Attached are drafts of three proposals:

1) for A Guaranteed Tuition Plan, which is designed to encourage students to pursue their work with greater continuity, to pursue it at a somewhat faster pace of study, to pursue it with a lower level of discontinuity, and, with those who have discontinued it in the past, to pursue it with the greater likelihood of recontinuing in the immediate future. Should this plan have such effects, the College could probably generate considerably more income through tuition and fees from a number of new students annually equivalent to the number it is presently attracting.

2) for A Program of Tuition Assistance Grants, which is designed to introduce far greater flexibility to the College's pricing policies, allowing it to respond more effectively to the financial needs of highly gifted prospects, to take into account competition from neighboring institutions that may be severely affecting certain programs and areas, to respond to changes in the market conditions for jobs in each field, and to keep enrollment in a pedagogically better balance with the level of staff in each program. Should such a Program be used well, the College could attract considerably larger number of new students annually than it does at present and raise its tuition and fee income accordingly.

3) for An Academic Development Fund, which would be a means of concentrating a good part of the added income that might accrue through the tuition intitiatives so that it can be used to support and advance incremental efforts to improve the instructional and research capacities of the College. Should such a Fund be accumulated and used well, with a strong sense of purpose by the faculty, the College might reverse its recent spiral of contraction, allowing us to face the future, not with foreboding, but with confident anticipation.

[Note: the section proposing this Fund is yet incomplete and is not included in the attached draft.]

In my report "Thinking About the Budget" I suggested that "the strategy most likely to achieve a decisive turnaround in our financial condition would be one that manages to link the incremental effectively with the comprehensive, one that seeks a large, sudden input of income, an input that is itself not perhaps sustainable, and that uses that income to nurture as many incremental initiatives as can be generated." The three proposals here presented are an attempt to work out a possible means by which such a strategy can be pursued. In presenting them, I hope to engender thoughtful discussion, pro and con, as a result of which the proposals can first be improved as much as possible and then either accepted or rejected through a considered, collegial choice.

Robbie McClintock

A PROPOSAL FOR A GUARANTEED TUITION PLAN

Tuition and fee income of the College is considerably lower than it might be because many students do not maintain continuous registration, because many students take a very low number of points per term, and because many students never complete their work towards a degree. During a typical year, about 7,600 different students enroll at Teachers College; but of those 7,600, only 5,600 enroll in the typical Fall term, only 5,300 in the Spring term, and only 3,200 in the Summer term. Ten years ago, on the average, during Spring and Fall, the typical student enrolled for close to 7 points per term; but in 1976-77, the student enrolled for well under 6 points per term. Over-all enrollment results can increase dramatically if the frequency of maintaining continuous registration can be increased and if the average number of points per student per term can be increased. That is the basic goal of the Guaranteed Tuition Plan here proposed.

Statement of the Plan:

Under the Guaranteed Tuition Plan, a student enrolling for work towards a degree will be charged tuition according to the fee schedule in force at the time of the student's first enrollment, provided the student completes his or her program within a specified period of time. The time periods will be as follows: for 32 point degrees, two years; for 40 point degrees, two and one half years; for degrees of 60 points, three and one half years, and for degrees of 75 points or more, four and one half years years. Doctoral students who start dissertation advisement before their 75-point guarantee period has run out will be charged advisement fees at the fee shcedule in force at the time they originally enrolled for a period of two and one half years; doctoral students who start dissertation advisement after their 75-point guarantee period has run out will be charged for it, for a period of two and one half years, at the fee

schedule in force at the time they first register for dissertation advisement. Students who change their degree status will have the difference between the period allowed for their former degree and that for their new degree added to their original guarantee period. Students who use transfer credits as part of their degree work will have their guarantee period shortened at the rate of one half year for the first 15 points,or part thereof, of transfer credit, and one year for each additional 15 points or part thereof.

As part of this Plan, for a period starting with the adoption of the Plan and ending spring term 1979, tuition guarantees will be applied retroactively to any formerly enrolled student who has, voluntarily, in academic good standing, interrupted his or her work at Teachers College and has not been enrolled during autumn term 1977. Such a student that re-enrolls at any time between spring term 1978, through spring term 1979, will be charged tuition according to the fee schedule in force at the time of his or her last previous enrollment, or at the fee schedule of 1974-75 if the last previous enrollment was prior to that year. Such a student may continue on that schedule, provided the student completes his or her program within a specified period of time. The time periods will be those set above, shortened by one half year per 8 points or part thereof already completed towards the degree by the end of autumn term 1977. In the same manner, a student who has been enrolled during autumn term 1977 will continue to be charged tuition according to that year's fee schedule, provided the student completes his or her program in a specified period of time. The time periods will be those set above, shor-

[Note: this date is based on the assumption that the Plan will go into effect at the start of spring term 1978. If it could be done that quickly with good publicity, the retroactive features of the Plan might help spring and summer enrollments in the current year, thus lessening the deficit TC currently faces.]

[Note: this year was chosen to put a floor of 18.6% under the discount created by the retroactive provisions. The problem is to find the discount level that will maximize income. In 1971-72, tuition was $90, a potential discount of 30.2%; in 1972-73, $93, or 27.9%; in 1973-74, $96, or 25.6%; and in 1975-76, $116, or 10.1%.]

tened by one half year per 8 points or part thereof already completed towards the degree at the end of autumn term 1977. As a permanent part of the Plan, TC alumni who have stopped work at the College on completing a degree and have not been an active student at the College for three years or more, may, when properly admitted for work on a further degree, return to study for the further degree at the fee schedule in force three years prior to their return, provided the student completes his or her program within a specified period of time. The time periods will be those set above, shortened by one half year per 8 points or part thereof af prior work that is to be credited towards the student's further program.

[Note: It would be important to count from this date, or otherwise some students might slow up their work spring 1978 in order to extend their guarantee period, distorting adversly this spring's enrollment.]

Financial Considerations Pertinent to the Plan:

Tuition and fees are fundamental to the finances of the College. Hence, any proposed alteration in them should be carefully scrutinized for potential risks and possible rewards. It is important to try to calculate the risks and rewards in order to make an informed judgment of the prudence of potential initiatives. The Guaranteed Tuition Plan here proposed carries with it relatively low financial risks, while the financial rewards that may accrue to the College from it are, however difficult to determine with surety, considerable. Let us examine the risks first.

To begin with, let us observe that over the short term, roughly the three years or so during which the Plan would be first taking effect, the major risk involved is a risk, not in the absolute, but relative to the expected rewards of an alternative action, namely a series of across the board tuition increases. As the Guaranteed Tuition Plan is being put into effect, it will slow any potential increase in tuition rates. Current students would be frozen at current tuition rates for two, three, in some cases four years; former students attracted back by the retroactive provisions would be studying at rates

[Note: Since the Subcommittee of the Budget Committee projecting enrollment has concluded that the College will probably maximize its income next year through a mere $1 per point tuition increase, this risk is actually considerably less than the risk here estimated.]

discounted up to about 18.6%; any potential increase would apply only to new students, who comprise but a third, at most, of a year's enrollment. Let us assume that the alternative to the Guaranteed Tuition Plan is an across the board increase on the current tuition rate of 6% and that this could be instituted with no adverse effects on enrollment. A 6% increase on $129 would be $7.75 per point, and assuming 75,000 fully paid points, this would mean an increase of close to $600,000. Let us assume further, that in its first year, the Guaranteed Tuition Plan would produce, over-all, no increase in the average tuition charged. The major risk, over the short-term, would be foregoing the $600,000 increase in income that might result from a 6% across the board increase in the tuition rate. Added to that, to get the full risk, would have to be an amount for expenses that would be incurred in implementing the Guaranteed Tuition Plan but would not be incurred otherwise; let us say, $50,000. Thus the total short-term risk is about $650,000, mostly in potentially foregone income, partly in added expenses.

Calculation of the potential rewards is not so simple. There are five basic ways in which financial rewards can accrue to the College from the Plan: Six

first, it creates an economic incentive for students to register more continuously, which will tend to raise the number of students enrolling each term even though the total number of students for the year stays steady.

second, it creates an economic incentive for students to take more points per term on the average than they have in the recent past;

third, by promoting continuing registration and a faster pace of study, the number of degrees awarded annually should rise, thus increasing the level of New York State Aid received by the College;

fourth, the Plan would probably create incentives that would lead fewer students to interrupt their studies, with the result that a given number of new students annually would over time produce a larger student body, one that produces more degrees than at present;

fifth, the temporary retroactive provisions of the Plan create, for a limited time, an economic incentive for former students whose work is yet incomplete to return to work in significant numbers, thus increasing enrollment, in the near future, above what it otherwise could be expected to be; and

sixth, the permanent retroactive provisions, restricted to alumni, strengthen the other incentives created by the Plan that encourage students not to interrupt their work prior to its completion, and serve as an incentive for alumni to return at a future date to work for a further degree.

Assigning dollar benefits to all but the last of these possibilities is feasible, provided one allows a rather large margin of error. To do this, it is important to look closely at the recent demography of the College's enrollment term by term.

Based primarily on Date of Last Attendance Charts put out for each term by the Registrar's Office, the following table is designed to show certain features of the composition of enrollment each term. The key to the table is the "continuation pool," an estimate of the number of students at the start of each term who were enrolled the previous term and who have not finished their program of study. In order to make this estimate, data provided by the Registrar's Office on the number of degrees awarded each term has been used. The number of degrees awarded is not quite an accurate measure of the number of students leaving Teachers College by graduation, for some students receive more than one degree and some students receive a degree and return to work for a higher degree. Consequently, in estimating the "continuation pool," the number of degrees awarded has been deflated by 1.16, a ratio that probably more or less accurately factors out the double counting. The spring and summer continuation pools are relatively simple: the total number of students the prior term minus the number of students graduated the prior term. The fall continuation pool is a bit more complicated, owing to the fact that many students like a full summer vacation; it is: the total number of students in the summer plus the number of students in the summer continuation pool minus first the total number of students who enrolled in the summer having enrolled the previous spring and minus second the number of students graduating in the summer (October degrees).

The percentages given in the table for each category are all calculated against the pertinent continuation pool, and the intensity rates for each term are calculated by dividing the number of points taught by the total enrollment for each term. With that, the table:

Year Ending	1977	1976	1975	1974	1973	1972	
Annual Total Enrollment	7273E	8088	8093	7528	7382	7482	
TC Points Taught	79500E	89325	89774	81473	81721	81561	
Intensity Rate	10.9	11.4	11.1	10.8	11.1	10.9	
Total Fall Enrollment	5444	6107	5922	5397	5493	5487	
Fall Continuation Pool	5413	5455	5205	5098	5128	5087	
New Students	1116	1381	1539	1258	1307	1355	
Recruitment Rate	20.6	25.3	29.6	24.7	25.5	26.6	
Recontinuing Students	438	538	537	495	489	506	
Recontinuation Rate	8.1	9.9	10.3	9.7	9.5	9.9	
Continuous Students	3890	4188	3846	3644	3697	3626	
Continuation Rate	71.9	76.8	73.9	71.5	72.1	71.5	
Points Taught	31595	36395	35933	32013	33833	34617	
Intensity Rate	5.80	5.96	6.07	5.93	6.16	6.31	
Discontinuing Students	1523	1267	1359	1454	1431	1461	8,495
Discontinuation Rate	28.1	23.2	26.1	28.5	27.9	28.7	
Total Spring Enrollment	5266	5804	5715	5262	5226	5321	
Spring Continuation Pool	5144	5772	5638	5139	5243	5270	
New Students	490	605	692	608	498	483	
Recruitment Rate	9.5	10.5	12.3	11.8	9.5	9.2	
Recontinuing Students	476	522	462	492	421	519	
Recontinuation Rate	9.3	9.0	8.2	9.6	8.0	9.8	
Continuous Students	4260	4677	4561	4162	4307	4319	
Continuation Rate	82.8	81.0	80.9	81.0	82.1	82.0	
Points Taught	29319	34013	33906	30330	31644	33087	
Intensity Rate	5.57	5.86	5.93	5.76	6.06	6.22	
Discontinuing Students	884	1095	1077	977	936	951	5,920
Discontinuation Rate	17.2	19.0	18.8	19.0	17.9	18.0	14,415
Total Summer Enrollment		3472	3559	3495	3112	2873	
Summer Continuation Pool	4466	4971	4845	4484	4451	4473	
New Students	616	572	689	679	606	647	
Recruitment Rate	13.8	11.5	14.2	15.1	13.6	14.5	
Recontinuing Students		415	460	515	474	427	
Recontinuation Rate		8.3	9.5	11.5	10.6	9.5	
Continuous Students		2485	2410	2301	2032	1799	
Continuation Rate		50.0	49.7	51.3	45.7	40.2	
Points Taught		18917	19935	19130	16244	13857	
Intensity Rate		5.45	5.60	5.47	5.22	4.82	

With this table it becomes possible to begin estimating the potential financial rewards that may result from the Guaranteed Tuition Plan.

Let us look, to begin with, at the first and second of the effects the Plan may have, raising the frequency of continuous registration and increasing the average number of points taken per student per term. The first of these effects would appear as an increase in the Continuation Rates shown in the table, the second as an increase in the Intensity Rate shown. The basic question is, how much of an increase might be expected. Let us assume that for the near future our annual total number of students is fixed roughly at the estimate given in the top line for year ending 1977, that is 7,273 students. The simplest way to estimate the sum of the changes in continuation rates and intensity rates is by using the annual figures. Given the time periods specified in the plan, most students would be able to get the optimum benefit from their tuition guarantees by studying at the rate of 16 points per year. Were all students to act to maximize their benefits the annual intensity rate would rise to 16.0, which, with a student base of 7,273 would mean that the number of TC Points Taught would rise to 116,368, an increase of some 37,000 points, more or less, depending on the final total count for 1977-78. At $129 per point, this increase would mean an increase in income of some $4,770,000.

[Note: this is based on points as reported in the Registrar's analyses, excluding Columbia in TC and TC in Columbia, as well as the point equivalent for doctoral advisement fees.]

It is unlikely, however, that all students will act to maximize their possible benefits under the Plan. The real question is, how many will? And there is no real answer to that short of testing it. To get some sense of how many might be significantly affected by the incentives the Plan sets up, let us look, from the student's point of view, at examples of the benefits. On the MA level, the benefits are not great and may have effects only on MA students intending to go for a further degree. Let us assume that tuition will rise 6% a year. At the current intensity rate of 10.9, an MA would take three years, in which, say, the student takes 11 points, 11 points, and 10 points. Tuition the first year, starting at $129 per point would be $1,419, the second year at a rate 6% higher, $1,504, and the third year, at a rate still 6% higher, $1,449 (on 10 points, not 11), with a total tuition cost of $4,372. By making full use of the guarantee, completing the degree in two years, taking 16 points per year,

the student would get all the points at $129 for a total tuition bill of $4,128, a saving of $244 or 5.6%. Many, who do not intend to go beyond the MA, might find such a saving too insubstantial to make it worth the added travail of an extra 6 points per year. Take in comparison, however, the MEd student, who under current conditions might expect to spend six years taking 10 points per year. Were tuition to go up 6% per year, the eventual cost of the degree, starting the first year at $129 per point, would be $8,997. By making full use of the guarantee, the cost of 60 points at $129 per point, would be $7,740, a saving of $1,257 or 14%. Such a saving becomes a significant incentive. Close to half the enrollment in the fall, 1975, excluding 0-point doctoral students, was working toward an MEd, EdD, or PhD. It would be plausible, therefore, to expect that the guarantee would function as a significant incentive for close to half of our students, perhaps more because an unknown, but significant, proportion of those counted as non-degree students and MA or MS students, probably think of themselves as candidates of more advanced degrees and will act accordingly. Hence, it would not seem unreasonable to expect a Guaranteed Tuition Plan to raise rates of continuous registration and the average number of points taken per term so that something on the order one third or more of the maximum $4,770,000 potential established above would be realized, about $1,600,000.

At this point, let us note one of the beauties of the Tuition Guarantee Plan. While from the student's point of view, making full use of the guarantee provides a way to lower one's tuition costs, 5% and up, from the point of view of the College, it does not at all preclude the systematic adjustment upward of tuition charges to take account of inflation. It might at first seem that such a Plan would prevent the College from raising its over-all tuition level year by year, but on examination this proves to be the case only during the period when the program is being phased in. Assume for simplicity, that tuition

[Note: The proposal for a Program of Tuition Assistance Grants that follows this proposal works as a complement to the Guaranteed Tuition Plan by creating incentives particularly for the students who will find the incentives in the Guaranteed Tuition Plan weak.]

starts at $100 per point, that over a series of years equal numbers of students will enter and equal numbers will exit after three years, and that tuition should rise 6% annually. After three years the system would have taken hold and the enrollment would be made up of cohort A paying $100 per point, cohort B paying $106, and cohort C paying $112.32--the average tuition would be $106 per point. The next year, cohort A would exit, replaced by cohort D paying $119.10 per point--the average tuition would be $112.32, an increase of 6% over the preceeding year's average tuition. Each year thereafter a cohort at the low end of the scale would exit, replaced by a cohort at the top end of the scale and the over-all average tuition rate would continue to rise at 6% per year. Each year the institution would have its over-all 6% increase, and each year the student, by staying on the guarantee, would have a 6% discount, compounding annually, on what he or she would have to pay by going off the guarantee.

We come now to the third form of financial reward that would potentially accrue to the College through the Plan, namely a probable increase in the number of degrees awarded and with that an increase in the amount of New York State Aid coming to the College. Here again our reasoning can only be very rough. We have suggested above that it is plausible to expect close to half of the students to be motivated by the gurantee to raise their average pace of study annually from just under 11 points per year to about 16 points per year. Other students may be somewhat motivated by the guarantee to pick up the pace of their study. Let us assume for the sake of an estimate, that the annual over-all intensity rate rises from about 11 to 13 points. That increase in the pace of study should result in a proportionate increase in the number of degrees awarded annually. We have recently been awarding about 1,950 degrees annually. 11 is 1950 as 13 is to X; X therefore equals 2,305, an increase of 355. In 1976-77, the

average Bundy Award was $880 per degree, and hence the College might expect somewhere around $312,400 more in New York State Aid than it would otherwise receive.

So far, all these potential rewards, totaling to something over $1,900,000 annually, have been premised on a relatively static, over-all annual student body, an annual student body of just under 7,300 students. The remaining three potential financial benefits accruing to the College through the Plan would arise because the plan would work to increase the over-all size of the enrollment. The fourth benefit would arise insofar as the guarantees would discourage students from discontinuing their work, which would make the recruitment of a given number of new students more efficient. With a lower discontinuation rate, a given inflow of new students would support a larger annual student body and a higher level of degrees granted than that inflow now does. The fifth benefit would arise through the retroactive features of the Plan, which would create a significant incentive for former students to return to active study, thus increasing enrollment and in time the number of degrees the College grants. A part of this benefit would be a short-term, one-time benefit coming to the College realtively quickly, petering out, too, relatively quickly after two or three years. Such a short-term benefit, however, would be opportune, well-timed from the point of view of the College's current financial condition, and well-timed with respect to the over-all Plan, for the benefits described above will build up to whatever levels they can reach over a period of three or four years. In the meantime, the temporary retroactive features of the Plan will have brought their benefits and will be diminishing just as the prospective features are beginning to produce fully. And finally, a permanent retroactive feature, aimed at the alumni who have stopped work, having completed a degree, but excluding students who have interrupted their work on the way to degrees, will create an added incentive for active students to complete, and an incentive for alumni who may be interested in a further degree to come back to Teachers College for it.

Let us try to make an estimate of the potential significance of the fourth benefit. The number of new students each year is always considerably higher

than the number of graduates each year. This difference is an indicator of the number of students who come to Teachers College but never receive degrees. Some, a very few, leave because they are unable to do the work satisfactorily; some leave for compelling personal reasons; some came never intending to earn a degree. It is impossible to learn precisely how many of those who leave are students who have both the intention and capability of finishing their degrees. Nevertheless a rough estimate can be made. The table above, for fall and spring, shows the number of discontinuing students (the number who discontinue with the summer term is included in the fall because, given the definition of the fall continuation pool, it cannot be calculated separately). The number is large. In 1975-76, there were 2,362 discontinuing students. In that year, new students plus recontinuing students numbered 4,033. The difference between these two sums, 1,668 students, was the real net recruitment for that year. This net recruitment figure is a far more significant indicator of actual enrollment than is the number of new students annually. Consider the following:

Year Ending	1977	1976	1975	1974	1973	1972
New Students	2,222	2,558	2,920	2,545	2,411	2,485
Recontinuing Students	1,329E	1,475	1,459	1,502	1,384	1,452
Discontinuing Students	2,407	2,362	2,436	2,431	2,367	2,412
Net Recruitment	1,144E	1,668	2,018	1,616	1,428	1,525
Estimated Number Graduates		1,711	1,688	1,500	1,457	1,486

It seems evident that the size of the student body and the number of graduates annually is, over time, a function of net recruitment, and that net recruitment in turn is a function of the number of new students, the number of recontinuing students, and the number of discontinuing students. The Program of Tuition Assistance Grants proposed below is designed primarily to help raise the number of new students. This will help net recruitment, but it is not the only way to help it. Net recruitment can be raised considerably by raising the number of recontinuing students and lowering the number of discontinuing students. Over the long run, a sustained drop in the discontinuation rate would seem likely to result in a parallel drop in the recontinuation rate, but since the discontinuing students make up a far larger group each year than do the recontinuing

students, such a joint change in rates would probably lead to a larger active student body and a larger number of degrees granted than we are presently achieving with an inflow of 2,400 or so new students annually. Furthermore, over the short-run--one, two, perhaps three years--it is clearly possible raise the recontinuation rate considerably while simultaneously lowering the discontinuation rate substantially, for the recontinuing students will be drawn from a large pool already in existence. And finally, recontinuing students really come from two pools--students who have interrupted their work in mid course, degrees unfinished, and alumni who have finished a degree and have decided to come back for a further degree. By directing a permanent, retroactive incentive towards those in the latter pool, it may be very possible over the long-run to maintain a high recontinuation rate while working steadily to lower the discontinuation rate.

Lowering the discontinuation rate could bring significant benefits. It would seem likely that the Guaranteed Tuition Plan would do this, for it would create an economic incentive for students not to interrupt their work. We have been averaging some 2,400 discontinuers per year during the 1970's. Let us say, the Plan will motivate 400 per year, one sixth of those who would otherwise discontinue, not to do so. Let us assume that they have, on the average 20 points still to complete before their work is finished, one and one half years, roughly, at 13 points per year. This would raise net recruitment 400 students per year; and since they could be expected to stay one and one half years, annual total enrollment would rise by 600; and finally the number of degrees awarded is, in these estimates, approximately 1.16 times net recruitment, the College could expect to award some 464 more degrees. 600 times 13 points times $129 equals $1,006,200 and 464 times $880, the average Bundy award, equals $408,320. Hence, to the $1,900,000 estimated above as the possible benefits from a speeding up of their work by 7,300 students, we add $1,400,000 as the possible benefits from the Plan by raising the student body by 600, for a total so far of $3,300,000.

Above we observed that over the near future it was very possible to lower the discontinuation rate while at the same

time significantly raising the recontinuation rate. This latter change, through the retroactive features of the Plan, would be its fifth potential benefit to the College's finances. Teachers College has a very large pool of former students who are in academic good standing, but who, for one or another reason, have interrupted their work in the College prior to completing their degree. The size of this pool is hard to determine accurately; an informed guess would put it, I think, somewhere between 10,000 to 15,000. The retroactive provisions in the Guaranteed Tuition Plan create a significant economic incentive for these students to recontinue their work in the period between spring 1978 and spring 1979. These provisions would allow students to come back at the fee schedule in force at the time of their last previous enrollment, or the schedule in force during 1974-75 if their last previous enrollment was prior to that year.

Before trying to estimate the potential financial rewards accruing to the College from these provisions, it is important to point out that a certain additional financial risk is incurred through them. In the past, each term, enrollment has included a significant number of students counted in the above table as Recontinuing Students. A good part of these are picking up their work again after a short break, roughly one full year or less; but about a third--approximately 250 in the fall, 125 in the spring, and 175 in the summer--are recontinuing after a considerably longer interruption. The retroactive provisions of the Plan will discount the tuition of these students who could be expected to come back whether or not the Plan is instituted. The rates of the discount will vary according to each student's precise dates of last attendance, with the average discount depending on the mix. 1974-75 was not so long ago, however, and let us be conservative in estimating the risk and assume that all of them through the Plan will be coming back at that fee schedule when tuition was $105 per point. We assume, therefore that all would return with the maximum possible discount of 18.6%. 550 students at 11 points each, the over-all average number of points per year without the plan, would take 6,050 points (although it is very possible that the typical recontinuing student normally takes considerably below the over-all average). At $129 per point, income from these points

would be $780,450, but discounted 18.6% it would be $145,164 less. That figure is a somewhat exaggerated estimate of the maximum risk of the retroactive provisions in the Plan.

To cover this risk and break even, the retroactive features would need to bring in 1,383 extra discounted points ($145,164 divided by $105). It would be fair to assume, in keeping with previous estimates, that students drawn back by the Plan would study at a somewhat more rapid pace than those who would come back without it, say at the 13 points used earlier rather than 11. To generate 1,383 extra points at this rate, 107 students more than the 550 or so who might be expected anyway would have to recontinue their work. If the pool is 10,000, the lower end of our guess, this would mean drawing back 1.1% of it. The discount that the retroactive provisions create, however, is fairly substantial, and one can plausibly imagine a good deal more than 1.1% of the pool responding to it. If an additional 5% responded, studying at the rate assumed above, the College would gain an extra $682,500, still asuming that all are at the maximum discount. With a further 5%, the College would benefit by $1,365,000; and should a quarter of the pool respond, the College would be ahead by $3,412,500. Further, these estimates are based on tuition alone: for each 5%, $440,000 in eventual Bundy Money should be added.

These benefits, should they materialize, would not be sustained benefits, however. For the other incentives to work well, the blanket retroactive provisions of the Plan, those covering both alumni and students who have not completed degrees, would have to be offered only once, for a limited period; otherwise a subtle incentive is created for current students to drop out before their work is complete, expecting to return on their current fee schedule at some future date. A blanket retroactive provision, however, when clearly defined as a one-time feature connected with the implementation of the Plan, does no harm to the prospective incentives of the Plan and provides for a limited time a probable source of extra income that can more than offset the costs of implementing the Plan. Thus, let us assume that 10% above the 1.1% needed to cover the cost of the retroactive provisions, will return during the year in which the retroactive features stand; and let us assume further, as we did above, that

they have on the average 20 points to complete and will do so at the rate of 13 points per year. In this case, over the next two years, the College could expect an extra $2,100,000 in tuition and an extra $880,000 in Bundy Money spread over two years, about $1,500,000 annually. By that time, the prospective features of the Plan should have taken close to full effect and could be expected to keep the College some $3,000,000 ahead of what it would be without the Plan.

Let us note, finally, that certain retroactive provisions can be made standing provisions of the Plan in a way that does not weaken the prospective incentives but that actually strangthens them. As we have noted, recontinuing students are really drawn from two pools, a large pool of students who have discontinued their work before completing their degree intentions, and a large pool of alumni, many of whom, at later points in their careers, decide to return to work for further degrees. Alumni figure, not in the discontinuation rate, but in the graduation rate. By giving alumni an economic incentive to come back to Teachers College, after a period away, to work for a further degree, no incentive is created for current students to drop out prior to their completion of their work. Rather quite the opposite: a further incentive is created for them to complete their work so that they can qualify, should they decide at a future point to go on for a further degree, for a reduced tuition rate. Thus, this continuing retroactive provision, restricted to alumni who stopped work at TC on completing a degree, will help both to keep the recontinuation rate as high as possible and to lower the discontinuation rate as much as possible. Presently, the data is not available, although it probably could be developed, to show what proportion of recontinuing students are alumni coming back to start work for further degrees and what proportion are students who have discontinued in the past and are returning to finish work for incompleted degrees. Until such data is available, it will not be possible to estimate the possible dollar benefits to be gained from including in the Plan retroactive provisions of benefit to alumni. Such provisions would, with little added risk, strengthen the basic incentives the plan is designed to create, and for this reason they should be included in it. Should they be included, a measure that these permanent retroactive features were haing the proper effects would be a change, over time, within each year's cohort of recontinuing students in the proportion between the number of returning alumni and the

number of students who left prior to completing their degrees.

It is now time, however, to return to the problem of risks. The financial risks over the short run, we have argued, are not great. The major risk with the over-all Plan is one of foregoing, in the first phases of implementing the Plan, a possible 6% accross the board tuition increase. As we have seen, once the Plan is implemented, this risk largely disappears as the average tuition under the Plan is as much susceptible to steady upward adjustment as is the College's past mode of charging tuition. Likewise, much of the financial risk in the retroactive features of the Plan is a short-term risk, for a good part of those features last for only one year. After that time, students, who had interrupted their work and who chose to recontinue, will, as they do now, pick up at the current fee schedule. There is a different kind of risk in the Plan, however, that also needs serious consideration. The benefits we have estimated do not assume any increase in the number of new students coming to the College, about 2,300 annually. All the benefits are premised on taking roughly the current rate of new student input as a given: the benefits we have looked at will arise insofar as the Plan induces the existing flow of new students to pursue their work with grater continuity, to pursue it at a somewhat faster pace of study, to pursue it with a lower level of discontinuity, and, with those who have discontinued it in the past, to pursue it with the greater likelihood of recontinuing in the immediate future. With the given inflow of new students, it is probable that the first four sets of benefits here estimated can be maintained over time, although this probability would be greatly higher were the given input 2,500 annually, rather than 2,300. The real problem, however, is that we cannot, at present, be sure that even 2,300 new students annually are a given. In 1976-77, the new student total was 2,222; in the fall of 1978 it is under 1,050, a figure which augurs for a 1977-78 total of 2,100. Should a downward trend in new students, one continuing indefinitely, be the real given, the Guaranteed Tuition Plan might increase income for a few years significantly, but then it would start to have the effect of speeding up the impact of the decline in new student enrollment and severe income deficiencies would again set in. Those pressures would set in also without the Plan, perhpas a bit more slowly, but in the end, perhpas more seriously. The point is not that the Guaranteed Tuition Plan would make the College more vulnerable to a sustained decline in new students, but rather that, Plan or no Plan, the College is highly vulnerable to the

adverse effects of such a decline, and the Plan, through its own mechanisms, does not provide strong means for countering such a potential decline. The Guaranteed Tuition Plan may help in new student recruitment; it may help students plan the cost of their education and it may be an innovation that, through the news media and through advertising, can attract interested students to the College. But it creates directly no compelling incentives, intellectual or financial, to draw new students. The following proposals, for Tution Assistance Grants and for an Academic Development Fund, are intended primarily as means for making Teachers College financially and intellectually more attractive to prospective new students.

A PROPOSAL FOR A PROGRAM OF TUITION ASSISTANCE GRANTS

New student enrollments have been declining significantly since 1974-75. New student enrollments for the MA degree have been declining less sharply but significantly for a much longer period, and with this decline, MA degree candidates, as a percent of total enrollment, have also been declining significantly. These declines are portentous for both the financial and the intellectual life of the College. The College cannot have strong instructional programs without an adequate inflow of new students, nor can it maintain an adequate tuition and fee income without that inflow. Likewise, a solid base of MA students is important, not only because this base is in itself very significant to the College's finances and instructional work, but also because it constitutes a major recruitment pool for good candidates for more advanced degrees. The Tuition Assistance Grants here proposed are designed to enable each program to attract and hold a larger enrollment on the Masters level.

On a closer look at enrollment, it further becomes clear that changes in new student enrollment and in over-all enrollment have not occurred evenly across the College. A 10% total decline is an aggregate composed of some declines far more serious and some increases and some modest declines. Some programs have more students than they can optimally handle; some programs have a sufficient number of students to cover their costs in a detailed cost accounting, but judge that nevertheless, with more students, the patterns of pedagogical

interaction between faculty members and students, the tone of classes and seminars, would be much improved; some programs find themselves literally starved for students, blocked out of a large market for staple degrees by short-term distortions in job-markets and by competing institutions in the region that are charging significantly lower fees for identical credentials, however inferior the education behind the credentials the competition offers may be. It is in the interest of each program that all programs find ways to attract an optimum student body. Therefore, the Tuition Assistance Grants here proposed are designed, especially, to enable those programs that can expand enrollment, and, even more, those programs that desperately need to expand enrollment, to do so in a way that brings added income to the College.

Tuition Assistance Grants are a widely used form of partial scholarship, which, from the student's point of view in effect discounts tuition by one or another fixed percentage, making the cost of a degree lower, and from the institution's point of view maximizes potential enrollment and income by drawing to it partially paid tuition points that otherwise would not be taught. Tuition Assistance Grants introduce far greater flexibility to an institution's pricing policies, allowing it to respond more effectively to the financial needs of highly gifted prospects, to take into account competition from neighboring institutions that may be severely affecting certain programs and areas, to respond to changes in the market conditions for jobs in each field, and to keep enrollment in a pedagogically better balance with the level of staff in each program. The following Program of Tuition Assistance Grants is designed to accomplish these purposes in a way that gives the faculty, program by program and as a collegial body, a central role in implementing and evaluating the effort.

Statement of the Program:

Tuition Assistance Grants will be a form of partial scholarship aid given, insofar as the funding of the Program allows, to students who apply and are recommended as recipients of awards by their major program and the Committee on Student Aid. The criteria for recommending awards will be as follows:

1) the award should help the College by facilitating enrollment in it of a qualified student who can bear part of the cost of his or her tuition, but not all of it, and who, in the absence of the award, probably would not enroll in the College;
2) the award should help the applicant's major program bring its enrollment to a level that it itself has designated as the level most desirable pedagogically;
3) the award should help to enhance the intellectual excellence of the student body in the applicant's major program and in the College as a whole; and
4) the award should help a student with financial need meet the cost of his or her education.

The awards will pertain to the recipient's first 36 points taken through Teachers College and will last for two years; neither the 36 point limit nor the two year limit may be extended. The awards will be in three categories--Small Grants, Medium Grants, and Large Grants, with two variations within the Small and Large Grants. Within the institution's internal budgeting and administration of the Program, these grants are best expressed in terms of free points: Small Grants--either 1 point of 12 or 1 point of 9 free; Medium Grants--1 point of 6 free; and Large Grants--either 1 point of 3 or 1 point of 2 free. To the student, however, the grant should be expressed as a lump dollar sum calculated as the dollar equivalent at the current tuition rate of the number of free points out of 36 that the award brings. Thus, with a Small Grant of 1 point of 12 free, the student will receive a scholarship worth $387, and with a Large Grant of 1 point of 2 free, the student will receive one worth $2,322. That scholarship will actually be given through a per point discount on the tuition rate the student pays: with a base tuition rate of $129 per point, students with Small Grants will be charged, for up to 36 points within two years, either $118.25 per point, at a discount of 08.3%, or $114.67, at a discount of 11.1%; students with Medium Grants will be charged $107.50 per point, at a discount of 16.7%; and students with Large Grants will be charged either $86.00 per point, at a discount of 33.3%, or $64.50, at a discount of 50.0%. It

[Note: in a strict sense, eligibility should be open to any student who has taken fewer than 36 points in Teachers College, although the award could only apply, in the case of the student who had already taken points in TC, to the difference between the points taken and 36 (for instance, an applicant with 28 TC points completed could be awarded a Tuition Assistance Grant only on the 8 points he or she still had to take to get up to the 36 point total. On the other hand, a new student bringing transfer credit will be able to apply for a Tuition Assistance Grant covering his or her first 36 points taken through TC without the transfer credit being deducted. The main idea is to make the Tuition Assistance Grants serve as means for drawing new students to the College, whether they come in as fresh MA candidates or as candidates for further degrees with previous graduate work elsewhere. The reason for the 36 point limit, rather, say, than a 32 point limit, is to encourage the MA student with a Grant to think of going on further.]

is important that the Tuition Assistance Grants be so expressed in dollar amounts to students, even though internally it is easier to define the costs of the Grants in free points, for the students are trying to cope with real financial burdens and the actual cost per point that they will have to bear in pursuing their aspiration to a degree is what they need to know.

Tuition Assistance Grants are not an entirely altruistic form of student aid; rather they are clearly a form of aid that functions as an inducement to students to come and bear a significant part of the cost of their education. The Grants are designed to honor the principle of need and the principle of ability that have traditionally been paramount with respect to scholarships, and at the same time they are designed to promote a mutually beneficial conjunction between the financial needs of the College and the financial needs of the student. It can well be argued that students' real needs and concerns can be served better by a wide repertory of partial scholarships, sometimes very minimal scholarships, than by a narrow repertory of full scholarships, which by requiring full-time study are often ironically too expensive for the student to accept without great personal sacrifice, and often, for an institution in the midst of grave financial difficulties, are very, very expensive to offer. The availability of a significant number of Tution Assistance Grants would enable the Financial Aid Office put together many more effective aid packages, consisting of such grants combined with loans combined with part-time jobs, and such packages could serve many more students than the College can presently serve, and do so in a way highly beneficial to the finances of the College. Let us try to work out procedures by which a substantial program of Tuition Assistance Grants could be instituted so that it could help the College deal with its financial needs while helping prospective students deal with their financial needs.

To begin with, let us propose that the College establish a pool of free points equal to 6% of the total number of points taught the previous year or to 5,400 points, whichever is higher. These points would

become the economic base of the Tuition Assistance Grants. If the average award proved to be that of a medium grant, 1 point of 6 free on 36 points, the College could make 900 such awards annually, which would in effect lower tuition charged for 900 students to $107.50. To make these awards function to the maximum benefit to the College, it would be important that careful attention be paid to the first of the criteria set for the awards, namely that the award should help the College by facilitating enrollment in it of a qualified student who can bear part of he cost of his or her tuition, but not all of it, and who, in the absence of the award, probably would not enroll in the College. The procedures proposed below are meant to create mechanisms that will promote careful, constructive attention to this criterion, and to the second, namely that the award should help the applicant's major program bring its enrollment to a level that it itself has designated as the level most desirable pedagogically. It is really with this designation of a pedagogically desirable level that the implementation of the Program should begin.

Thus, each Division in the College should be asked to establish an enrollment goal for each program within it, a goal set on the basis of what those teaching in the program consider to be its pedagogically soundest enrollment. To function at its optimum level of educational excellence, how many students should the program have? What mix between part-time and full-time students should be striven for? How many full-time equivalent students will permit the program to make best use of its instructional resources. These are fundamental questions, ones worth thinking about for their own sake, and answers to them should be basic to structuring the Program of Tuition Assistance Grants. The enrollment goals set <u>for</u> each program <u>by</u> each program, accompanied by a concise rationale, should be forwarded by the Division Directors to the Dean and the Committee on Instruction and Research, which together should evaluate the goals and request revisions where they judge it appropriate to do so. When the goals have been established and agreed upon, the Dean and the Committee on Instruction and Research should allot

[Note: it would be well could the Program of Tuition Assistance Grants be implemented quickly, in ample time for them to be publicized and for applications to come in for awards to start fall 1978. The procedures suggested here will take some time to put into operation, yet they are suggested, nevertheless, because they would seem, over time, to bring with them highly constructive effects on program definition and development. To get the TAG Program off the ground for next year, however, it might be well to use a formula for allocating the Grants to programs that Henry Hector has developed, which uses the difference between current enrollment and peak enrollment during 1974-75 and 1975-76.]

the points for Tuition Assistance Grants on the basis of the following guidelines:

a) on the principle of equity, 10% of the points will be distributed pro rata to each program according to its enrollment the previous fall term;

b) on the principle of encouraging initiative, up to 10% of the points will be allotted to new programs (ones established within the last three years) that are seeking to build up their enrollments, the points to be distributed in proportion to the difference between each program's declared optimum enrollment, and its current enrollment, with no program receiving a sum of free points that amounts to more than 16.7% of 36 times the number of students by which enrollment the previous fall was below the declared optimum enrollment;

c) on the principle of facilitating the realization of potential, up to 40% of the free points will be distributed to each program, excluding those under B that have reached their 16.7% maximum, in proportion to the difference between its optimum enrollment goals and its actual enrollment the previous fall term, with no program receiving a sum of free points that amounts to more than 16.7% of 36 times the number of students by which enrollment the previous fall was below the declared optimum enrollment; and

d) on the principle of helping those most in need, the remaining points, a minimum of 40%, will be distributed to programs that the Dean and the Committee on Instruction and Research judge to be the ones that have experienced or are experiencing significant enrollment declines, the distribution to be in proportion to the seriousness of the decline, with no program receiving a sum of free points that amounts to more than 33.3% of 36 times the number

students that enrollment the previous fall was below optimum enrollment.

The Dean and the Committee on Instruction and Research will also assign to each program certain restrictions on the form of Tuition Assistance Grants it will be allowed to recommend. As general principles, it might be suggested that programs allotted points only under a) above should be restricted to recommending only Small Grants, either 1 point of 12 or 1 point of 9 free; programs allotted points under a) and b) or c) above should be permitted to award both Small and Medium Grants, either 1 of 12, 1 of 9, or 1 of 6 points free; and programs allotted points under d) above should be permitted to award Small, Medium, and Large Grants, the full repertory down to 1 of 3 and 1 of 2 points free.

[Note: it is possible that the flexibility here suggested will prove too cumbersome in the actual administration of the Program. If it is administratively feasible, such flexibility is desirable, for as programs develop experience in making the awards, the flexibility will enable them to maximize the number of students they can effectively help. If that proves too difficult to administer, however, each program should be assigned a single tuition assistance rate.]

Awards of Tuition Assistance Grants will be made by the Committee on Student Aid as it does with other scholarship programs according to rankings among applicants provided by each program. Each recipient, according to whether he or she receives a Small, Medium, or Large Grant, will be notified of its lump sum value and the concomitant tuition assistance rate, the appropriate one among the discounted per point tuition figures given above. The recipient should be notified that the award will last for two years or until the student has completed 36 points, whichever comes first. The recipient should also be encouraged to work out with the Office of Financial Aid a complementary package of loans and work that is designed to enable the student to take maximum advantage of the Grant. The student's attention should also be drawn, assuming it is adopted, to the Guaranteed Tuition Plan. Students who receive a Tuition Assistance Grant and who plan to work for degres of 40 points or more will be benefitted by the Guaranteed Tuition Plan when their Tuition Assistance Grant runs out: at that point their tuition fees will rise per point to the base rate in effect at

the time they started their 36 points, not to the current rate in effect when they finish their 36 points or at the end of two years, as the case may be.

In the process of making the awards, each program can recommend whatever combination of awards to applicants that it sees fit within the restrictions on the size of grants set for it. For each award it recommends it should deduct from its point allotment 3 or 4 points for each Small Grant, 6 points for each Medium Grant, and 12 or 18 points for each Large Grant. As specified above, recommendations for the award of Tuition Assistance Grants by each program should be based on consideration of the four basic criteria: 1) the award should help the College by facilitating enrollment in it of a qualified student who can bear part of the cost of his or her tuition, but not all of it, and who, in the absence of the award, probably would not enroll in the College; 2) the award should help the applicant's major program bring its enrollment to a level that it itself has designated as the level most desirable pedagogically; 3) the award should help to enhance the intellectual excellence of the student body in the applicant's major program and in the College as a whole; and 4) the award should help a student with financial need meet the cost of his or her education.

Programs that judge, in the light of the applications they receive, that they cannot, on these criteria, recommend the award of all the points allotted to them, should notify the Committee on Student Aid of that situation. Programs that judge, in the light of the applications they receive, that they can, on the above criteria, award more points than allotted to them, should submit to the Committee on Student Aid a list of contingency awards. The Committee on Student Aid should make as many contingency awards as possible from the unused points according to the following priorities: first requests from programs in category d, then b, then c, then a.

A waiting list according to the same priorities should also be prepared so that the Office of Financial Aid can reassign points that become available in the event that Grants are turned down by recipients.

A Program of Tuition Assistance Grants such as that here proposed carries with it a significant financial risk and the potential for even more significant financial reward. Hence such a Program should be subject to careful, continuous evaluation. We will come shortly to suggesting procedures for such evaluation; but let us first assess the possible risks and rewards. Parameters of risk and reward can be defined by calculating the results of the worst and best cases that might eventuate from the proposed Program. Assume for simplicity that within the range allowed to programs, they will recommend awards consistently at the highest assistance rate permitted to them. In this case, 10% of the 5,400 points will be awarded as 1 of 9 points free, 50% as 1 of 6 points free, and 40% as 1 of 2 points free. These assumptions will make the "best case" fall considerably short of the theoretically best of all cases, but these assumptions will suffice nevertheless for the sake of illustration. The worst case would arise were all the points taken by those receiving Grants points that would have been taken whether or not the Grants were given. In this case the Grants would all go to students who would have enrolled without the Grants and would have taken just as many points without the Grants as they would with them. The upshot of this case would be that the College had given away 5,400 points free for which it would otherwise have been paid $129 per point, leaving it $696,000 the poorer in tuition income than it would otherwise have been. That is the risk. The best case would arise were all the points taken by those receiving Grants points that would not have been taken were it not for the Grants. In this case the awards would all go to students who would not have come to Teachers College, who would have

taken no points, were it not for the awards. The upshot of this case would be that the College would be considerably the richer for the awards:

540 points awarded at 1 of 9 is 4,860 points at $114.67 or $557,296;
2,700 points awarded at 1 of 6 is 16,200 points at $107.50 or $1,741,500; and
2,160 points awarded at 1 of 2 is 4,320 points at $64.50 or $278,640;
for a total of $2,577,436.

In reality, not all awards are going to go to students who otherwise would not come to TC, and in reality also, not all awards are going to be at the maximum permissible rate. The absolute theoretical maximum benefit would arise financially if all the awards were at the minimum rate and all went to students who would not come to TC otherwise: 5,400 times 12 times $118.25 equals $7,662,600! This result will not be approached, but something like the $2,500,000 could be, especially if, through a process of continual evaluation, all concerned build up experience and sophistication in making the Grants. Hence it would seem to be important in proposing the Program to suggest procedures for its continual evaluation.

Such evaluation should have as its primary purposes facilitating the continual adaptation of the Program to changing conditions and insuring that attention be steadily paid to the three purposes of the Program, which are financial, intellectual, and philanthropic. Implementation of the Program starts on the level of the Division and its various instructional programs as each projects its pedagogically desired enrollment level. So too should evaluation start with an annual report drawn up by each instructional program assessing the year's experience with the Tuition Assistance Grants, indicating the degree to which the Grants have helped it achieve its projected goal, and revising, where appropriate, the level of enrollment it finds pedagogically most desirable in the light of new conditions that may pertain internally and externally. At the same time, the Office of Institutional Studies should prepare an annual assessment, evaluating the over-all

impact of the Program on enrollment and finances and identifying difficulties in the way the Program is working where they seem apparent. All these documents should go to the Dean and the Committee on Instruction and Research, which should together suggest steps for dealing with any apparent problems in the Program and which should use the information provided as the basis for making the allotment of points for the coming year's Grants. Procedures something like these, while not necessarily the most efficient, may very well be the most effective, for they will encourage useful discussion of how the Program is proceeding and continual adaptation of it to ever changing conditions.

A few more points bear comment. Neither the Program of Tuition Assistance Grants nor the Guaranteed Tuition Plan will have constructive effects on enrollment and finances if they are quietly instituted unbeknownst to prospective, current, and former students. As we have noted, both proposals carry significant risks, and the surest way to maximize those risks is to embark along the course set by the proposals timidly, diffidently, holding back from giving them full publicity.

[There will follow further discussion of what should be behind this publicity by way of transition to a third proposal for an Academic Development Fund, which would be a means of concentrating a good part of the added income that might accrue through the tuition intitiatives and using it systematically to improve, incrementally, the instructional and research capacities of the College. The argument will be that the publicity connected with the tuition changes should go far beyond the mere calling of attention to those changes; rather it should make those changes emblematic of a fundamental, public commitment by the College on a fundamental public issue, perhpas the fundamental public issue in education, namely whether centers of excellence can be built on a principle of accessibility or whether they inevitably gravitate to a principle of exclusivity. The tuition changes, I will argue, should be presented as an act of faith by the College that in a time of financial difficulty it can reaffirm its traditional commitments to both excellence and accessibility and that it can improve its excellence by improving its accessibility, and thus it is going to use the bulk of the added income it derives from these changes as a steady flow of seed money for improving its instruction and expanding its research.]

1) Objections to the proposals in principle

2) Objections to features of the proposals through economic reasoning.
   i.e., the incentives are greater than they need to be in order to produce the desired effects, thus giving away more than necessary;
   or, the incentives are too small to have the kind of effects necessary
   or that economic reasoning is irrelevant to enrollment determining = program deficiencies are the real problem.

3) Objections on administrative technicalities
   i.e., the proposals would be good were they administratively feasible, but they will in fact create an administrative morass that will make them far too costly to implement.

4) Objections that the proposals are OK, but the purposes they aim at could be better accomplished by other means . . .
   1) An across the board tuition cut: ... does not promise to speed up rate of study
      Risks are high.
   2) A comprehensive aid program . . . does not affect non-aided students.

5) Objections to the proposals on grounds of general institutional prudence —
   The time is not right; conditions are too unsettled to risk such far reaching initiatives.

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