...your sanctimonious accusations and penny-ante tactics," wrote John Burness, a spokesman for the Ithaca, N.Y., school, in a letter to Mr. Lifton last month. Mr. Burness went on to accuse Mr. Lifton, a member of the local county board of representatives, of "hypocrisy" and of being "shameless" and "blatantly misleading" on the issue.

Mr. Lifton, who denies Mr. Burness's charges, maintains that Cornell isn't pulling its weight in light of the services it gets from Tompkins County. Cornell disagrees.

As Mr. Burness's ire indicates, helping out at home is a sometimes volatile and divisive issue that higher education is finding harder to ignore. Facing lost federal revenues, tax-base limitations and new demands for services, town wants more from gown. And despite a tax-exempt status well established in law, some universities are giving in, whether from a sense of moral obligation, enlightened self-interest or merely a desire to appease critics.

Tax Alternative

"We are under pressure increasingly from communities around the country to make payments in lieu of taxes," says Richard Rosser, president of the Washington-based National Association of Independent Colleges and Universities.

Colleges are also paying more taxes these days because of their increasing interest in for-profit operations, such as biotechnology ventures. The schools may quibble about what is and isn't a for-profit entity, but they generally concede a legal obligation to pay income taxes on private-enterprise profits and property taxes on land that supports such efforts.

What seems to concern the schools more, however, is the rising expectation of local communities that colleges should make payments they aren't obligated to make. Often, the schools say, they are singled out among nonprofit institutions in a town. And while legally such requests can be easily rebuffed, the moral and political suasion of citizens and local lawmakers can often be very effective.

When consultants' reports last year linked the perennial budget problems of Scranton, Pa., to its large amount of tax-exempt land, Mayor David Wenzel asked local colleges and hospitals for contributions. In an ensuing, well-publicized debate, the University of Scranton came under criticism from some citizens who charged the college with overburdening police and fire services.

The university responded by raising to $50,000 from $25,000 its contribution to the city for police and fire services, taking the extra $25,000 from its giving to the county and school board. The Rev. John Panuska, the Catholic university's president, says the school will probably give more to Scranton next year because the fiscal problems haven't abated much. However, says Father Panuska, "whatever you do is not enough. The needs are infinite. I would like to see us increase our giving, but it obviously has to come out of tuition income."

Compared with total tuition revenues, colleges' government-support payments are still small. But Mr. Rosser of the colleges association says they may help to explain why tuitions are rising faster than inflation. A Cornell study in May of 15 universities found that the schools' payments to local governments were "extremely low." The study was part of Cornell's response to calls by local politicians that it should help more in Tompkins County. When the schools were ranked by operating budget or value of buildings, Cornell's $1.2 million payments were found to be near the bottom of the list. In per-student payments, Cornell ranked seventh, at $70.

Mr. Burness, the Cornell spokesman, says the study "concluded not enough was known" to say exactly how the school's payments measure up nationwide, although he adds they are "probably in the ballpark" of those of similar schools. He says Cornell, the largest local employer, makes a substantial contribution to the county economy. Mr. Burness also contends that Mr. Lifton, the county official, has failed to criticize his own employer, nearby Ithaca College.

Mr. Lifton, for his part, says the study was too kind to Cornell. When service-related charges such as sewer rates are left out, he argues, Cornell pays less to local government than other Ivy League schools. "Cornell is the only billionaire we have," he says. "They have a moral obligation to help out." As for pressing Ithaca, he adds, "it doesn't make much sense to move a giant by looking at smaller players."

City-campus tensions, of course, are nothing new. But circumstance has greatly stepped up pressure on local budgets. Tompkins County, for instance, is under a state-court order to build a $21 million garbage-treatment facility, raising the prospect of more property tax after an increase of over 30% in the past three years. Cornell has offered to pay for waste treatment on a fee basis, as long as other local nonprofit organizations do the same.

Spending on Themselves

There's also a perception that universities are expanding at a time when cities are facing a pinch. Cornell is in the midst of $317 million of construction. King's College, in Wilkes-Barre, Pa., acknowledges that its own development may have hurt city revenues in recent years.

"About 45% to 50% of the land in town is tax exempt, and every time we put up a building it creates more need for services," says Joseph Balz, business manager of King's College. "And if we buy the land, it comes off the tax rolls." Three years ago, the school began giving to the city, but the mayor wants more. (Both sides decline to be specific about the sums.)

Several universities have answered local pressures with economic-development programs that use school resources in an attempt to create or attract new business. Yale last year announced plans to invest up to $50 million over five to 10 years in housing and business development in New Haven, Conn. Northwestern University estimates it has contributed $2.5 million in cash and $4.5 million in land and services to an industrial park that includes a research laboratory in Evanston, Ill.

Warren Brown, who headed Cornell's study, says such plans represent a "smart strategy" being adopted by many universities to help reduce local pressures and help themselves at the same time through corporate contributions and research contracts. "Rather than kill the goose that lays the golden egg," he advises university towns, "get the goose to invest the golden eggs in your growth."

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