good program.

I want to say for all of us, Mr. President, that we're delighted that you've graced this St. Patrick's Day by coming to our midst. I know you have something important to say to us, and I know that one does not introduce the President of the United States except to say, "the President of the United States."

The text of President Ford's address

Father Hesburgh, Governor Bowen, my former good friends and colleagues in the Congress, Senator Birch Bayh, and Senator Hartke, Congressman John Brademas, distinguished public officials, honored faculty, members of the student body and distinguished guests -- and I add our new attorney general:

It is really a great privilege and a very high honor for me to have the opportunity of being in South Bend on the University of Notre Dame campus, but I am especially grateful for the honor that has been accorded me this morning. I really cannot express adequately my gratitude being made a member of the Notre Dame family. I thank you very much.

I would be most remiss if I did not also express as strongly and as sincerely as I can the gratitude that all of us have in the government for the contributions that have been made, not only in the program described by Father Hesburgh, but by his many other contributions. I say to you, Father Hesburgh, thank you from the bottom of our hearts.

This has been a most exciting morning. As we were getting off the plane at the county airport, a rather amazing thing happened. Somebody asked me, "How do you get to the campus of the University of Notre Dame?" What made it so amazing -- it was Father Hesburgh. (Laughter)

I especially want to thank Father Hesburgh for all he has done to make me and my party most welcome here today, and particularly for granting amnesty to the classes this morning.

It is also a rare opportunity for me to be at Notre Dame, the home of the Fighting Irish, on, of all days, St. Patrick's Day. I tried to dress appropriately and honestly, I have a green tie on. Let's face it, this is one day we can all be part of the greening of America.

As your next door neighbor from Michigan, I have always been impressed by the outstanding record of the students of the University of Notre Dame. You have always been leaders in academic achievement, in social concerns, in sports prowess, and now, once again, you are blazing new paths in the developments of new concepts in mass transportation.

Some communities have the mono-rail, some have the subway, Notre Dame has the quickie. (Laughter)

The Fighting Irish of Notre Dame have become a symbol of tenacity and determination of the American people.

But Notre Dame believes not only in might on the football field or on the basketball court, but in a spiritual response to humanity's struggles for a decent life.

I have been told many of you chose to go without a normal meal, eating only a bowl of rice to save money to help feed the world's hungry. It is heartwarming to know that students are concerned about others abroad at a time when many here at home are finding it difficult to afford an education or to get a job.

Although life is hard for many Americans, I am proud that we continue to share it with others. And that, in my opinion, is the measure of genuine compassion, and I congratulate you.

I am especially proud to be on a campus that looks up to God and out to humanity at a time when some are tempted to turn inward, and turn away from the problems of the world. Notre Dame's great spokesman, Father Hesburgh, is known in Washington as a non-conformist. I must admit that I do not share all of the Father's views, but he is following one non-conformist viewpoint to which I fully subscribe, and I quote, "Be not conformed to this world, but be ye transformed by the renewing of your mind, that ye may prove what is that good, and acceptable, and perfect, will of God."

To conform to apathy and pessimism is to drop out and to cop out. In that sense, I fully reject conformity. In that sense, I am a non-conformist who continues to be proud of America's partnership with other nations and who makes no apology for the United States of America.

America's goodness and America's greatness speak for themselves. I believe in this nation and in our capacity to resolve our difficulties at home without turning our back on the rest of the world.

Let me share a personal experience. I was elected to the Congress in the aftermath of World War II. A non-partisan foreign policy was emerging at that time. America realized that politics must stop at the water's edge. Our fate was linked to the well-being of other free nations. We became the first nation to provide others with economic assistance as a national policy. Foreign aid was an American invention or an American project of which we can be justifiably proud.

Today, as I look back, I am grateful for the opportunity to serve in our government during the third quarter of the 20th century. The past 25 years, while not perfect, were incomparably better for humanity than either of the two previous quarters of this century. There was no world war nor global depression. Major nations achieved detente. Many new nations obtained independence. There has been an explosion of hope, freedom and human progress at home as well as abroad.

America's role, considered in fair context, was a catalyst for change, for growth, and for betterment.

The Marshall Plan, unprecedented in world history, restored a war-ravaged Europe. Even earlier, United States relief and rehabilitation activities during World War II and assistance to Greece and Turkey after the war had provided precedents and experience in America's overseas assistance.

In the same year that I came to Congress, 1949, President Truman advanced Point IV, an innovative and remarkable concept providing technical assistance to developing nations. It brought new American ideas and technology to people hitherto unable to benefit from advances in health, agriculture and education.

The Food for Peace Act, designed to use America's agricultural abundance to assist others, was a product of the Eisenhower Administration. In the late 1950's, we created the development loan program to help others help themselves. In 1961, the Congress established the Agency for International Development to consolidate and to administer the various activities and agencies. They were carrying out the will of the Congress and the President at that time.

Programs to help people in the developing countries are an expression of America's great compassion and we should be proud of them. But such aid is also part of the continuing effort to achieve an enduring structure of world peace. It is no longer a question of just the Third World. I am deeply concerned about the problems of the fourth world, the very poorest world where from 400 million to 800 million people suffer from malnutrition; where average per capita income is under \$275 per year; where life expectancy is 20 years less than in the developing countries; where more than 40 percent of the children will never reach the age of five; where more than half of the population has never been to school.

Despite these problems, the economies of the developing countries have grown at an encouraging rate in the past ten years, thanks in part, I think substantial part, to American assistance. Manufacturing output increased 100 per cent. Food production rose by over one-third. Enrollment in elementary schools doubled. Enrollment in secondary schools and colleges quadrupled.

But population growth and increased demand collided with inflation and energy shortages. Gains in many, many instances have been wiped out. At the very time when our policy seeks to build peace with nations of different philosophies, there remains too much violence and too much threat to peace.

The Congress defined the role of foreign aid this way, and I quote from the legislation itself: "The freedom, security and prosperity of the United States are best sustained in a community of free, secure and prospering nations. Ignorance, want and despair, breed the extremism and violence which lead to aggression and subversion."

Those words, written by the Congress, I think are so accurate. If nations are to develop within this definition, they must be able to defend themselves. They must have assurances that America can be counted on to provide the means of security, their own security, as well as the means of sustenance.

People with affirmative vision of the future will not resort to violence. While we pursue a peaceful world in which there is unity and diversity, we must continue to support security against aggression and subversion. To do otherwise, in my judgment, would invite greater violence.

The United States, in this day and age, cannot avoid partnership with nations trying to improve the kind of world the children of today will face tomorrow. Recent events have demonstrated the total interdependence of all people who live on this planet.

The 1973 war in the Middle East showed that war confined to a limited region nevertheless has an economic impact, not only in South Bend, but in every corner of the world.

Developing and developed countries are all part of a single interdependent economic system. This audience, I am told -- and this student body includes many students from over 60 foreign countries, and I congratulate you, Father Hesburgh -- let this demonstrate to all Americans that other people place a high valuation on what America has to offer. Let it demonstrate that the University of Notre Dame rejects what some call the new isolationism.

Let me share with you a specific problem that Father Hesburgh mentioned in his introduction. When the World Food Conference met in Rome in the fall of 1974, I -- as the newly chosen President -- was faced with a very perplexing problem.

Food prices in America were over one-fifth higher than in the previous year. Food reserves, as reported by the Department of Agriculture, were dwindling. The corn crop and other commodities were disappointing in 1974. There were concerns about hunger among our own people.

Against this background, I was presented with several alternative estimates on how much we should spend for food for peace for those in other lands.

At the Rome conference, American spokesmen pledged that we would try our utmost to increase our food contribution, despite our own crop problems. As crop reports improved, I designated -- as was mentioned by Father Hesburgh -- a sum even higher than the highest option recommended to me at the time of the conference.

A factor in my own decision was your fine President, Father Hesburgh, and you should be thankful that you have a person who has such broad interests as he, as the President of your University.

A factor also in my judgment was that the program provided, and properly so, a reminder of America's moral commitment. Food for peace was increased from about \$980 million to \$1.6 billion. This will provide about 5.5 million tons of commodities, up from 3.3 million tons last year.

Most of the commodities will be wheat and rice, but also desperately required and also increased are blended foods used in nutritional programs for mothers and for infants.

The United States, fortunately, is no longer the only country aiding others, but we continue to lead -- and we will -- in providing food assistance. In 20 years of food for peace, we shipped over 245 million tons of wheat, rice and other grains, valued at roughly \$23 billion.

Every American should be proud of that record. It is an illustration of the humane feeling and the generosity of the American people.

While food helps, only by technical assistance can emerging nations meet their needs. It has been often said, but I think it is appropriate at this time, that if a hungry man is given a fish, he can eat for one day, but if he is taught to fish, he can eat every day.

The greatest opportunity lies in expanding production in areas where production will be consumed. The world is farming only about one-half of the potential crop lands, yet there are insufficient farmer incentives in many countries, shortages of fertilizer, high fuel costs and inadequate storage and distribution systems.

The answers to the world food problem are to be found in interdependence. We can and will help other nations, but simplistic paternalism may do more harm than good. Our help must take the form of helping every nation to help itself, and we will.

I am particularly concerned about the problem of fair distribution. America believes in equality of opportunity. This nation provides a showcase of change in providing better nutrition, education, health, to more and more people, including those who can least afford it.

Some nations have made excellent use of our assistance to develop their own capacities. Other governments are still struggling with the issue of equality of opportunity and fair distribution of life necessities.

Good world citizenship requires more than moralizing about the role others should take. It requires each nation to put its own house in order. Good American citizenship requires more than moralizations about what is wrong with the United States.

It requires personal involvement and action to bring about change. It requires voting and organizing and challenging and changing with the flexible and dynamic American political process.

Our system, by any standard, works, and will work better, and you can be a part of it.

The developing nations of the world are increasingly successful in bringing prosperity to larger numbers of their own people. In fact, the assistance we have provided these nations is not just a one-way street.

Thirty percent of U.S. exports are purchased by these developing nations, thereby obviously contributing to a better life for their people and jobs for ours. In cases where countries have the means, let them join in sharing with us, as they should.

Some have helped; others have not. We lead the way, and we will not shirk from future burdens, but all nations must cooperate in developing the world's resources.

We extend the hand of partnership and friendship to make a better world.

Another challenge facing the developing nations, as well as other nations, is to realize the need for peaceful accommodation with neighbors. An interdependent world cannot solve disputes by threat or by force.

People now and in the future depend on each other more than they sometimes realize. For example, we in America import between 50 and 100 percent of such essential minerals as cobalt, bauxite, nickel, manganese and others.

The challenge, as I see it, is for America and all other nations to take responsibility for themselves while building cooperation with each other.

The challenge is also the preservation of the freedom and dignity of the human individual throughout the world. Just as the world's nations can no longer go it alone, neither can the American people.

Woodrow Wilson said that "What we should seek to impart in our colleges is not so much learning itself as the spirit of learning."

Great universities that pursue truth face the challenge that confronts the entire American people. It is whether we will learn nothing from the past and return to the introversion of the 1930's, to the dangerous notion that our fate is unrelated to the fate of others.

I am convinced that Americans, however tempted to resign from the world, know deep in their heart that it cannot be done. The spirit of learning is too deeply ingrained. We know that wherever the bell tolls for freedom, it tolls for us.

The American people have responded by supplying help to needy nations. Programs, both government and the volunteer agencies, could not have been, and cannot be, reenacted without popular support. CARE and Catholic Relief Services, pioneers in Food for Peace programs, are feeding over 28 million people around the world right today. Protestant, Jewish and other groups are similarly involved at universities throughout the nation.

Researchers seek answers to world problems. Right here in Indiana, Purdue University scientists have made discoveries in high protein aspects of sorghum, a basic food of more than 300 million people in Asia and in Africa.

Not only the scientists at Purdue, but people throughout America, realize that no structure of world peace can endure unless the poverty question is answered. There is no safety for any nation in a hungry, ill-educated and desperate world.

In a time of recession, inflation, and unemployment at home, it is argued that we can no longer afford foreign assistance. In my judgment, there are two basic arguments to the contrary.

First, foreign aid is a part of the price we must pay to achieve the kind of a world in which we want to live. Let's be frank about it. Foreign aid bolsters our diplomatic efforts for peace and for security. But secondly, and perhaps just as importantly, even with a recession, we remain the world's most affluent country and the sharing of our resources today is the right, the humane and the decent thing to do. And we will.

But just as we seek to build bridges to other nations, we must unite at home. This administration wants better communication with the academic world and I express again my appreciation for the warmth of this reception.

But this communication must not just be a search for new technology, but for the human and spiritual qualities that enrich American life. In the future, fewer people must produce more. We must, therefore, unleash intellectual capacities to anticipate and solve our problems.

The academic world must join in the revival of fundamental American values. Let us build a new sense of pride in being an American.

Yes, you can make America what you want it to be. Think about that for just a moment, if you would. Is it really true? Yes, in my judgment, it is.

But there is a catch to it. You will never see it come true. Perhaps your children or your grandchildren will. What you can do is move America slowly, but surely, along the right direction.

Admittedly, today's America is far from perfect, but it is much closer to the America that my class of 1935 wanted than it was when I left the University of Michigan.

Today's America is a far better place than it was 40 years ago when the lingering shadows of worldwide depression were being blotted out by the darker clouds of worldwide war. My generation did not wholly save the world, obviously. But we did, to a degree, help to move it along in the right direction.

We learned along the way that we are part of one world. The author of that phrase was a Hoosier, the first political candidate about whom I got personally involved enough to volunteer as a campaign worker. His name was Wendell Wilkie.

Wendell Wilkie, of Indiana, was never President, but he was right. He fought for what he believed in against almost impossible odds. In the last presidential campaign before Pearl Harbor, he believed most deeply -- too far ahead of his time, perhaps -- that America must be part of one world. He lost the 1940 election but he helped unite America in support of the truth, which has been our non-partisan national policy since the Second World War, and I say with emphasis, there has been no third world war.

On the contrary, the prospects for long-range peace have slowly, but surely, improved.

Despite setbacks and current international problems, the standards of human life have been lifted almost everywhere. Yet, today, we hear another theme, that the tide of history is running against us, that America's example of American leadership is neither needed nor heeded at the present time; that we should take care of ourselves and let the rest of mankind do likewise; that our domestic difficulties dictate a splendid selfishness that runs counter to all of our religious roots, as well as to all recent experience.

We are counseled to withdraw from one world and go it alone. I have heard that song before. I am here to say I am not going to dance to it. Nor do I believe this generation of young Americans will desert their ideals for a better nation and a better world.

You can and you will help to move America along in the right direction. Hopefully, you can do a better job than the Class of 1935, but while the Classes of 1975 and 1935 are still around, we have much to learn from each other.

We can renew the old American compact of respect for the conviction of others, in faith in the decency of others. We can work to banish war and want wherever they exist. We can exalt the spirit of service and love that St. Patrick exemplified in his day.

I am not alarmed when I hear warnings that the tide of history is running against us. I do not believe it for a minute because I know where the tide of history really is -- on this campus, and thousands and thousands of others in this great country, and wherever young men and women are preparing themselves to serve God and their countries and to build a better world.

You are a part of the tide of this history, and you will make it run strong and true. Of that, I am sure.

Thank you, and the top of the morning to you.

Closing remarks by Father Hesburgh

Mr. President, on behalf of all the people here present I want to thank you for that word of optimism in a sea of pessimism in which we all wallow today. I want to thank you for a vision, because without a vision the people perish, and you above all must give our nation that vision, as you gave it today. I thank you for coming to this place to renew America's commitment of optimistic interest and help for the poorer people of this world. I thank you for saying that peace is the work of justice, and that we will be committed to justice.

While I cannot speak for all the universities and colleges in America, I think I can say from what I know of them that they are behind your vision, that they will follow you to the end of the earth to bring peace with justice. They will work with you with all the intellectual and moral fibre they have, with all their scholarship on the faculty side, with all their idealistic enthusiasm on the student side so that together we who represent nine million people are committed to a better America. The vision which you have given us this morning is one that we are behind solidly, wholeheartedly and generously, and we thank you for giving it to us.

Now we will have the "Alma Mater," and those of you who do not remember the words, they are on the back of the program. Also at this moment I have the necessity of thanking so many people who worked so hard, especially Jim Murphy and Jim Gibbons, and all the Notre Dame people and the people from the White House who literally have been up around the clock for two days preparing for this. I also thank this audience, because when I was asked by the President's assistants if the President would be welcome at Notre Dame, I said, "We welcome people like nobody in this whole world."

When the "Alma Mater" is completed, I ask you to remain in place until the platform party leaves. I must thank also Mayor Miller and Mayor Prickett for the wonderful welcome they provided for the President between the airport and here. It was really heartwarming to see what it means to be President of all the people. We only have one President, Sir, and we cherish you.

And, finally, for our country, our state, our city, our university, for our President, our governor, our mayors, for all of our faculty and students, and for all of us may I conclude my part of this with an Irish prayer, an ancient prayer that begins with now and ends in eternity: "May the road rise to meet you. May the wind be at your back. May the good Lord hold you in the palm of His hand, and at the end may you be in heaven 15 minutes before the devil even knows you are dead."

God bless you all.

Minutes of the Academic Council Meeting March 3, 1975 Report on University Finances

The Academic Council met on March 3, 1975 in the auditorium of the Center for Continuing Education. At this meeting there was but one item of business: Rev. Edmund P. Joyce, C.S.C., executive vice president of the University, presented to the council a report on finances in higher education and on the present financial situation at the University of Notre Dame.

A copy of Father Joyce's report follows these minutes.

Respectfully submitted,

(Rev.) Ferdinand L. Brown, C.S.C.
Secretary to the Academic Council

Attachment

Report of the Executive Vice President on University Finances

The purpose of this presentation today is twofold: to describe for you some of the present financial complexities in the world of private higher education and hopefully to give you a better understanding of the University of Notre Dame's current financial situation.

The presentation will, I trust, be cogent, candid and reasonably comprehensive. There are no skeletons in the closet. It will also be as objective as I can make it. I shall try to alert you whenever a subjective note creeps in. This will be more likely in the portions concerned with future prognosis.

Each year we publish an annual financial report which bears the seal of approval of our outside auditors, one of the major national accounting firms, Ernst and Ernst. Our final report for the fiscal year ending June 30, 1974 was received from the printer just a few days ago. Copies are being put in the mail this afternoon for each faculty member so you may have your own copy tomorrow.

We have heard it said on more than one occasion that university financial reports are esoteric documents. All salient information is contained therein; but only the initiated can steer themselves through the intricacies of "fund accounting." Even college professors sometimes flounder as we shall have occasion to point out later. The reason for this lies in the fact that a college or university is not a commercial business. It approaches its book-keeping from a different philosophical base. It is a non-profit enterprise. It abhors the concept of net income, which is the lifeblood of the ordinary business enterprise. In the course of my discussion today I hope I can dissipate some of the confusion which seems to plague those who are inexperienced in university finance.

Some educators give an outline of what they are going to say, then they say it, then they summarize what they have said. I shall try not to be repetitive but I would like to tell you what I have in mind covering today. The central core of the presentation and the one of most immediate interest to you will be that dealing with the current financial health of the University. To help you understand this adequately I shall first give a relatively brief summary of Notre Dame's financial history since 1952--in other words, it will cover the two decades and two years of Father Hesburgh's presidency. The final part of the presentation will touch upon the outlook for the future and I will conclude with my recommendations for coping with the problems we face.

I begin now with what might be termed a preface. Hopefully it will serve the purpose of enlightening you about the financial structure of a private university. While there are many financial similarities between a private and public university, there is also one major difference. The private university, through its own efforts, had to develop its own capital funds and it also must become self-sustaining or it goes out of business. The public university on the other hand, has a benevolent banker constantly at its side to provide its capital needs and to pick up the tab for its annual operating deficits. It is an unusual sort of bank, inasmuch as these advances need never be repaid. I refer, of course, to the state legislature which gives birth to and sustains the public university.

I like to describe the basic financial underpinning of a private university as that of a tripod--where each leg contributes to the financial soundness of the whole enterprise. One leg would be the Endowment leg; another would be the Physical Plant leg and the third would be the Current Operations leg. If any of these limbs atrophy by failing to get the sustenance they need to support the expanding superstructure of the university, the tripod itself becomes shaky and the edifice is threatened.

The limb that is receiving most of the attention (and possible the one needing it most during the decade of the 70's) is that of Current Operations. Under this category come those Current Funds which have to do with the ongoing activities of the University--those needed to pay the salaries, heat the buildings, support the research effort, etc. They derive principally from student fees, auxiliary enterprises, endowment income, gifts and grants. It is important that the income and outgo of current funds be kept substantially in balance.

The necessity of Plant Funds is surely self-evident and I shall not belabor the point here. There may have been a time in the mythical past when education needed only a roughly hewn log with a student at one end and a professor at the other, but no one in American higher education today would recognize the scene. The fact is we do need laboratories and libraries, computers and classrooms, dormitories and dining halls. One may argue whether this particular building or that is absolutely essential, but it has been our experience that we always have a list of legitimate, unfilled plant needs rather than an inventory of unused building space.

What can be said about the necessity of Endowment Funds? Perhaps a purist would prefer us to speak of the importance of Endowment rather than the necessity. He might argue that this is the least essential member of the tripod; that many private colleges and some private universities have existed for years with little or no endowment.

While it is true that Endowment may be third in our hierarchy of needs, we neglect it at our extreme peril. Many colleges, especially those in the Catholic sector, which lacked Endowment portfolios compensated somewhat through the living endowment of contributed services. But there has been a serious decline in such services and the colleges which have fallen by the wayside in recent years have invariably been those which lacked the undergirding of an Endowment Fund. The most prestigious and renowned private schools in the country are also the most heavily endowed. There is an easily demonstrable relationship between academic quality and the size of Endowment.

Leaving academic quality aside for the moment, I am of the opinion that there is apt to be a vital relationship between endowment and survival. Whatever part Endowment played in the past development of private higher education, I am convinced that its role is even more crucial in the years ahead.

Endowment today serves an increasingly critical function. As the unit cost of higher education continues its upward spiral, relatively few American families will be able to afford the actual dollar cost of their children's post-secondary education. At the public universities this cost is generously subsidized; unless the private schools can keep the tuition-al gap between the two systems within reasonable bounds and can provide the equivalent of a government subsidy to their students, the latter will be forced, by economic necessity, to gravitate to the public institutions. There is already a pronounced exodus in this direction. Barring unforeseen windfalls of federal and state aid to private universities, it becomes incumbent upon us to increase our Endowment proportionately to the need of our student body for subsidy. This is a matter of grave priority.

So much for the essential nature of Current Funds, Endowment Funds and Plant Funds. We shall be coming back to each of these again but I merely wish to emphasize now, that in our financial planning, both past and future, and in the disposition of the resources made available to us, we have always had to keep in mind the continued sturdiness of this financial tripod.

I move now from these prefatory remarks to the historical portion of my presentation during which I shall direct your attention to a series of charts.

Chart I depicts the growth from July 1, 1952 to July 30, 1974 in the various funds which constitute the University's net worth. Ninety per cent of the \$156 million increase took place in the Endowment and Plant Funds.

Chart II demonstrates that while some muscle was being developed in the Plant leg and the Endowment leg, there was also a rapid growth in the Current Fund area. The cost of operations doubled from 1952 to 1962 and then more than doubled again from 1962 to 1974. One major factor in the increase was the influx of supported research and scholarships, pri-

marily from federal sources, which reached their apex in fiscal 1971, declined in 1972 and have remained fairly steady for the past three years. It is interesting to note the role played by salaries in the overall cost figures. They remained remarkably steady at around 50 per cent of the total each year.

Chart III selects certain areas of expenditure, showing the increase over the 22 year period and relating the growth in costs to the growth in University personnel and student enrollment.

Chart IV depicts the changes, both in dollars and percentages, which took place in the major sources of operating revenues from 1952 to 1974. It is to be noted that 51.5 per cent of our gross operating revenue in fiscal 1974 came from student fees.

When one looks at the figures we have just seen--the growth of capital assets on the one hand and an increasingly costly operation on the other, we may well ask ourselves: What were the factors that contributed to the extraordinary progress of the 50's and 60's? I suppose the simplest answer is that a great deal of cash became available. It may not have been as much as we would have liked or could have used (higher education has a voracious appetite!) but it was considerably more than had ever been available in the past. Money poured in from many different sources. In America it was an era of growing prosperity. In the eyes of the public, higher education occupied a place of honor. The federal government began supporting research on a gigantic scale. Colleges became the favored recipients of the largesse of the major foundations. I will never forget the almost unbelievable thrill we received on March 6, 1955 when the Ford Foundation announced it was making a cash gift of \$500 million to private higher education. Notre Dame received slightly over $\frac{1}{2}$ of 1 per cent of that total, some \$3 million of which \$1 million was a special bonus given to only a few schools which had shown particular concern about upgrading the level of faculty salaries. Five years later we got an even greater thrill when the Ford Foundation singled out Notre Dame and four other private universities as the first recipients of a remarkable program. We were to receive a Challenge Grant of \$6 million conditional upon our raising \$12 million in gifts within a three year period. Following our success in this fund raising effort, another \$6 million grant was made available in 1963 under identical provisions. We have to be deeply indebted to the Ford Foundation, not only for \$15 million over a nine-year period, but also for permanently elevating our fund raising capabilities. We were fortunate, too, that benefactions were made easier for donors by rising stock market values and tax laws which encouraged philanthropy.

At this juncture let us take a look at Chart V which lists the record of gifts received from 1952 to the present. Expendable scholarship and research grants are not included herewith nor is the Ford Foundation Challenge Grant of \$12 million. However, the \$3 million Ford Foundation faculty endowment grant is reflected in the Endowment gifts for 1956 and 1957. The most noteworthy feature of this chart is the increase in gifts in the early 1960's which were stimulated by the Ford Foundation challenge program.

Not only were benefactions on the rise in the 60's but this was also a period of rapidly expanding population with larger percentages of our youth eager and financially able to attend college. We were able to be quite selective in our admissions policy and able to increase tuition charges while still maintaining a full enrollment.

I am convinced that historians of education in America will point out the two decades between 1948 and 1968 as the halcyon days of private higher education. Let us only hope it was not the "last hurrah."

For certainly it is true that the cresting wave of prosperity which I have just described came to a screeching halt in the late 60's.

There were a few isolated warnings that private universities might be heading for trouble in the "bull market" of the 60's. The University of Pittsburgh was the most notable example. It had overextended itself financially in its commitment to excellence and was saved from bankruptcy only by the State of Pennsylvania coming to the rescue. In the process, it also lost some of its independence.

However, I think it is fair to say that the sudden break in their forward progress came as a sobering surprise to the private educational institutions. Red flags began going up all over the place as budgets slipped out of balance. Even the wealthiest of the private universities began admitting to and moaning about operating deficits. It was a rare school indeed that did not incur operating deficits in fiscal 1969 and fiscal 1970. Notre Dame was no exception. Since then, we and some of our sister institutions (not all) have been able to break even each year by stretching for every dollar of potential revenue, by

steadily raising tuition, by refraining from new programs, by carefully husbanding our resources and, unfortunately, by being parsimonious in salary increases to our faculty, administrators and all other employees alike.

Our inability to increase salaries proportionate to the rising cost of living, combined with a particularly debilitating inflation during the past twelve months, led undoubtedly to the temper of the recent discussion in the Faculty Senate and AAUP concerning the adequacy of salaries at Notre Dame.

I have no problem understanding and sympathizing with the reason for the faculty's concern which is shared by every employee of this University. I was saddened, however, by the apparent lack of fiscal understanding which characterized some of the statements issued by several senate or AAUP committees. Without going into a detailed critique of the documents which were publicized last fall, I would like to comment on the two principal assumptions of these papers, both of which reflect serious misunderstanding of the University's financial condition.

The first assumption was that because the net worth of the University of Notre Dame increased by several millions of dollars each year, the financial condition of the University was much rosier than was implied by administrative warnings about actual and potential Current Fund operating deficits.

There is a grave fallacy in the inference drawn by Committee Z of the AAUP relative to the growth in net worth. It fails to take into consideration the decided difference between the fixed assets of an enterprise and its working capital. Both items are figured into net worth but an institution could have enormous increases in its fixed assets (and consequently in its net worth) and still go bankrupt for lack of liquidity, for its inability to make ends meet. Let me illustrate the point. The Penn Central in 1975 probably has billions of dollars more in fixed assets (and in net worth) than it did fifty years ago. But in 1925 it comprised two of the strongest and most successful companies in America; today it is in receivership. Another even better example: the University of Pittsburgh more than doubled its endowment between 1955 and 1965 and I daresay its net worth went up several hundred millions of dollars between World War II and 1965. This didn't prevent it from going under as a private university in 1965.

As we saw from the first chart shown today, Notre Dame's growth in Fund Equities (or Net Worth, if you will) increased by \$112 million between 1962 and 1974. Nearly all of this growth was in the two capital accounts of Endowment and Plant. The Current Fund equity which reflects current working capital actually decreased from \$2,542,800 to \$943,300, thus putting a strain on our liquidity. While the growth of Endowment has aided the operating income to a minor extent, the growth of Plant has added immensely to operating expenditures and thus to our financial needs. Therefore, to imply that the University's increased net worth gives rise to a concealed wealth which could and should be tapped for larger base salaries is both naive and misleading.

This brings me to the second assumption--one made by the "Faculty Senate Committee on Recent University Budgets." While conceding that most gifts to the University were restricted by the donor as to use, the senate committee argues that the unrestricted gifts amounting annually to about \$1,500,000 could readily be made available for faculty salaries.

It has been University policy for many years to channel unrestricted gifts primarily into Plant Funds, a practice consonant with good management. Here is the reason why. The wear and tear on the physical facilities, buildings and equipment, realistically must be viewed as an operating expense. This is what is known as depreciation. It is part of the cost of doing business, day in and day out. Rather, however, than attempting to pass this burden along to students by building up depreciation reserves through substantial increases in tuition, we have depended upon the annual unrestricted gifts to provide us with the necessary revenue for plant renewal and updating.

The handling of depreciation has become a sticky issue in private university circles. Currently the practice in college and university "fund accounting" is not to record depreciation as an operating expense. The rationale for this has its source in the public university sector where there is no need for depreciation reserves for the simple reason that plant replacements are handled by special appropriations from the legislature.

The situation is quite different in the private sector. Whether we record depreciation as an operating expense or not (and we do not, as a matter of consistency in reporting) the point is that we cannot lose sight of our plant fund cash needs. We simply have to make provision for the day when expensive segments of the physical plant require renovation or replacement. We are currently trying to operate on the assumption that all new buildings hopefully will be financed by means of specific gifts. It is extremely difficult, however, to attract specific gifts for renovation of existing buildings. Thus, our need for and dependence upon the so-called unrestricted gifts. One recent year, by

way of exception, these were channeled into Endowment for a very particular need but for the foreseeable future the Plant Fund requirements must have the prior claim.

When you consider that Notre Dame's plant has an historical cost value of \$112 million generating an annual depreciation of \$3,470,099 and when you consider that the replacement value of the physical assets is \$196,248,000 calling for a depreciation reserve of perhaps \$6 million a year, you can begin to see that our allocation of \$1,500,000 of unrestricted gifts to a "Reserve for Renewals and Replacements" is only a partial step toward accommodating a genuine need.

So much for the misunderstandings which characterized the senate and AAUP papers. I now return to a discussion of our current financial situation as I see it. We are now into our fourth consecutive year of balanced budgets. Does this indicate we have turned the corner? Are we back into equilibrium? Do we have our financial future firmly under control?

I wish I could answer in the affirmative to each of these questions. But I cannot.

From all the signs that one can read, private higher education has difficult, if not desperate, days ahead. I do not think it is melodramatic to state that the survival of private education could well be at stake. Although in the past five or six years it has been primarily the smaller liberal arts colleges which have been closing their doors, I worry far more about the viability of the universities and especially those that are striving for excellence. A few extremely wealthy or very fortunate private universities may survive (and I hope and pray Notre Dame is one of them) but it is hard to be sanguine about the majority.

The basic financial problem that we all face today is not hard to pinpoint. A quality education is expensive. It is people rather than machine oriented and it has been resistant to productivity gains which have enabled businesses to cover rising salaries and wages. The simple fact of the matter is that for the private university, the constantly increasing dollar costs, of which salaries are the main ingredient, have outrun the traditional sources of income. The accelerated inflation of the past two years has exacerbated the problem but has not caused it.

Permit me to clarify what I am saying by the use of several additional charts.

Our major source of revenue by far is from the tuition we charge students. We also are becoming more and more dependent on this source, as we can note by adverting to Chart VI. As costs have gone up year after year the net profits on auxiliary enterprises have played a proportionately smaller role. While the Endowment principal has been growing slowly and the Endowment income also, the latter is still only 5.4 per cent of our needs. We have to remember that much of our Endowment income flows into scholarship funds which are of no direct financial benefit to the University.

The critical point for us to understand is this. We have by design a relatively fixed student enrollment. As our base of operations grows larger, an inflationary pressure of 5 per cent or more on the total enterprise places an increasingly heavy burden annually on each paying customer, the student. This can be illustrated by the examples shown on Chart VII.

When we reflect upon this picture, it doesn't take a financial genius to conclude that we are on a collision course with disaster. We either develop more income or we reduce the cost of operations. I think it behooves us to do both. My own opinion right now is that for the immediate future (what I would call the current survival stage), the emphasis will have to be on reducing unit costs. Over the long pull, if we are to grow in quality and stature the only answer is in finding greater resources.

Let me explain to you why I think our immediate concern must be with cost reduction. It seems to me, that barring a miracle, substantial additional revenue is simply not in the cards during the next five years. Just as everything was conspiring in our favor during the 50's and 60's, exactly the reverse is true today. Higher education is no longer the fair haired child of our society. It lost some of its glamour in the late 60's, partially as a result of the student revolt, partially because of other pressing needs of society. The federal government began retrenching its research programs; the big foundations, as exemplified by the Ford Foundation, began shifting their interests elsewhere. Whatever reordering of national priorities has been done in these areas, the move seems to be away from education.

Also, instead of the rising affluence of the 50's and 60's we are moving today into a period of great economic uncertainty, perhaps even of hardship. This can affect us adversely in two ways: first, it may make it more difficult for families to send their children to high tuition schools; secondly, it will affect the level of giving from alumni and friends. In recent months we have had more than one good benefactor move from a multi-millionaire status

Chart I

GROWTH IN FUND EQUITIES (In thousands)

	<u>1952</u>	<u>1962</u>	<u>1972</u>	<u>1974</u>
Current Funds - Unrestricted	\$ 4,013.8	\$ 2,542.8	\$ 440.8	\$ 943.3
Current Funds - Restricted	579.9	3,290.4	8,602.8	4,783.2
Student Loan Funds	290.7	1,286.7	4,420.8	5,212.7
Endowment Funds	8,538.0	26,818.0	68,072.7	83,851.2
Retirement and Other Benefit Funds			2,498.6	4,555.7
Life Income Funds		1,579.3	2,815.4	3,160.9
Plant Funds	<u>17,426.2</u>	<u>39,903.3</u>	<u>89,528.5</u>	<u>84,716.9</u>
	<u>\$30,848.6</u>	<u>\$75,420.5</u>	<u>\$176,379.6</u>	<u>\$187,223.9</u>

Chart II

GROWTH IN TOTAL EXPENDITURES (In thousands)

	<u>Total Costs Including Deprecia- tion</u>	<u>Less: Sponsored Research & Scholar- ships</u>	<u>Less: Unfunded Deprecia- tion</u>	<u>Net Costs</u>	<u>Total Salaries</u>
1952	\$10,071.2	\$ 643.2	\$ 359.2	\$ 9,068.8	\$ 4,734.9
1962	21,066.7	3,087.3	951.9	17,027.5	10,913.3
1970	47,413.4	11,428.1	2,505.0	33,480.3	24,676.8
1971	51,294.5	12,642.0	2,649.5	36,003.0	25,905.6
1972	51,368.5	10,490.5	2,877.8	38,000.2	26,424.4
1973	54,252.9	10,434.1	2,983.9	40,834.9	26,933.2
*1974	57,299.4	10,662.5	3,103.7	43,533.2	28,071.6

*Note: The total costs and sponsored research were adjusted for fiscal 1974 in order to make the figures comparable to the preceding years.

Chart III

ANALYSIS OF SELECTED EXPENDITURES AND OTHER COMPARATIVE DATA (In thousands)

	<u>1952</u>	<u>1962</u>	<u>1974</u>	INDEX		
				<u>1952</u>	<u>1962</u>	<u>1974</u>
Instruction &						
Dept. Research	\$1,951.1	\$ 4,534.8	\$15,110.0	1.0	2.3	7.7
Sponsored Research	643.2	3,087.3	7,688.3	1.0	4.8	12.0
Libraries (incl.						
Bldg. Exp.)	288.1	574.4	2,310.4	1.0	2.0	8.0
Board, Room, Ldry.	2,134.6	3,575.8	7,323.7	1.0	1.7	3.4
Student Aid						
(Supported)	99.8	611.0	2,974.2	1.0	6.1	29.8
Plant Maintenance	632.9	1,277.2	3,923.8	1.0	2.0	6.2
Salaries - Total						
University	4,734.9	10,913.3	28,071.6	1.0	2.3	5.9
Salaries - Instr.						
& Dept. Research	1,714.4	4,076.2	12,462.0	1.0	2.4	7.3
Salaries - Sponsored						
Research	384.1	2,039.9	3,662.4	1.0	5.3	9.5

Personnel						
Lay Faculty	309	370	639	1.0	1.2	2.1
Religious Faculty	80	88	73	1.0	1.1	(0.9)
Library Staff	42	55	143	1.0	1.3	3.4
All Other Employees	1,186	1,415	1,767	1.0	1.2	1.5

Totals	1,617	1,928	2,622	1.0	1.2	1.6

Enrollment	5,163	6,609	8,515	1.0	1.3	1.6

Student Income						
(all Fees)	\$5,908.3	\$11,230.1	\$28,049.1	1.0	1.9	4.7

Boarding Student						
Fees	\$1,420	\$ 1,900	\$ 3,730	1.0	1.3	2.6

Chart IV

GROWTH OF GROSS REVENUES (In thousands)

	<u>1952</u>	<u>1962</u>	<u>1972</u>	<u>1974</u>
Tuition and Fees	\$3,093.4	\$ 7,412.3	\$18,451.1	\$21,817.6
Board, Room, Laundry	2,814.9	3,817.8	5,544.9	7,085.9
Auxiliary Enterprises	2,525.8	4,023.5	9,194.4	10,099.9
Sponsored Research	643.2	3,087.3	7,934.9	7,688.3
Recovery of Overhead	92.2	449.0	1,139.0	1,252.1
Relief of Expense			994.3	731.9
Endowment Income	51.9	255.3	927.2	1,497.6
Student Aid Income	99.8	611.0	2,555.6	2,974.2
All Other Income	<u>416.5</u>	<u>1,445.6</u>	<u>1,937.0</u>	<u>2,969.3</u>
	<u>\$9,737.7</u>	<u>\$21,101.8</u>	<u>\$48,678.4</u>	* <u>\$56,116.8</u>

PERCENTAGE OF ANNUAL REVENUES

Tuition and Fees	31.77%	35.13%	37.90%	38.88%
Board, Room, Laundry	28.91	18.09	11.39	12.63
Auxiliary Enterprises	25.94	19.06	18.90	18.00
Sponsored Research	6.60	14.63	16.30	13.70
Recovery of Overhead	0.95	2.13	2.34	2.23
Relief of Expense			2.04	1.30
Endowment Income	0.53	1.21	1.90	2.67
Student Aid Income	1.02	2.90	5.25	5.30
All Other Income	<u>4.28</u>	<u>6.85</u>	<u>3.98</u>	<u>5.29</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

*Note: The gross revenues were adjusted for fiscal 1974 in order to make the figures comparable to the preceding years.

Chart V

ANALYSIS OF GIFTS 1953-1974 (In thousands)

	<u>Plant Funds</u>	<u>Endow- ment Funds</u>	<u>All Other Funds</u>	<u>Unre- stricted Gifts</u>	<u>Grand Total</u>
1953	\$ 219.9	\$ 88.0	\$ 9.0	\$ 288.2	\$ 605.1
1954	289.1	115.7	21.4	419.6	845.8
1955	543.5	453.9	74.9	433.8	1,506.1
1956	145.4	1,995.7	15.5	548.5	2,705.1
1957	211.5	1,789.4	96.1	484.1	2,581.1
1958	18.1	197.6	43.7	569.5	828.9
1959	29.3	331.6	174.6	632.9	1,168.4
1960	183.1	301.1	733.6	472.9	1,690.7
1961	492.6	205.9	1,308.5	435.6	2,442.6
1962	2,128.3	274.3	1,057.8	1,898.9	5,359.3
1963	478.1	101.9	1,408.8	1,548.0	3,536.8
1964	3,680.3	125.6	744.0	1,117.1	5,667.0
1965	1,638.6	318.5	475.9	1,251.3	3,684.3
1966	867.8	395.8	1,396.5	1,168.7	3,828.8
1967	475.1	9,068.5	948.5	1,126.6	11,618.7
1968	717.4	847.1	633.8	1,302.3	3,500.6
1969	759.6	1,075.1	1,091.6	1,607.4	4,533.7
1970	1,207.5	1,882.1	1,397.2	1,442.9	5,929.7
1971	2,004.1	1,874.8	734.1	1,381.0	5,994.0
1972	818.1	1,739.8	1,249.4	1,393.4	5,200.7
1973	1,932.6	2,483.8	746.9	1,424.2	6,587.5
1974	716.1	2,263.5	517.8	1,537.3	5,034.7
	<u>\$19,556.1</u>	<u>\$27,929.7</u>	<u>\$14,879.6</u>	<u>\$22,484.2</u>	<u>\$84,849.6</u>

Chart VI

NET EDUCATIONAL COSTS - SOURCES OF REVENUE (In thousands)

	<u>1962</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>
<u>Educational Costs</u>	<u>\$ 9,443.0</u>	<u>\$19,423.2</u>	<u>\$20,702.3</u>	<u>\$22,250.7</u>	<u>\$23,103.5</u>	<u>\$25,127.6</u>	<u>\$27,540.1</u>
<u>Sources of Revenue</u>							
Student Tuition	\$ 7,412.3	\$13,600.9	\$14,784.9	\$16,778.7	\$18,451.1	\$20,143.7	\$21,817.6
Endowment Income	255.3	215.2	653.1	884.7	927.2	991.2	1,497.6
Relief of Univ. Expense	346.1	960.4	1,369.2	1,084.9	994.3	837.7	731.9
Recovery of Overhead	449.0	1,191.5	1,283.4	1,326.1	1,139.0	1,210.6	1,252.1
Net Income: Bd. Room, Ldr.	986.0	535.1	743.8	620.2	399.9	387.4	6.6
Net Income: Aux. Ent.	819.0	1,330.8	485.6	919.3	737.4	1,015.7	919.6
Other Income	162.3	651.9	786.5	713.0	642.2	880.2	1,559.9
	<u>\$10,430.0</u>	<u>\$18,485.8</u>	<u>\$20,106.5</u>	<u>\$22,326.9</u>	<u>\$23,291.1</u>	<u>\$25,466.5</u>	<u>\$27,785.3</u>
<u>To Current Equity</u>	<u>\$ 987.0</u>	<u>\$ (937.4)</u>	<u>\$ (595.8)</u>	<u>\$ 76.2</u>	<u>\$ 187.6</u>	<u>\$ 338.9</u>	<u>\$ 245.2</u>
<u>Percentage of Revenue</u>							
Student Tuition	71.1%	73.6%	73.5%	75.2%	79.2%	79.1%	78.5%
Endowment Income	2.4	1.2	3.3	4.0	4.0	3.9	5.4
Relief of Univ. Expense	3.3	5.2	6.8	4.8	4.3	3.3	2.6
Recovery of Overhead	4.3	6.4	6.4	5.9	4.9	4.8	4.5
Net Income: Bd. Room, Ldr.	9.5	2.9	3.7	2.8	1.7	1.5	0.1
Net Income: Aux. Ent.	7.9	7.2	2.4	4.1	3.2	4.0	3.3
Other Income	1.5	3.5	3.9	3.2	2.7	3.4	5.6
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Note: Educational costs exclude depreciation, auxiliary enterprises and sponsored research and scholarships. They also were adjusted downwards for certain activities which generated compensating income (e.g. C.E.C., University Press)

Chart VII

ADDITIONAL TUITION AND FEES NEEDED BASED ON DIFFERENT INFLATION FACTORS (In thousands)

<u>Total Costs</u>	<u>Inflation Factor</u>	<u>Annual Cost Increase</u>	<u>No. of Students</u>	<u>Annual Tuition Increase</u>
<u>Educational</u>				
\$31,000.0	7%	\$2,170.0	8,000	\$271.25
33,170.0		2,321.9		290.24
35,491.9		2,484.4		310.55
37,976.3		2,658.3		332.29
40,634.6		2,844.4		355.55
<u>Board, Room, Laundry</u>				
\$ 6,000.0		\$ 420.0	5,400	\$77.78
6,420.0		449.4		83.22
6,869.4		480.9		89.05
7,350.3		514.5		95.28
7,864.8		550.5		101.95
<hr/>				
<u>Educational</u>				
\$31,000.0	8%	\$2,480.0	8,000	\$ 310.00
33,480.0		2,678.0		334.75
36,158.0		2,892.0		361.58
39,050.0		3,124.0		390.50
42,174.0		3,374.0		421.74
<u>Board, Room, Laundry</u>				
\$ 6,000.0		\$ 480.0	5,400	\$ 88.88
6,480.0		518.0		96.00
6,998.0		560.0		103.67
7,558.0		605.0		111.97
8,163.0		653.0		120.93
<hr/>				
<u>Educational</u>				
\$31,000.0	10%	\$3,100.0	8,000	\$387.50
34,100.0		3,410.0		426.25
37,510.0		3,751.0		468.87
41,261.0		4,126.1		515.76
45,387.1		4,538.7		567.34
<u>Board, Room, Laundry</u>				
\$ 6,000.0		\$ 600.0	5,400	\$111.11
6,600.0		660.0		122.22
7,260.0		726.0		134.44
7,986.0		798.6		147.88
8,784.6		878.5		162.68

to a precarious solvency or insolvency. The collapse of the stock market has had a decided effect on gifts, according to a recent article in the Wall Street Journal. On top of this, we are constantly threatened with IRS "reform" which will remove some of the incentives for philanthropy.

A final negative factor that we face is the effect a declining birthrate will have on college enrollments. A recently completed Yale study predicts that between 1980 and 1990 undergraduate enrollment will go down nationally by 46 per cent from its present level. The competition for students could be intense.

If our major source of income remains, for the time being, the tuition charged to our students, can we keep pace with what promises to be a continued inflation by passing on the heavier costs to the students in the form of substantial annual tuition increases? Judging from some of the announcements which have been forthcoming in the past few weeks, some schools, notably those in the Ivy League, are attempting to do this. They have announced their steepest increases in history, ranging from four to five hundred dollars a year.

I view this development with genuine concern. Is this a move made in desperation as the only potential, though obviously risky, means of balancing the budget? Or do these particular schools cater to a constituency of great wealth and they already have the resources in their endowments to offer adequate financial aid to a minority group of their students who are in need? Usually their announcements of tuition hikes are coupled with offers of increased financial help to those who have need for it.

The thing that worries me about these sharp increases is the pressure that will be on us to do likewise. Personally I think it is a step fraught with danger. Although no one person can infallibly declare what our particular market can stand, I strongly believe we ought not to think of our situation in terms of a Harvard or a Yale. I should think that Harvard might well be able to peg its tuition at \$10,000 a year per student and still have a full enrollment. In the first place, some could and would pay this price for the distinction of a Harvard degree. Secondly, sufficient generous financial aid for the needy could probably be made available from the billion dollar or more Harvard endowment.

For most of us non-Harvards and non-Yales who are not yet blessed with huge endowments, I think we must remember that we can easily price ourselves out of the educational market. And it might happen before we recognize it, with scarcely a whimper from our normal clientele of students. They might simply fold their tents and fade away into the night. It would be one thing if we were only competing for students with other private schools; then we might keep our tuition within reasonable range of Harvard. But the fact is, our real competition is with the public institutions. As the gap has increased in the last 20 years between the tuition in the private sector and that in the public sector, so, too, have the enrollment patterns shifted dramatically. Just after World War II, enrollments were about 50-50. Today they are close to 80-20 in favor of the public colleges. This ratio will quickly go to 90-10 or worse if the tuition jumps in private schools continues to widen the gap. If for example, we here at Notre Dame try to cover our inflated costs for the next five years with a \$400 annual tuition increase I wonder how many families can afford to pay \$5,000 tuition a year when their son or daughter could go to Indiana or Michigan or Berkeley or one of the New York State Universities for less than \$1,000 a year.

I am not arguing that we should freeze our tuition rate or peg it to that of Purdue. As long as we live in an inflationary economy, I suppose that our tuition is bound to go up. What I am arguing is that we raise tuition no more than is absolutely necessary and that we be extremely sensitive to the ability and willingness of our clientele to pay a sizeable differential for the values of a Notre Dame education as opposed to those of a University of Texas. (Parenthetically I scarcely need remind you of the importance of maintaining these unique values.)

What hope really is there for the survival of private education if the picture I paint is reasonably accurate?

There are two possibilities of rescue. The first, if it occurred, could possibly preserve most of private education. The second would probably benefit only a few. The first mode of rescue involves a massive government subsidy both on the federal and state levels. This could take the form either of direct grants to institutions or of a scholarship and/or loan program for individuals. In either case it would require recognition on the part of government that a dual system of higher education is important to a democracy and that the private schools serve a valuable national purpose. Pragmatically, of course, one can argue that financial help for the private sector is economically sound. If most of the private schools go under, the burden on American taxpayers is bound to go up.

Whether such a rescue attitude on the part of government is apt to take concrete form or whether the Church-State difficulties in education can be resolved is anybody's guess, I think it is incumbent upon the presidents of our private institutions and their boards of trustees to launch a united hard-sell campaign to influence the lawmakers in Washington. My own opinion, however, is that even if a change in attitude is brought about it will still take a number of years to be effective. By that time many private schools may have been eased out of existence.

The second tool in a "survival kit", which may not be the answer for all private institutions, is the acquisition of significant Endowment funds. Prescinding from federal aid, Endowment income, as I mentioned earlier, is the indispensable equalizer between the private and public institutions. This means that substantial gifts and bequests must be forthcoming from alumni, friends, parents, corporations, foundations, and perhaps even the Arab oil princes. Again, however, this cannot be an effective answer for most of us except over a relatively long period of time. It takes a huge amount of Endowment to generate much income. For instance, if annual educational costs of \$30 million increase by 7 per cent it would take \$42 million in Endowment returning 5 per cent to cover the additional costs of \$2,100,000. As you have seen from the charts we are a long way from attracting \$40 million in new Endowment each year.

This brings me back to the point I made earlier. Whatever can be done in the long run to bolster our strength and the quality of our education, it seems to me that the only way to insure our liquidity and possibly our survival in the short run is by giving special attention now to the expense side of our ledger. Some of this has indeed been done during the last four years, but I suggest today that a redoubling of effort is required.

As we go about this onerous task we will be in good company around the circuit although this will not make the process any the less painful. Still, in the event you do not follow the literature as carefully as I do, I shall mention some of the recent announcements of retrenchment which have come across my desk recently.

Here are some quotes which appeared in the Chronicle of Higher Education of Feb. 3, 1975.

1. From Dale Corson, president of Cornell University:

"We are at the end of an era. The growth and the affluence of the last three decades, and particularly the last two decades, are over. We can only decide our priorities and trim our programs to fit our resources."

2. From Richard W. Lyman, president of Stanford:

"Institutions like Stanford have passed from an era of robust financial growth to one of determined and systematic belt-tightening." Stanford expects to continue operating in the red until 1980, despite an announced tuition increase of 12.9 per cent for next fall and planned budget savings of \$10 million over the next three years.

3. From Princeton's priorities committee:

"The financial situation has changed suddenly and dramatically. To put it as simply and bluntly as possible, the university is faced with a basic readjustment in its standard of living... Princeton has reached the point where we must consider sharply curtailing, or even dropping, entire activities in both the academic and supporting areas."

4. Even Harvard gets into the act:

"Not yet announced last week but still being considered at Harvard were a 2 per cent reduction in faculty and staff..."

Finally, from the New York Times of Feb. 12, news about another Ivy League school: Dr. Donald Hornig, president of Brown University, announced that "the size of the faculty must be reduced by perhaps 75 people over the next few years" to stabilize the university's financial position. He said Brown had spent more than \$25 million of its endowment to cover operating expenses since the 1968-69 academic year." The New York Times article also mentioned Dr. Hornig had announced last October that the University would cut its budget by 5 per cent a year for the next three years.

These are sobering thoughts for us all.

To bring our discussion down to concrete terms, here is what the University of Notre Dame is facing in the immediate future. We are operating in the current fiscal year on a balanced budget and there is no reason to anticipate a deficit for the 12 months ending June 30, 1975. For fiscal 1976 we have felt compelled to budget an operating loss of \$473,300 on the basis of an overall 7 per cent increase in expenses and approximately a 10 per cent increase in income from students.

On the assumption that the 7 per cent upward pressure on costs will continue for the next few years, our financial projection shows a deteriorating picture for fiscal 1977 and 1978. Even with steady annual increases in tuition we project a tentative cash deficit of \$2,045,000 in '77 and \$3,617,100 in '78. This is, of course, intolerable. To avoid the risk of the deficits becoming progressively worse (7 to 10 per cent building on top of another 7 to 10 per cent) we simply have to reduce the present base of operations on which the percentage increases accrue.

What are the financial policies that should guide us as we proceed with putting our house in order? These are the basic ones which I think are important.

1. We must maintain a balanced budget.
2. We must redouble our fund raising efforts with special attention given to the importance of increasing the permanent endowment of the University.
3. We should not increase our physical plant unless an imperative need can be established. We should, however, keep our present plant in good repair, recognizing that deferred maintenance is more costly maintenance. We should continue to rely largely on gifts for the construction of new plant and for the major renewals and renovation of old plant. Policies of depreciation reserves for income producing auxiliary enterprises should be in effect.
4. In maintaining a balanced budget for our Current Fund operation, we should give the highest priority to the improvement of salaries, faculty and otherwise. We must find creative ways of increasing productivity without jeopardizing the quality of a Notre Dame education.

These policies are simple and basic. Annunciating them, however, is not achieving them. For instance, the policy of most immediate importance is that of balancing the budget not just for the present year, but for each succeeding year. This calls for intricate, difficult, long range planning.

How do we go about this necessary planning? Our normal budgeting processes are not equal to the task and I have a recommendation to propose to our President and Board of Trustees to cope with it.

Before doing so, let me comment briefly on our regular budgeting procedures. The officers of the University form an executive committee for dealing with the intricacies of the overall annual budget. It is an ongoing process that extends far beyond the formal budget meetings that are held. I don't believe there has ever been a meeting of the officers, held at least monthly throughout the year, at which one or more budgetary matters have not been discussed.

We begin the formal budget process by examining the estimated income for the year in question. This data is carefully compiled by our business office under the direction of Rev. Jerome Wilson, C.S.C. We then establish the rate of increase for student fees based on the dual factor of rising expenses and our educated guess as to what the student market can reasonably bear.

Once the total income is determined, a distribution is made to the "support" areas of the University to cover their normal expenses. Included here would be such necessities as plant maintenance, insurance, utility costs, the accounting office, public relations and development, and various types of student services.

The distribution having been made, the remaining net income is allocated in its entirety to the the Office of the Provost for use in the academic area of the University. This sum in turn is then distributed to the Graduate School, the Law School, the four colleges, the Library, the University Press and such offices as the registrar and admissions. At this point, it becomes the responsibility of the deans and directors to further distribute the resources to the departments under their jurisdiction. The department chairmen arrange the ultimate distribution which then passes back upward through deans to the provost. In recent years it has been obvious that the monies allocated have not been sufficient to please anyone, whether he be on the allocating end or the receiving end. One might have hoped that this process would have automatically provided for a process of adjustment and/or retrenchment at the grass roots while maintaining faculty salaries at a reasonably high level. The accelerated inflation has hindered the process and I am convinced that we need to take extraordinary steps to cope with the almost certain operating deficits we are now facing.

What I suggest is a Budget Priorities Committee which would take a good hard look at the fiscal situation appraising our strengths and weaknesses, and then move into the difficult task of long range and short range planning. This will involve the establishment of academic priorities with dollar signs attached. It will call for tough minded judgments to be made about the value of programs in relation to their costs. As part of this task, I foresee the necessity of having contingency plans for survival if some of the presuppositional data prove to be incorrect.

So important is the work of this committee, that I recommend the President himself to be chairman. The provost will have to be involved, as will several financial officers. The academic deans most certainly should be on the committee as we depend upon them for educational leadership in their respective spheres and for a unity of purpose in making this University relevant. The officers of the University probably should be involved either as committee members or as resource persons. Finally, I believe we should have four or five faculty members selected for their innate wisdom, their educational experience, their breadth and objectivity, and their concern for the overall welfare of this University. I visualize, too, the use of faculty sub-committees which may address themselves with great expertise to some of the issues being considered by the full committee.

Such a committee could, I believe, perform an inestimable service for this University. The need for this kind of work is, I am afraid, already overdue.

Because of the nature of the times in which we live my remarks today have had a pessimistic ring. Rather than leaving you unduly depressed, I would like to list some of the positive factors that we have going for us. While I have serious misgivings about the future of private universities generally, I also believe that Notre Dame has a better chance of surviving and prospering than most of our sister institutions. I say this for the following reasons:

1. We are fortunate in having a mystique attached to this University which has generated a unique devotion to it on the part of students, staff, alumni and countless others throughout the nation. This has been and should continue to be translated into substantial financial support down through the years.
2. We are fortunate in having one of the premier fund raisers in the country as our vice president of public relations and development, also a member of this council, James W. Frick, who has surrounded himself with an excellent staff. We must remember, too, that 82 per cent of our living alumni have graduated since 1950 and will be moving into positions of greater affluence in the years ahead.

3. We are fortunate in having a fairly modern physical plant without a pressing need for any major new facility.
4. In a day when fuel costs alone are threatening to bankrupt some institutions, we are fortunate in having an up-to-date, versatile power plant, capable of using varied kinds of fuel. We are fortunate, too, in having designed our newest and largest buildings, the library and ACC, with fuel conservation in mind.
5. We are fortunate in having major facilities which are highly beneficial to the University and which contribute to our income rather than to our operating costs. I refer here to the Athletic and Convocation Center, the Morris Inn, the Continuing Education Center and the television station.
6. We are fortunate in the popularity and success of our football team which enable us to support the whole spectrum of athletic activities at this University without any drain on the operating budget.
7. We are fortunate in the men who have handled the investment of our endowment portfolio which has taken far less of a plunge in recent months than have many university portfolios.
8. We are fortunate in many ways that are difficult to quantify financially, but which contribute mightily to the success of the past and the promise of the future. I refer here to the kind of dedicated people we have on our faculty and staff.
9. Finally, we are fortunate in having as our President one of the most respected figures in American education and indeed in our national life. I shall not embarrass him by putting a dollar sign on his value to this University but, as Jim Frick would tell you, it is incalculable.

It has occurred to me that I have come to an appropriate stopping place. I relinquish the rostrum and turn the meeting back to Father Hesburgh.

Memo on Faculty Award Recommendations

Dear Faculty Colleagues:

A popular and prestigious annual award given within the University is the Faculty Award. Begun back in the academic year 1927-28, this Faculty Award has singled out that faculty member who in the opinion of his colleagues has contributed outstanding service to this University.

Each year a selection committee composed of prior winners and representing the four undergraduate colleges is appointed by Father Burtchaeil, provost. This committee studies recommendations submitted by former recipients of this award, by the deans, and by individual faculty members. The 1974-75 Faculty Award winner will be honored at commencement.

May I cordially invite the faculty to participate in the selection process to honor one of your colleagues. I suggest that you address such recommendations to me, giving reasons why you feel that your candidate is worthy of this award. Such correspondence should reach me on or before 5 p.m. Friday, April 25; the selection committee will meet shortly thereafter and the 1975 Faculty Award winner will be announced at commencement.

Most sincerely,

William M. Burke
Assistant Provost

Prior Faculty Award Winners (Active)

1945-46 Richard Sullivan
1959-60 Otto Bird
1962-63 Stephen Kertesz
1963-64 Raymond Gutschick
1964-65 Matthew Fitzsimons
1965-66 Bernard Cullity
1966-67 John Magee

1967-68 Rev. Charles E. Sheedy
1968-69 Bernard Waldman
1969-70 James Massey
1970-71 Thomas Stritch
1971-72 Ernest Sandeen
1972-73 Rev. Ernan McMullin
1973-74 Robert E. Rodes, Jr.

Letter from Father Hesburgh On an Energy Conservation Directorship

To the Notre Dame Faculty, Staff, and Students:

The inflationary cost of fuel and the overall energy crisis in which we find ourselves make it imperative that we do everything possible at Notre Dame to conserve energy. An Energy Conservation Committee was formed and has been under the direction of Rev. James F. Flanigan, C.S.C. There have been noticeable savings in energy because of the work of this committee, for which I commend them and all of you. It is my intention to keep this committee in progress, but the committee itself recommended that a person be appointed who would devote most of his time to the planning for and achieving of energy conservation.

It is with this in mind that I am appointing Rev. James F. Riehle, C.S.C. as director of energy conservation. He will have an office in the Administration Building and I ask each one of you to cooperate fully with him.

It cannot be overlooked that any savings in energy will also save dollars in our fuel budget. You may not be aware of the fact that in the last two years, the cost of fuel alone has increased over \$1 million; that is, the fuel cost in our budget for 1975-76 will be more than \$1 million higher than that in the 1973-74 budget. This certainly speaks to the need of fuel conservation for both conservation of energy and also for the conservation of our funds.

We count on your complete cooperation with both the new director and the Energy Conservation Committee.

With many thanks, I am

Ever devotedly in Notre Dame,

(Rev.) Theodore M. Hesburgh, C.S.C.
President

Mr. Anton C. Masin
Memorial Library
Notre Dame, IN 46556

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