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ABSTRACT

This document identifies various means of developing productive uses for under-used educational facilities. Examples and ideas of generating additional revenue cover the renting of classrooms, auditoriums, theaters, dormitories, and student unions. Programs aimed at a new constituency are reviewed in addition to extensive summer camp programs for high school groups, conferences, vacation package plans, refurbishing for refinancing, property for profit, and redevelopment of university property to generate extra revenue. (MJM)

Generating revenue from college facilities

A REPORT FROM EDUCATIONAL FACILITIES LABORATORIES

Educational Facilities Laboratories is a nonprofit corporation established in 1958 by The Ford Foundation to encourage and guide constructive changes in education and related facilities.

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Foreword

This publication describes several strategies used by institutions of higher education to produce income from their land and buildings. EFL produced the booklet and is distributing it as widely as possible because we share a general concern for keeping colleges solvent. *Generating Revenue from College Facilities* was researched and written by Larry Molloy, an EFL project director. We believe that the examples in the publication represent a wide coverage of what has been done so far, and we hope that readers will find at least one lead to follow if their own institutions are in need of additional income.

EDUCATIONAL FACILITIES LABORATORIES

Because of declining enrollments, rising costs of educational services, decreasing income from investments in an adverse market, and a taxpayer revolt at the polls, many colleges and universities are seeking new methods for raising funds, making operational costs go further, and finding partners who can relieve their budgets of the expense of nonacademic services. One solution to financial difficulties is to develop productive uses for underused facilities.

With an eye toward income, planners and college officials are taking a close look at closed dormitories, empty classrooms and idle recreation equipment. Some small private colleges are even beginning to convert entire campuses into summer tourist centers. In general, the gainful use of unproductive facilities has brought new users onto college campuses who are producing unexpected revenues by increasing sales in campus stores and restaurants and by generating enrollments and alumni support for the college.

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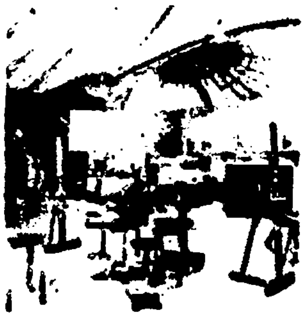
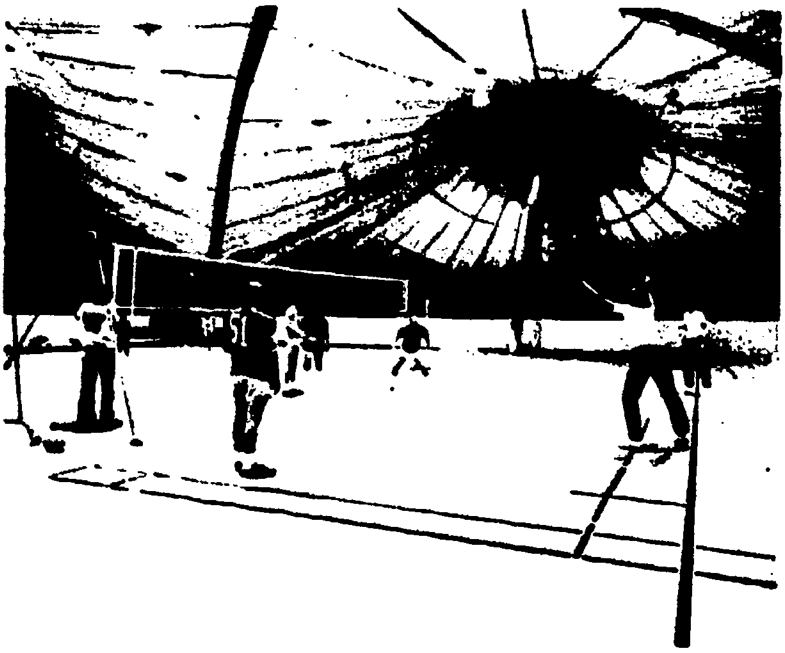
To alleviate their financial difficulties, many universities rent empty facilities to anyone willing to pay the price. Many private schools already receive steady incomes from leasing property holdings outside the campus, but an increasing number of colleges are supplementing their incomes by charging modest fees for the use of theaters, conference rooms, and athletic facilities.

Westbrook College in Portland, Maine, for example, rents classrooms, auditoriums, theaters, and dormitories to community groups and professional organizations. The Portland medical center often rents space for two- or three-day training programs. Since standard per diem charges are established for each facility, local organizations can estimate their costs ahead of time.

Hourly rates have been established for renting space and recreation equipment in La Verne College's new student activities center. The center is in two tent-like buildings that resemble a circus "big top." The





translucent roofs shelter a 200-seat theater, a basketball court, 10 volleyball courts, six badminton courts, lockers and showers, a fine arts classroom, a cafeteria, a student union, a health clinic, a bookstore, and administrative offices. When recreation and theater facilities are not being used by the college, individuals and community organizations may rent space and equipment. The gymnasium is available for about $30 an hour to commercial and fund-raising groups, or for about $20 an hour to nonprofit or governmental organizations. From the rent income, La Verne expects to net between $20,000 and $40,000 during the academic year and an equal amount during the summer months. In addition to rentals, the college also sells membership privileges in the center's facilities and operates a free recreation program for neighborhood youngsters two afternoons a week. *Write: Stephen C. Morgan, Office of Development, La Verne College, La Verne, Calif. 91750.*

A students' association at one university helped create a tenant for the university. Officials of the Coffman Memorial Student Union at the University of Minnesota in Minneapolis were seeking a solution to a problem with a large number of student street vendors hawking their wares on the sidewalks and grounds around the campus. An association of students, called the Coffman Union Program Council, proposed the creation of an indoor market for student- and faculty-made arts and crafts and allocated enough money to convert about 1,000 sq ft of the union bookstore into a special store called The Market Place. Operating as a nonprofit agency, the council leases space from the university for $1,000 a year and meets all expenses by charging a commission for every sale. Union officials report that the popularity of The Market Place has resulted in increased traffic for other union activities. *Write: Vanne Hayes, Activities Consultant, Coffman Memorial Student Union, Room 205, University of Minnesota, Minneapolis, Minn. 55455.*

New users at the student union

As a means of raising income and making greater use of campus facilities, some universities sell student privileges to non-students for a membership fee. At the University of Wisconsin Milwaukee, for example, the student union sells membership to townspeople, alumni, and senior citizens. For a modest yearly fee, members are allowed to use the cafeteria, bookstore, and all recreation facilities. Union officials report that fees generate extra income which allows them to offer diversified programs during the school year and continue regular programs into the slack season. *Write: Kelly Clark, Assistant to the Director, University of Wisconsin Milwaukee Union, Milwaukee, Wis. 53201.*

New Orleans' Tulane University keeps its student center filled during the summer by running a recreation day camp program for local teenagers. Except for a brief intermission, Tulane's program has operated continuously since 1952 and there are now about 120 teenagers supervised by a director, eight counselors, and two instructors. According to the director of the Tulane University Center, the program produces enrollment fees which supplement allocations for furnishings and equipment and also pay salaries for staff and college students who need work during the summer. In addition, the program is excellent long-range recruitment for prospective students, bolsters university relations with its neighborhood, and provides additional traffic for the cafeteria and bookstore during the slack summer months. *Write: Einar N. Pedersen, Director, Tulane University Center, Tulane University, New Orleans, La. 70118.*

Although the use of college unions as neighborhood community centers is controversial, their central location and role as the student meeting place make them attractive sites for new revenue-generating projects. In fact some universities are discovering that a small investment in new programs and facilities at the student union will yield greater revenues than a larger investment in projects which have no connection with daily campus life.

LARRY CROUSE

An addition to the University of Maryland Student Union included a basement connection to an existing bowling lane in the old facility. Rather than leave it as a cavernous tunnel, union officials contracted with a vending corporation to turn the connection into an amusement arcade. The corporation installed 22 pinball machines, two air hockey tables, five skill-matching games, and one coin changer. To keep noise down, tunnel walls and floors were carpeted and all machines were hung from box beam supports along the walls. The same carpeting and color scheme carries into an adjacent lounge and billiards room linking them into the arcade and bowling center. Union officials report that the confluence of the four usually separate spaces has resulted in increased activity for all of them. The new amusement arcade generates the highest revenue per square foot of any operation in the building—up to $1,500 per week during the academic year. *Write: Robert Stumpff, Associate Director, University of Maryland Student Union, University of Maryland, College Park, Md. 20742.*

Meanwhile, back at the dorm

Some colleges and universities are leasing or selling unused campus facilities to generate revenue. Since so many institutions have overbuilt student housing, there is a brisk market in leasing unused dormitories to public and private agencies for education-related purposes. At the University of Oklahoma in Norman, so many students elect to live off campus that school officials vacated an entire 12-story dormitory and leased it, together with parts of other buildings, to the U.S. Postal Service for an in-service training school called the Technical Center. The Postal Service renovated portions of the dorm under a 3-year leasing agreement with the university which also includes option to renew for two years. Now, more than 400 postal employees live in former student dorm rooms and use the lower floors for classes and a cafeteria. The university uses the income to amortize the debt on the new facilities and the remainder helps maintain the total housing complex. *Write: William L. Dunsworth, Coordinator, Public Service Program, University of Oklahoma, Norman, Okla. 73069.*

Cameron College in Lawton, Oklahoma, worked out another school-within-a-school arrangement with the Federal Aviation Administration. A two-tower dormitory complex called Shepplei Center was first occupied in 1968 but within two years the occupancy rate fell to 50 percent. At the same time, the FAA was seeking quarters for a new management training center and contacted Cameron. Today, the Federal Aviation Administration Management Training Center is an integral

part of Cameron College. The FAA leases half of the Sheppler Center including one tower, and half of the mezzanine and cafeteria. In addition, the FAA leases another dormitory, an old classroom building, and half the student union in order to provide academic and leisure time activities for their students. Cameron provides all food, linen, and maintenance, and makes classrooms and recreation equipment available to FAA students. According to the college business manager, Cameron receives about $1 million a year from the FAA for its services and spaces. Cameron also receives an additional $60,000 a year in rent on a former dormitory converted into offices for the State Department of Rehabilitation and Welfare. *Write: Flake Todd, Business Manager, Cameron College, Lawton, Okla. 73501.*

Instead of bringing outsiders onto campus, Eastern Washington State College found a ready-made group of indigenous students eager to rent an empty dormitory. The group was composed of veterans who had already established a strong campus organization for providing services for returning Vietnam servicemen. In order to provide low-cost housing for their members, the veterans' association leased a 70-bed student dormitory from the college and turned it into a co-op apartment building. The association charges veterans only $25 a month to live in the dormitory. With full occupancy, this income is sufficient to cover the $11,000 annual rent paid to the college, the cost of a dormitory director and maintenance personnel, and leaves money available for improvements and new projects. Until the veterans' co-op took it over, there was not enough demand for student housing to justify continued use of the building. With the income from the veterans' co-op association, the college covers all the fixed costs for the building which must be paid whether the dorm is empty or full. *Write: Larry Williams, Veterans' Affairs Coordinator, Eastern Washington State College, Cheney, Wash. 99004.*

Colleges are also finding a market for empty dormitories as group homes for the mentally retarded. Both Mankato State College in Mankato, Minnesota, and the University of Alabama in Tuscaloosa have leased entire dormitories to organizations representing the retarded. In order to pay off its bonded indebtedness on new student housing, the University of Alabama leased a 564-bed dormitory and food facilities to the Alabama State Mental Health Board for immediate use as a halfway center for the retarded. Under court order to reduce population in state institutions, the state board needed a quick-response facility which required little or no conversion: the dormitory was a good solution. The university charged the state board enough rent to pay off the debt service on the building. The halfway house was abandoned in late 1973 in favor of small, localized community group homes for the retarded. *Write: Roy W. Killingsworth, Director, Department of Physical Planning and Facilities, 250 Rose Administration Building, University of Alabama, University, Ala. 35486.*

The Minnesota halfway dormitory is still operating. Mankato State College rents its unused dormitory to a private nonprofit corporation for the retarded. Now called the Meyering Center for the Retarded, the dormitory, including lounge and food facilities, is a group home for 40 to 45 male and female adults. Meyering pays the college $3,300 a month for the use of the dormitory.

According to Meyering officials, there are some unique advantages in an on-campus group home: residents often attend campus activities, and college students are an inexhaustible source of volunteers. Another advantage is that the dorm lies within 15 minutes of downtown Mankato. Very few ready-made residential facilities are located so close to the center city at so little cost. *Write: Ira Johnson, Director of Campus Planning, Mankato State College, Mankato, Minn. 56001.*

Football financing

Sports facilities are a lucrative source of income. Colleges and universities rent stadiums and coliseums to all comers, from professional football teams to showmen and rock concert producers. The universities of Michigan, South Carolina, and New Mexico all have joint-use arrangements with various service agencies in their home cities. In fact, the high revenue colleges can expect from renting sports facilities is frequently used to justify huge capital investments in stadiums and coliseums. During the 1972-73 school year, Hofstra University netted $120,000 from rentals on its stadium and gymnasium.

The University of Utah and the University of Illinois constructed major coliseums which are now producing revenue from revival crusades, choral concerts, variety shows, and political campaigns. Also expecting lucrative returns, the University of Northern Iowa and Southwest Missouri State College have coliseums under construction. The universities of Michigan and South Carolina designed their basketball coliseums with enough facilities to produce rentals from conferences, concerts, conventions, and exhibition games.

Renting sports facilities has become so common that several universities now hire full-time rental coordinators. On a smaller scale, various colleges now rent less costly recreation facilities to community groups and private organizations. For example, the athletics department of Aquinas College in Grand Rapids, Michigan, installed a sauna in its new fieldhouse and advertised openings for membership in a Campus Health Club. Shortly after, they closed registration at 130 and started a waiting list. The program operates only during the fall months and their first group of customers paid for the new sauna three times over in the first four months. Interestingly, membership includes many successful business and professional men and women who, through their membership in the Campus Health Club, have become friends and supporters of the college. *Write: Ernie Mousseau, Director of Athletics, Aquinas College, Grand Rapids, Mich. 49506.*

Not all college-commercial arrangements involve cash income. Hofstra University, for example, worked out an arrangement to provide the New York Jets with an on-campus training facility. The university donated the land and constructed the building and grounds. In return, the Jets reimbursed Hofstra for all capital costs and took over the facility for a period of up to 20 years. Afterward, the entire complex becomes the property of Hofstra University. During the 20 years, however, Hofstra may use the facility when the pros do not need it. *Write: P. Richard Theibert, Director of Athletics, Hofstra University, Hempstead, Long Island, N.Y. 11550.*

The University of Pennsylvania has worked out a plan whereby colleges and universities can obtain air-conditioned indoor tennis facilities at no cost. The university recently built four tennis courts in a new facility that is rented to students and faculty. The local commercial rate for indoor tennis is $12 to $13 per court hour. Rather than compete with private enterprise, the university turned its new courts into a learning laboratory by offering a variety of tennis courses and clinics for the community. The university also rents its four courts for $3 per hour to students and $5 per hour to faculty. Over the first year, usage was so high that the university says it grossed $90,000. According to the athletic director, such income is more than enough to assure that similar facilities at other universities would pay off the capital financing, the debt service, all operating costs and leave a substantial income for the school. *Write: Fred Shabel, Athletic Director, University of Pennsylvania, Philadelphia, Pa. 19104.*

Expecting to receive enough income from leasing to cover the operating expenses, Brooklyn's Pratt Institute is constructing a $5-million combined sports facility and resource center. The new building has two levels: a semi-underground complex of science labs, photography studios, and student workshops underneath a multipurpose sports facility with six athletic courts, an 1/8-mile track and locker room facilities for 1,500. There are also spaces for dance studios, athletic department offices, and an observation deck overlooking the lower level. According to the director of athletics, Pratt can afford these facilities because the total operating expenses, about $100,000 a year, will be recouped from sports clubs, roller derbys, rock concerts, and exhibitions. This income will cover the utilities, maintenance, personnel, and security for all the building's users. Professional staff is extra. Thus by promoting community use of its new sports complex Pratt is able to ensure that expensive college facilities will not fall into disuse because of a lack of operating funds: *Write: Wayne Sunderland, Director of Athletics, Pratt Institute, 215 Ryerson Street, Brooklyn, N.Y. 11205.*

College begins at sixty

College officials often have to figure how to keep enrollments from dropping to the point where faculty are fired and programs are discontinued. One approach to declining enrollments is to offer new porgrams aimed at a new constituency. The elderly, for example, are being invited back to school. New York's John Jay College for Criminal Justice has opened a variety of courses for elderly and middle-aged students who are seeking not a degree, but contact with the active, daily world of learning. The program began in 1974 as a pilot project to test the market. So far, the response is overwhelming and new people are seeking admissions daily. *Write: Otto Strahl, Coordinator, Office of the Registrar, John Jay College for Criminal Justice, 445 West 59th Street, New York, N.Y. 10019.*

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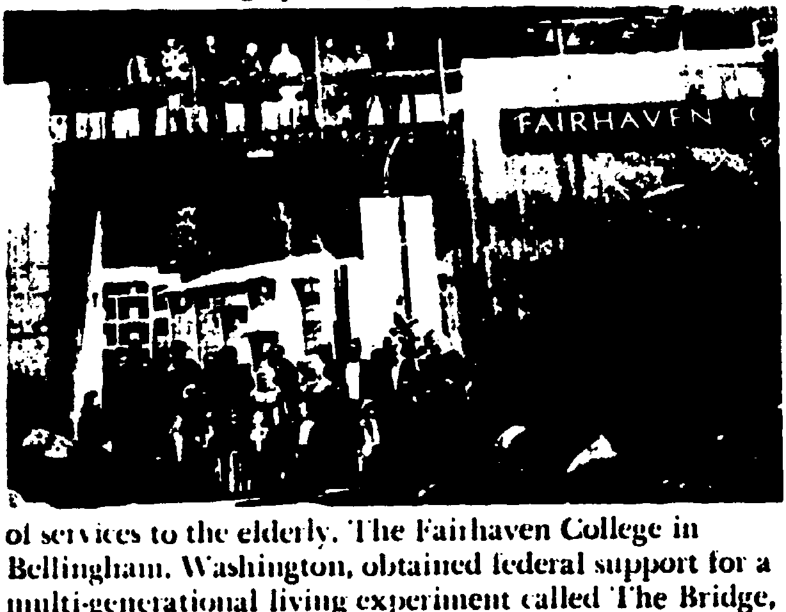
Other institutions are also adding academic programs for the elderly which are either free or low cost with the difference made up with federal funds. Among the colleges charging fees are: Seattle Pacific College; The University of Denver; Ohio State University; and the College at Sixty program at Fordham University in New York City which offers special seminars for the retired. One college put together a reciprocating package



of services to the elderly. The Fairhaven College in Bellingham, Washington, obtained federal support for a multi-generational living experiment called The Bridge, in which 33 adults, aged 60 to 80, pay modest fees to live in a campus dormitory which also houses a day care center. The new students provide extra traffic for college services, the federal program covers any cost deficits, and these senior citizen students, in addition to attending classes, lectures, and concerts, also help out in the day care center and provide valuable guidance and perspectives for their younger campus neighbors. *Write: Leone Western, Director, The Bridge, Fairhaven College, Bellingham, Wash. 98225.*

Other universities are offering new kinds of courses for a different kind of student. The State University of New York at Stony Brook, for example, has a new program that concentrates on the vocational and educational problems of the middle-aged worker seeking a new career. A special counseling center has been opened for middle-agers along with courses aimed at career placement. There is an orientation program which includes field visits to various professions before students must commit themselves to any particular career. Stony Brook hopes to become a state-wide center for mid-career and second-chance educational information. The new center will focus on the vocational and educational problems of individuals between the ages of 35 and 65. *Write: Alan Entine, Coordinator, Mid-Careers Program, Center for Continuing Education, State University of New York, Stony Brook, Long Island, N.Y. 11790.*

Some small colleges of art also face dwindling enrollments and income. The Herron School of Art in Indianapolis husbands its resources by opening up classes to nontraditional students. The school offers both noncredit and continuing education evening art classes. According to the acting dean of the school, the continuing education courses "allow us to offer things that we don't offer in the regular degree program, such as interior decoration and cartooning." All regular evening school classes are now available to both members of the community and students not majoring in art. Although the program does not generate revenue, it does allow the college to offer courses not feasible otherwise. *Write: Arthur Weber, Acting Dean, Herron School of Art, Indiana University, Indianapolis, Ind. 46202.*

Many colleges and universities are opening extensive new programs in continuing education aimed at drop-in alumni. Hofstra University, Chapman, and La Verne colleges have generated extra revenue by offering supplementary programs and various non-matriculating courses to contributing alumni who may drop in and out of classes without losing credit or money. Basically though, these new courses for middle-aged and elderly students do not produce funds that can be used to defray the costs of the regular programs. Instead, the new students provide just enough revenue for the university or colleges to retain supplemental faculty and services which they could not afford without the additional income. (See *Planning for Higher Education:* "The Adult Student: Trends and Options," April 1972, Vol. 2, #2:1/4 and "Lifelong Learning Comes of Age," February 1974, Vol. 3, #1:4/5.)

Summer camps and conferences

Although they receive no profits, many colleges and universities reap financial benefits from extensive summer camp programs for high school groups. Ranging from football and basketball to music and tennis, these camps fill up empty college dormitories and employ idle personnel during the slack summer season. In North Carolina, a pair of small Presbyterian colleges, Davidson and St. Andrews, are noted for their extensive summer camp programs. Davidson's success in basketball fathered a bustling basketball camp program for neighboring high school teams. St. Andrews concentrates on football and music.

St. Andrews benefits from a North Carolina state regulation that allows a maximum 14 days of preseason training for high school football teams. To make the most of this short period, school districts raise money through booster clubs for a 14-day concentrated football training season at an out-of-town camp. Although the college has no football program, its recreation facilities are ideal for high school camps. Last summer, St. Andrews ran 16 music and football camps and thus kept its dormitories filled, its recreation staff employed, and its operating costs down.

Sports and music camps generate revenue, but they often actually save more money than they earn. St. Andrews, for example, takes bids from private contractors for the college food service in which the charge for each meal is based on the total number of meals served during the year. If the college houses 600 football players on campus at all times and each player eats 21 meals a week, there are about 150,000 extra meals served during the summer. According to school officials, this results in a $50,000 savings in the cost of regular food services for students during the academic year. In addition, summer camps produce similar economies in health services, security, maintenance, staff, amortization of debt service on existing facilities, and any auxiliary service which must be kept going during the summer. *Write: Rodger Decker, Director, HUD Research Project, St. Andrews Presbyterian College, Laurinburg, N.C. 28352.*

St. Andrews is also refurbishing an empty dormitory into a conference and continuing education center. Conferences, in fact, are another income-generating activity for colleges with more facilities than students. Westbrook College in Portland, Maine, has recently opened a new conference and convention service and at this writing provides room, board, and a happy hour for $15 per day per person. In addition, the college will plan meetings, arrange schedules, print materials, and organize social and leisure activities. Conventioneers stay in college dormitories, use campus facilities, and while away their idle hours in city recreation facilities. So far, the college has hosted a wide variety of people and programs including a workshop for teachers of writing and the Annual National Victorian Preservation Society Conference. Westbrook expects to net about $25,000 during the first year of operation and triple the take the second year. *Write: Roger Garrison, Director, Special Programs, Westbrook College, Portland, Me. 04103.*

Most large continuing education centers which include classrooms, conference facilities, apartments, and recreation equipment also generate revenue for their parent universities when used as regional convention centers. Frequently, this income is used solely to fortify a continuing education program which often is not self-supporting even with this income. However, a financially successful conference program will allow continuing education to offer services and employ staff it could not otherwise afford and also maintain a nearby conference facility for the university's use when needed. (See *Planning for Higher Education:* "Continuing Education: A Key Bay State Study," December 1973, Vol. 2, #6:5/6.)

Unable to acquire the money for a new facility, both Louisiana State University and, more recently, the University of Alabama in Tuscaloosa, have converted unused student dormitories into continuing education centers. The Alabama facility, a former girls dormitory, featured parlors, waiting rooms, small suites (for student counselors) and seating facilities for 1,500. The first floor lounges were converted into meeting rooms and second floor rooms became administrative offices. The remaining four floors of housing, not affected by the renovation, continue as lodgings for people attending conferences. According to school officials, the new center housed 114 conferences during 1974, and 48 non-credit courses in the 1973-74 school year. *Write: Galen Drewry, Dean, Extended Services, University of Alabama, University, Ala. 35486.*

Vacation package plans

The vacation package plan is a new revenue-producing program whereby empty dorms and campus facilities are rented to tourists seeking summertime bargains. An increasing number of colleges and universities are going into the vacation business with over 145 colleges in the U.S. and Canada now offering summer vacation plans. For $3.50 a day, anyone can stay in a dormitory at California State University in Long Beach, California. For $10 more per person daily, vacationers can loll on the Biscayne College campus in Miami, Florida. There is even a guide to these types of facilities: *Mort's Guide to Low-Cost Vacations and Lodging on College Campuses.* $4.50, Mort's Guide. CMG Publications, Inc., Box 630, Princeton, N.J. 08540.

The Lock Haven State College in Pennsylvania's scenic Allegheny Mountains has a vacation package plan for groups where families rent space in the dorms and the college provides tennis courts, swimming pools, and golf courses. Vacationers can also visit nearby state parks and take in the summer theater presentations. Part of the plan includes a package of family-oriented services which features an educational program for all age groups. *Write: Marcus Konick, Director of Academic Services, Lock Haven State College, Lock Haven, Pa. 17745.*

Rather than running its own vacation plan, Mackinac College on Mackinac Island, Michigan, was able to temporarily offset financial difficulties by leasing the entire college and all facilities to a private developer during the summer. A developer, Ski and Shore Properties, Inc., turned the entire college into a summertime hotel and resort complex. Unfortunately, the extra income was not enough to save the college, and it has now closed. *Write: Rex Humbard, Humbard Christian Center, Mackinac Island, Mich. 49757.*

Refurbishing for refinancing

Norwich University in Northfield, Vermont, intends to turn its 1872 central campus building, originally called the Montpelier Seminary, into a regional school and community performing, participatory, and fine arts center. The university hopes to have the building declared a national landmark, and by using federal funds and the financial cooperation of other schools and public service agencies, it will rehabilitate the building into a joint use regional center and lease spaces to public and private arts agencies. At this time, the plans include space for an institute of music, the Vermont Philharmonic, several bands, art galleries, theaters, bookstores, a cinema, and office space for various arts

agencies. Although the plan is now only a gleam in the bursar's eye, Norwich University is pinning its financial hopes on the future development of the old Victorian college hall. *Write: W. Rufus Boyett, Director of Development, Norwich University, Northfield, Vt. 05663.*

Property for profit

To generate a continuous annual income, many administrators are seeking methods of leasing land and facilities to commercial entrepreneurs. Colleges such as the University of Denver and Brookdale Community College in New Jersey are studying the architectural, legal, and financial feasibility of mixing commerical offices and stores into plans for new campus facilities. Admittedly, there are legal and financial difficulties in planning the mixed use of commercial and nonprofit property. Nevertheless, a few colleges have developed methods of including private enterprise in campus affairs. At the University of California in Berkeley, for example, the students' association collects rents from several retail stores along an interior pedestrian street in the Berkeley Student Center. Actually, the rent income does not benefit the university but does instead support the students' association which, by written agreement, manages and maintains the facility. *Write: Gerald Brown, Executive Director, Associated Students, University of California, 207 Eshleman Hall, Berkeley, Calif. 94720.*

Realizing financial advantages in commercial rentals, some colleges are building on-campus commercial space which generates revenue but does not involve or mix with campus functions. Millsaps College in Jackson, Mississippi, financed and built a complete Holiday Inn on a remote corner of the campus. For a return on its investment, the college leases the building back to the Holiday Inn Corporation. Both college and hotel corporation must renew relations every two years. The motel is just the first facility in an over-all plan to develop the north end of the campus into a college, city, and community convention center. At this time, Millsaps is seeking additional tenants for its north end development. A nonprofit corporation composed of the college board of trustees plus two outsiders has been organized to promote the development. *Write: James Wood, Director of Personnel and Plant Management, Millsaps College, Jackson, Miss. 39201.*

One advantage to university-built investment property is that it also produces income for the city because the government may tax a profit-making enterprise even if built on tax-exempt property. Some universities and their host cities are already arguing about commercial space versus the university's tax-exempt status. Yale University was denied a zoning variance for construction of a $16-million residential complex because it would remove downtown commercial property from the New Haven tax rolls. In order to get city approval, the university has redesigned the residential complex to include commercial space on the first floor of every building. Yale also included rentable commercial space in plans for a new school of music. Ground level spaces in both new buildings are taxable because the university will take out commercial loans for the development of that portion of the building. At this time, however, there is doubt whether either building will actually be constructed because city and university have not yet settled their disagreements about the project.

Yale and New Haven did come to terms on an art gallery now under construction. In order to obtain city permits for the Yale British Art Gallery housing the Paul Mellon collection, the university applied for and received a planned development zoning variance approving construction on downtown property. The agreement stipulates that the art gallery is housed on the upper level and that Yale must provide commercial frontage on the ground floor. A final accounting of the difference between the expected rent income and the costs of squeezing 15,000 sq ft of commercial space underneath a monumental art gallery will determine whether the plan actually results in a profit. Despite the outcome, there is little doubt that the university, in order to appease its own appetite for expansion and the city's revenue shortage, will include income-producing space in most future construction. *Write: Edward Dunn, Director of Facilities Planning, Yale University, New Haven, Conn. 06520.*

Commercial tenants located on the ground floor of the Holyoke Center in Harvard Square pay rent to the building's owner, Harvard University. The building's upper floors house university service and administrative offices. Originally, Harvard included commercial space in its plans for the new building in order to preserve the vitality of Harvard Square and to shelter the small, commercial establishments displaced by new construction. The shops, including a bank, drug store, restaurant, art gallery, boutiques, store-front offices, and clothing stores, occupy one- and two-story spaces at grade level. The stores are accessible via sidewalk promenades and an above-grade clerestoried arcade that bisects the complex and joins a residential section with Massachusetts Avenue. Today, almost 70,000 sq ft of retail commercial space in the Holyoke Center is producing rent income for Harvard University and property taxes for the City of Cambridge. *Write: Harold L. Goyette, Director of Planning, Harvard University, 75 Mt. Auburn Street, Cambridge, Mass. 02138.*

The University of Pennsylvania in Philadelphia filled a growing need for access to commercial services by becoming a nonprofit developer of temporary commercial loft space on campus property. The university constructed these facilities and leased them at low cost to various shopkeepers. The new commercial establishments are tax generating even though on tax-exempt, university-owned ground. The zoning code considers them as auxiliary users of the institutional district while the university acts as nonprofit landlord. The capital costs for the buildings were covered by the university, but are amortized by the rental fees. Fees are calculated per square foot and university taxes and administrative costs are added. If the fees could be lifted, the university would be making a profit, but at this time, the legal condition has them locked into a nonprofit status. In the end, however, the university intends to come out with good loft space capable of being converted for university use. *Write: Arthur Friedman, Director of Planning, University of Pennsylvania, Philadelphia, Pa. 19104.*

Unlike Pennsylvania, the University of Cincinnati leases commercial space in its student center without restricting the amount of rent income because the earnings are offset by the center's overall operating costs. Cincinnati decided to solicit the services of commercial specialty restaurants because the university food service, which was operated by a catering corporation, had lost more than $150,000. Faced with almost certain continued losses, the management of the Tangeman University Center began negotiating with local specialty restaurants whose varied menus would attract greater patronage and also provide students with access to balanced nutrition. The negotiations resulted in an exotic bill of fare — a steakhouse, a pizza parlor, a McDonald's restaurant,

and a scaled-down cafeteria operated by a commercial gourmet caterer from Chicago. All contracts are agreements between the university and private agents and all rentals are based on a percentage of the gross sales. Although McDonald's invested over $100,000 in new equipment and remodeling, the university only spent a modest $5,000 for renovations and alterations to supply the other caterers with enough utilities, ventilation, and plumbing to permit them to move into commonly-used facilities with only minor physical alterations of their own. So far, the experiment is a resounding success. First quarter gross income was 48% above the previous year's total — from $212,370 to $319,146. *Write: William Fee, Food Services Coordinator, Tangeman Center, Room 320, University of Cincinnati, Cincinnati, Ohio 45221.*

Most of the examples of on-campus commercial space are in private colleges. Public colleges, too, are caught between rising costs and falling enrollments, but their solutions are limited because they are encumbered by various legal restrictions. Many states prohibit use of public tax money for constructing any space whose tenants might be commercial agents. Tax-supported universities also have problems leasing existing space to commercial enterprise if the venture results in a profit. Nevertheless, some colleges such as the University of California at Berkeley and the University of Cincinnati, solved this problem by integrating commercial enterprise into the overall economics of the college union. Thus, all income can be charged against the cost of operating the union. Certainly, if colleges or their affiliates do not cash in on the bustling commerce in and around busy university centers, private enterprise will.

The university as developer

Before revenue sharing changed urban renewal, many American universities acted as a city's nonprofit agency in order to acquire low-cost buildings and services. Today a city does not need a nonprofit fiscal agent in order to receive revenue-sharing funds. Therefore, some universities are using their urban renewal expertise for developing their own property to generate extra revenue.

Searching for ways to make the best use of university-owned property, George Washington University has already constructed two office buildings for lease to commercial organizations. The sites are in an area of Pennsylvania Avenue zoned for commercial use that is too valuable to be used for educational purposes. The income from the buildings will pay off mortgage and construction loans within 30 years, and contribute $60 million toward an endowment for the university. In the far future, the facilities can revert back to the university for educational uses. The financial advantages are so attractive that George Washington University is already working on the development of several other downtown sites. *Write: Henry Herzog, Vice President and Treasurer, George Washington University, Washington, D.C. 20006.*

In San Francisco, the Hastings College of Law intends to construct a community-legal complex which will include office and commercial space, academic buildings, parks, low-cost housing, and a professional building. The project will cost $50 million – 50 percent pledged by private investment, another $7 million available through state property funds, and the remaining $18 million from gifts and grants solicited from community foundations and governmental organizations. By combining these funds, the college proposes to create income-producing facilities for a tax-supported institution in the following manner: Hastings will purchase the land, private investment will erect the buildings, and as reimbursement, Hastings will receive the academic building free-of-charge but will not receive any income from leases on the other buildings. Or, the college has the option to finance construction of its own academic building and lease the remaining land for income.

For the promotion of their "communiversity" concept, the University of California at Irvine is developing a jointly financed and operated 510-acre campus and city civic center which will include a city hall, cultural complex, recreational facilities and loft spaces suitable for leasing to commercial enterprise. The proposal aims to acquire extensive new facilities for the university and produce operating revenues to support the new expanded programs. Ultimately, the university plans to spend millions of public dollars on the new complex. However, there are serious legal considerations which must be worked out if the university is to lease publicly purchased space to a private profit-making agency. Nevertheless, both the city of Irvine and the university expect to collect rich gate receipts and rental fees from the new theater and coliseum. *Write: Raymond Thornton, Director of Athletics, University of California, Irvine, Calif. 92664.*

Strictly on a non-cash basis, North Carolina's Campbell College parlayed 200 acres of unused college land into a resort golf and country club surrounded by a residential development. The college started selling lots in February, 1974, to finance construction of the golf course. At this writing, the golf course is expected to open in the fall of 1974, and more than a third of the 186 lots are sold. Campbell expects the income from sales to equal the cost of the golf course and country club. After residential development is complete, the college expects to collect membership fees from the golf and country club. Campbell also expects the value of its remaining land holdings to rise tenfold. *Write: Norman Wiggins, President, Campbell College, Buies Creek, N.C. 27506.*

Portland Community College in Oregon is also planning to invest in a revenue-producing, new town development on college-owned property on the shores of Lake Holcomb. College officials intend the final development to become a college-community campus composed of the existing Portland Community College plus commercial shopping centers, theaters, motels, convention space, office buildings, community centers, schools, recreation complexes, an agricultural station, housing, and an industrial tract. Eventually the college is to become a new town called Rock Creek — a town with no distinctions between higher and lower education, citizen and student, nor city and college. In order to support the college, school officials plan to integrate it into the new city service system financed by publicly owned commercial development. *Write: Amo DeBarnardis, President, Portland Community College, 12000 S.W. 49th Avenue, Portland, Ore. 97219.*

Among many small private colleges with severe financial difficulties, Bloomfield College in New Jersey has been cited as a model for snatching survival from the jaws of disaster. In order to weather financial difficulties, the college plans to sell its present downtown campus, use a portion of the preceeds to pay off its debts, and use the remainder in a co-venture with a private developer to build a new town on 320 acres of rural land that is part of the college's endowment. Bloomfield expects to convince a developer to put up the front money while the college provides the land. The college and developer will split profits estimated at $700,000 per year on a 120-acre development bordering an existing golf course. The college will retain ownership of the private golf course and expects to realize extra profit due to increased membership. In the interim between selling its present campus and moving into the new town, Bloomfield has plans to move onto the Upsala College campus in nearby East Orange. *Write: Gordon Markey, Director, Institutional Development, Bloomfield College, Bloomfield, N.J. 07003.*

In the interest of surviving the financial doldrums, small private colleges are establishing subsidiary corporations which use college funds for investment in revenue-generating property. A pioneer in this kind of fund raising is Knox College which in 1969 established several corporations to administer its investment programs in apartments, a race track, land in Florida, a resort complex in Utah, farmland, and other commercial property. Oklahoma Christian College and Ottawa University are two more recent investors. Cedar Crest College, Fairleigh Dickinson University, and Lewis College are also engaged in raising revenues through private investments. (See *College & University Business*, "Small Colleges Need Innovative Financing," by F. James Staszak and Lawrence G. Hill, pp. 46 & 47, June 1973.)

A Survival Kit for Invisible Colleges or: What to do Until Federal Aid Arrives, is a useful publication based on experiences at Aquinas College in Grand Rapids, Michigan. Norbert Hruby, the college president, reviews various alternatives for producing income from college programs and facilities. Single copies are available free from the Academy for Educational Development, Management Division, 1424–16th Street, N.W., Washington, D.C. 20036.

Most colleges and universities trying to underpin their shaky financial structures are relying on the community as a source of income. The bulk of the successful revenue-generating projects involves programs which bring the community onto campus or take capital investments out into the community. Very few colleges are relying on tax income or government support to pull them out of the fire. Unfortunately, the legal connection between higher education and commercial investment is not clearly defined. Several universities which used public money to construct commercial space have been served with lawsuits asking that they return the profits, sell the buildings, and return the sale proceeds to the public domain. Alternatively, the college can return the building to public use. The problem is that publicly supported colleges cannot use tax dollars for the development of space whose final beneficiary is a profit-making organization. In addition, private colleges may jeopardize their tax-exempt status if any investment produces an over-all profit.

Despite these risks, many colleges are developing new relationships with the cities around them, and through careful use of public money, meticulous bookkeeping, and strict attention to the users of publicly built space, most of their investments are apparently successful. The real payoff, however, is that most projects have also produced better relations between colleges and their communities. Colleges are reaping benefits from community expenditures, increased public involvement, and more productive use of staff and facilities. The community benefits from relaxed admission requirements, new programs, and access to campus facilities and equipment. From all firsthand reports, both college and community enjoy this new relationship and intend to capitalize on the new climate of mutual cooperation.

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