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# Future of Public Universities

Can they compete with new educational models?

assive changes are buffeting America's public colleges and universities, spurring experts to predict a radically different higher-education environment in coming years. A weakened

economy has forced drastic cuts in state higher-education funding, leading many schools to raise tuition to record levels and put the brakes on expansion after years of pell-mell growth fueled by government spending. Meanwhile, colleges and universities are under pressure to rethink their traditional modes of operation as they try to compete with an explosion of new educational models, including for-profit institutions, distance learning and so-called MOOCs — massive online open courses that offer free, high-quality instruction to thousands of digitally connected students simultaneously.



Cara Sperry, a psychology major at Kennesaw State University, joins other Georgia college students at the Capitol in Atlanta on March 3, 2010, to protest nearly \$600 million in proposed cuts to the state university system's budget. The students feared the cuts—later adopted by the legislature—would trigger tuition hikes, which they did.

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## FUTURE OF PUBLIC UNIVERSITIES

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## Future of Public Universities

### BY ROBERT KIENER

## THE ISSUES

y most accounts, students, faculty and administrators enthusiastically greeted Teresa A. Sullivan's appointment as president of the University of Virginia (UVA) in 2010. They viewed the noted scholar, educator and college administrator as especially well prepared to deal with several challenges facing the prestigious public university: steep government funding cuts, the growing role of technology in higher education and pressure to align UVA's curriculum more closely with students' career interests and needs.

Sullivan promptly made big changes at UVA. As *The Washington Post* noted, she "set about reshaping it, shifting power to academic departments, exploring online education and re-energizing the admissions office, yielding the freshman class with the highest scores in history." A little more than a year into Sullivan's term, Rector

Helen Dragas, head of UVA's Board of Visitors — the school's governing body — lauded her as a "very talented" administrator. <sup>1</sup>

But the praise didn't last. On June 14, less than two years after her appointment, the board — led by Dragas — sacked Sullivan in a move so controversial that some called it a higher education "coup d'etat." <sup>2</sup> The reasons for the board's dissatisfaction were murky, but reportedly some board members faulted Sullivan for not applying more business and corporate principles to the university's finances and operations. <sup>3</sup> Sullivan blamed the move on her refusal to follow the board's man-



University of Virginia President Teresa A. Sullivan was fired last year, reportedly for not applying more business principles to the university's operations. Sullivan said she refused to make "deep, top-down cuts" that would threaten the university's mission. After faculty and students protested, Sullivan was reinstated, but the debacle is seen as reflecting the massive challenges facing the nation's public colleges and universities.

date to make "deep, top-down cuts" that she felt would threaten the university's mission.

"A university that does not teach the full range of arts and sciences will no longer be a university," Sullivan declared. <sup>4</sup> Faculty and students expressed such outrage at Sullivan's sudden dismissal that the board reversed itself and reinstated her 12 days later. In December UVA's accrediting body \* sanctioned the university for allegedly violating governance requirements re-

lated to her ouster. 5

The UVA debacle has resonated throughout the world of higher education because it underscores the massive challenges facing the nation's public colleges and universities. "The interest in the Virginia case proves how much anxiety there is about the future of higher education," says Jeff Selingo, editor at large at The Chronicle of Higher Education and author of the forthcoming book, College (Un)bound: The Future of Higher Education and What It Means for Students. "Across the country, university administrators are under intense pressure to transform how colleges do business."

Numerous forces are driving that pressure:

- Widespread cuts in government funding;
- Soaring operating costs that have led to higher tuition;
- Growing demand for "vocationally relevant" training;
- Increasing competition from forprofit, community and other educational models:
- Questions about the role of fastevolving technology in higher education.

In particular, technological innovations such as so-called MOOCs — massive open online courses — allow thousands of students to take high-quality courses online simultaneously for free

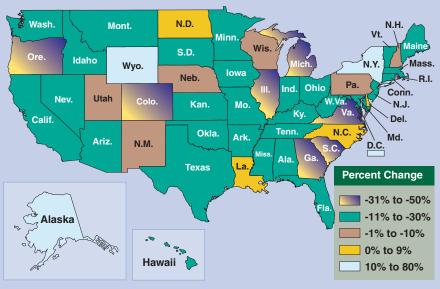
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<sup>\*</sup> The Commission on Colleges of the Southern Association of Colleges and Schools is the recognized regional accrediting body in the 11 U.S. Southern states (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia) and in Latin America for institutions that award associate, baccalaureate, master's or doctoral degrees.

## States Slash Funding for Research Universities

State funding for public research universities declined in 43 states from 2002 to 2010. On average the funding dropped 20 percent per student and then declined to a 25-year low in 2011. Helping to drive the decline have been the recent economic recession and the rising cost of state needs and mandated requirements unrelated to higher education.

### Change in State Funding, Per Student, 2002-2010



Source: "Diminishing Funding and Rising Expectations: Trends and Challenges for Public Research Universities," National Science Board, July 2012, p. 21, www.nsf. gov/nsb/publications/2012/nsb1245.pdf

and are forcing universities to rework their traditional pedagogical models.

A 2012 poll of senior college and university administrators found that a staggering 96 percent believe higher education is in crisis. <sup>6</sup> And more than a third of university presidents believe the higher-education industry they lead is "heading in the wrong direction." <sup>7</sup>

"The American [university] model is beginning to creak and groan, and it may not be the model the rest of the world wants to emulate," warned James J. Duderstadt, president emeritus of the University of Michigan at Ann Arbor. <sup>8</sup>

Public universities need a "new strategy for the funding and the structure and the dynamics of higher education," said Gordon Gee, president of Ohio State University. "There's a real urgency about what we need to do in higher education." <sup>9</sup>

Public colleges and universities educate about 80 percent of the nation's higher-education students and perform more than 60 percent of the nation's academic research and development. <sup>10</sup> And although private universities are experiencing many of the same problems as their public counterparts, they often have the advantage of large endowments and the freedom to operate and raise their tuitions free of political restrictions.

The financial challenges facing universities are complex. State and local spending on public university students dropped to a 25-year-low in 2011, and

states provided, on average, only \$6,290 per student enrolled at a public institution compared with \$8,025 in 1986 after adjusting for inflation. <sup>11</sup> Since 2008 total state funding for higher education has dropped 15 percent, adjusted for inflation, to an estimated \$72.5 billion in 2012. <sup>12</sup>

Many of the cuts have been drastic:

- UVA's state funding has dropped
   percent since 2008. <sup>13</sup>
- New Hampshire's university system lost almost half its state funding in 2011-2012, and the University of New Hampshire now receives only 7 percent of its funding from the state, compared with 32 percent two decades ago. <sup>14</sup>
- Louisiana has slashed its funding for Louisiana State University by \$92 million, or 43 percent, since 2009. <sup>15</sup>
- Florida recently announced it was cutting \$300 million from its state university budgets. Since fiscal 2008, funding for the flagship University of Florida alone plunged by about \$189 million, or nearly 29 percent. <sup>16</sup>

Faced with such massive cuts, universities have raised tuition, often at a dizzying pace. Over the past decade, in-state tuition and fees at four-year public colleges have climbed at an inflation-adjusted 5.6 percent annually, according to the College Board. 17 Even at the depths of the recent recession, public universities continued to hike their tuition and fees, raising them 8.3 percent in 2011 alone, says Stuart Butler, director of the Center for Policy Innovation at the Heritage Foundation, a conservative think tank in Washington, and a critic of what he views as public universities' lack of innovation. "It's no wonder students and parents are facing sticker shock and taking on massive debt," he says.

Student debt has topped \$1 trillion, and Americans now owe more on student loans than on credit cards. <sup>18</sup> And students are not alone in taking on debt. Since 2001 debt shouldered by cash-strapped colleges has risen 88 percent, to \$307 billion. <sup>19</sup>

Political pressure also is buffeting public higher education. Some politicians — particularly conservatives — argue that because only about 30 percent of Americans get college degrees, public universities are becoming "elite" institutions that don't merit as much state support as in the past. <sup>20</sup> During the Republican presidential primaries, candidate Rick Santorum — holder of an MBA and law degree — labeled President Obama "a snob" for wanting all Americans to go to college, saying Obama "wants to remake you in his image." <sup>21</sup>

Others question public universities' curricula, complaining that courses often fail to prepare graduates for the workplace. Many politicians are pressing universities to focus more on readying students for careers in "employable" fields by offering a more vocational curriculum. <sup>22</sup>

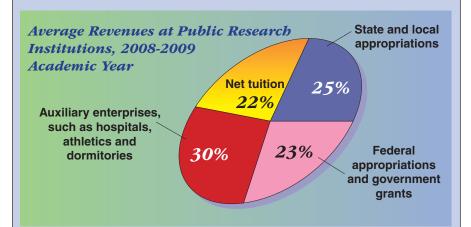
"Parents, desperate to ensure their kids' futures, remortgage their houses to pay for college, only to have their young graduates return home and begin their working lives in run-of-the-mill service jobs," Mark C. Taylor, chairman of the Department of Religion at Columbia University, said in his 2010 book *Crisis on Campus*. "At the graduate level, universities are producing a product for which there is no market," such as candidates for teaching jobs that don't exist, he wrote. <sup>23</sup>

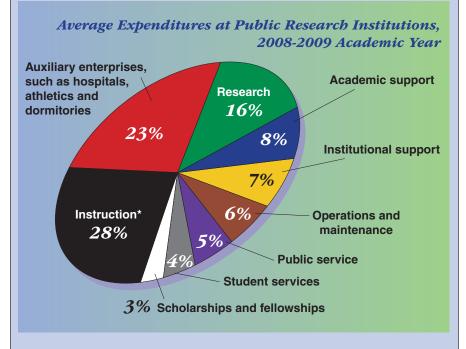
As they face mounting financial and political pressures, public universities also are being challenged to explore, adopt — and in some cases compete with — technological innovations such as online learning that are rapidly growing in scale and scope. "The public university's traditional business model is coming under attack from new kinds of institutions that offer more efficient methods of learning," says Butler.

New ventures are attracting millions of students. They include Khan Academy, a nonprofit online educational organization; the for-profit open-enrollment University of Phoenix; Coursera, a for-

## **Auxiliary Enterprises Boost Revenues**

Public research universities traditionally have received most of their funding from state and local appropriations. But government budget cuts have forced schools to rely more on other revenue sources, including tuition and non-academic auxiliary enterprises such as university hospitals, athletic programs and bookstores. Auxiliary enterprises can be expensive to run, however. Nearly one-fourth of expenditures in the 2008-2009 academic year went to such enterprises.





\* Includes office supplies, administration of academic departments and the portion of faculty salaries going to research and public service.

Source: "Diminishing Funding and Rising Expectations: Trends and Challenges for Public Research Universities," National Science Board, July 2012, p. 9, 15, www.nsf. gov/nsb/publications/2012/nsb1245.pdf

## **MOOCs Offer Free Courses to All**

The rising cost of a traditional college education has helped spur the rise of so-called MOOCs — massive open online courses. Offered for free, they are available to anyone with Internet access but currently do not provide credit toward a degree. Some organizations offering MOOCs, such as Coursera and edX, have partnered with universities to create courses taught by their professors. Others, such as Udacity and Khan Academy, create their own instructional videos. Many experts say the popularity of MOOCs will force public universities to change if they want to remain relevant.

## **Select Organizations Offering Online Courses**

Name	Founded	Enrollment	Model	Details
Coursera (www. coursera. org)	2012	2.3 million	For profit	Allows students to watch free lectures at partner universities. Offers more than 200 courses across a wide range of disciplines. Plans to charge for select services, such as certification for completed courses, in the future.
edX (www. edx.org)	2012	570,000	Non- profit	Collaborative enterprise between Harvard and MIT offering free online courses at six universities. Currently offers 23 courses. Researches how students learn and how technology can transform learning.
Udacity (www. udacity. com)	2012	800,000	For profit	Offers free courses primarily in computer science. For a fee, provides corporate recruiters with names of students who are the best fit for specific jobs.
Open Learning Initiative (oli.cmu. edu)	2002	55,000	Non- profit	Grant-funded project at Carnegie Mellon University offering free access to course materials for select courses. Students use the materials to teach themselves at their own pace and do not work with an instructor. Currently offers 17 courses across several disciplines.
Khan Academy (www.khan academy. org)	2008	4.6 million unique website visitors (Dec. 2012)	Non- profit	Offers 3,800 free pre-recorded video lectures primarily for K-12 math and science students. Also offers a free software platform for math exercises.

Sources: individual organizations

profit supplier of online higher education courses, and various MOOCs. Emerging business models will further chip away at the student market, experts say.

"To compete with newly emerging educational competition and to become more efficient and better at what we do, public universities have to be open to innovation," says Daniel Mark Fogel, president of the University of Vermont from 2002-2011.

Although many academics charge that their online competitors often lack educational quality and limit teacherstudent contact, education experts say traditional faculty discount the technological revolution in education at their peril. "I wouldn't be surprised if in 10 to 15 years half of the institutions of higher education will have either merged or gone out of business" because of rising competition and costs, said Michael Horn, education executive director of the Innosight Institute, a consulting firm that focuses on improving education and health care. <sup>24</sup>

Experts predict that the public university landscape will be vastly different in coming years. Some believe that technology will completely transform it. "Higher education will be universally accessible, mediated by technology, probably offered through a variety of commercial platforms and very, very inexpensive," wrote Richard A. DeMillo, director of the Center for 21st Century Universities at the Georgia Institute of Technology and author of Abelard to Apple: The Fate of American Colleges and Universities.

"If there's anything that will be significantly different 25 years from today," said Cameron Evans, chief technology officer at MicroSoft Education, "it's that people won't go to school for knowledge." <sup>25</sup>

Others claim that technology should be only a tool to aid learning and that eliminating the university residential model would be a mistake. "I love technology, but it isn't a replacement for the kind of learning that goes on where you're interacting. It's an enhancement," said Lillian Taiz, a history professor at California State University, Los Angeles, and president of the California Faculty Association, which launched the Campaign for the Future of Higher Education, a national faculty campaign to support quality higher education. <sup>26</sup>

As politicians, administrators and others continue to debate the future of public higher education, here are some of the questions they are asking: private — institutions," Hacker continues. "The average salary for a full professor at the University of Maryland is \$142,600, and \$166,000 at the New Jersey Institute of Technology. <sup>27</sup> And remember, that's the average. . . . No wonder they're in financial trouble." At Queens College, where Hacker teaches, the average salary for full time professor is a more modest \$84,000.

"Consider salaries at public - not

But the American Association of University Professors said salaries of tion defends the pay level. "The quality and reputation of the university depends on the strength of the faculty and staff. Maintaining competitive salaries is an important component of our ability to retain the best faculty and staff," said Provost Phil Hanlon. <sup>29</sup>

Administrators' pay also is on the rise. In 2010-2011, median total compensation for public-institution presidents was \$421,395, up about 3 percent from the previous academic year. Topping the list at nearly \$2 million was Ohio State's Gee,

one of three public university presidents to earn more than \$1 million in 2011. <sup>30</sup>

According to James C. Garland, author of the 2009 book Saving Alma Mater: A Rescue Plan for America's Public Universities, about 70-80 percent of university budgets typically are spent on salaries, wages and benefits, but that figure is for all employees. 31 Data appear to be scarce on what percentage of university budgets is spent on faculty and administrator salaries.

Public universities also are accused of poor financial planning and overspending on expansion. "Higher education is now being

forced to make up for the mistakes it made in the industry's 'lost decade,' from 1999 to 2009," says *The Chronicle of Higher Education*'s Selingo. "Public universities expanded so much during these boom years that they doubled their debt and kept hiking up tuition. Instead of preparing for the inevitable economic downturn, they thought 'the model will continue forever so let's take on more debt.' Much of the industry lost its way."

## Are public universities to blame for their present problems?

Whether its predicament is described as a "challenge," a "crisis" or a "learning opportunity," public higher education clearly is in the midst of profound change - and introspection. At countless venues across the nation, faculty and administrators are attending conferences, workshops and seminars on the future of higher education. Speaker after speaker offers a perspective, but few answer the fun-

damental question: "Who got us into this mess?"

"That's simple," says Andrew Hacker, a Queens College political science professor and co-author of the 2010 book *Higher Education: How Colleges Are Wasting Our Money and Failing Our Kids — and What We Can Do About It.* "The universities are absolutely responsible. For years they have been spending like drunken sailors.



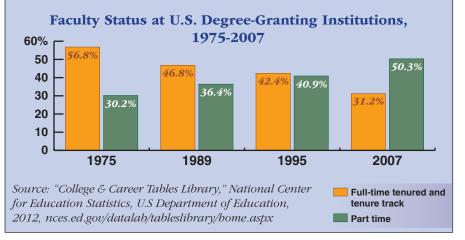
Gordon Gee, president of Ohio State University, earns nearly \$2 million; he was one of three public university presidents to earn more than \$1 million in 2011. Many analysts cite escalating administrative salaries as a key reason college tuitions are skyrocketing. The median total compensation of public university presidents was \$421,395 in the 2010-2011 academic year — up about 3 percent from the previous year.

full-time faculty fell an average of 1.2 percent in 2011-2012 after adjusting for inflation. Over the past decade, it said, salaries of public-college professors rose less than 1 percent at doctoral and baccalaureate institutions and fell more than 5 percent at master's-level universities, after adjusting for inflation. <sup>28</sup>

At the University of Michigan, Ann Arbor, where full professors make an average of \$148,000, the administra-

## Tenure Disappearing at U.S. Colleges

The proportion of full-time tenured or tenure-track college faculty has fallen sharply since 1975 while the share of part-timers has surged. In 1975 more than half of faculty held full-time tenured positions or were on track to receive tenure. By 2007, that proportion had shrunk to less than a third.



A study by the Washington-based American Institutes for Research, a non-profit behavioral and social science research organization, found that university spending rose every year from 1999 through 2008 and by 2008 was at "historic highs across most functions of four-year public colleges and universities." <sup>32</sup>

"The future investment strategy for higher education has to include regular, transparent attention to cost restructuring: reducing spending overall, while generating new sources of capital to pay for the instructional expansions and innovations that have to take place," the study found. "If current trends persist, in 2025 the United States will have lower levels of educational attainment than much of the rest of the developed world."

Michigan's state universities are a good example of how public universities increased their spending. From 2005-2010, spending on administrative positions jumped \$260 million, or 30 percent on average. The number of administrative jobs increased by 19 percent, and faculty compensation rose 22 per-

cent, even though state funding stayed roughly steady.  $^{33}$ 

However, university administrators defend rising expenditures such as faculty pay increases. As University of Michigan President Mary Sue Coleman explained recently, "I am not going to punish people for doing a good job. . . . We want the best and work hard to keep them." <sup>34</sup>

Peter McPherson, president of the Association of Public and Land Grant Universities (APLU), says, "Spending has risen, but the real problem is that state funding has dropped. We have to convince states to fund research universities at realistic and competitive levels."

Yet critics accuse many public university administrators of adhering to "Bowen's Law," devised by the late economist and college president Howard Bowen: "Colleges raise all the money they can, and spend all the money they can raise."

"Many institutions have suffered from their own 'edifice complex,' building ever larger and more grandiose facilities," says the Heritage Foundation's Butler. "When the economy crashed, they were in trouble."

A recent study of nearly 1,700 public and nonprofit colleges by the Bostonbased management consulting firm Bain & Co. found that a third have been on an "unsustainable financial path" in recent years and another 28 percent are "at risk of slipping into an unsustainable condition." Bain criticized institutions for adhering to a "Law of More," arguing that they "have operated on the assumption that the more they build, spend, diversify and expand, the more they will persist and prosper. But instead, the opposite has happened: Institutions have become overleveraged." 35

Universities say they are being forced to expand and improve facilities and offer a broader curriculum partly because of competition for new students. As tuition goes up to compensate for state spending cuts and rising expenses, universities say they are caught in a bind: On the one hand, they need to expand and improve their facilities to attract and cater to students who have become more demanding; on the other, these new facilities and other expenditures have forced them to raise tuition.

In 2003 David Rood, a spokesman for the National Association of College Auxiliary Services, observed: "There is a lot of one-upmanship going on. Whatever the students want is pretty much what they're getting." <sup>36</sup>

Critics charge that not only have universities overspent but that in many cases faculty are mired in bureaucracy and resist change. "Change is difficult for many faculty members," says Selingo. "Because a university operates differently from any other organization, it's harder to implement change and innovation."

Some critics say tenure compounds the problems universities face — not only resulting in higher salaries and expensive benefits for full-time professors but also breeding resistance to change that makes it difficult for administrators to remain nimble in the face of a shifting higher-education land-scape. (*See sidebar, p. 68.*)

Still, many educators say states have contributed to dysfunction in higher education by trying to overregulate it.

"Ironically, even as state support has declined, the effort to regulate universities and hold them accountable has increased," said former University of Michigan president Duderstadt. <sup>37</sup> "It's bad enough to starve your institutions . . . to death but to strangle them through bureaucracy at the same time is adding insult to injury." <sup>38</sup>

Fogel, the former University of Vermont president, recalled that a "rapid turnover of trustees, and even the board's chair, often complicated getting things done during my tenure."

#### Can public universities survive?

For years the conventional wisdom has said that no matter how expensive tuition is, a college education is almost certainly a ticket to prosperity and a good job. With easy credit making rising tuition less of an immediate burden for students, colleges have been able to keep upping their prices, and students have eagerly responded.

Lately, however, more and more jobless graduates have begun asking, as *The Economist* magazine noted, "whether a degree in religious and women's studies is worth the \$100,000 debt incurred to pay for it." <sup>39</sup>

Experts say many debt-laden graduates are finding that their costly educational investments are not paying off in the jobs they had hoped for. Already, analysts say, universities are suffering as demand for expensive degrees declines. "Enrollment numbers are softening [and] students are becoming more reluctant to borrow money to pay for [an] education," said Glenn Reynolds, author of *The Higher Education Bubble*. 40

While enrollments at flagship public universities are stable, that is not

always the case at smaller schools. "State by state, enrollments appear to be down, mostly at community colleges and at some four-year schools as well," noted Richard Vedder, an economics professor at Ohio University and author of the 2004 book Going Broke by Degree: Why College Costs Too Much. "In Ohio, preliminary numbers from the Board of Regents of the University System of Ohio show a 5.9 percent decline, and the dropoff at one community college [Hocking in Nelsonville] was so precipitous (more than 20 percent) that it had to dismiss staff. In other Midwest states, such as Michigan and Wisconsin, enrollments at some institutions have fallen as well. In Arizona, one large Tucson-area community college (Pima) shows a decline of 11 percent." 41

Based on demographics alone, the numbers may keep dropping. After peaking in 2009, the number of high school graduates is declining. Enrollment fell at more than 40 percent of colleges and universities last year, according to the credit-rating firm Moody's, and at least 375 institutions had vacancies for the 2012-2013 academic year, the largest number in a decade, according to the National Association for College Admission Counseling. 42 In another recent Moody's study, 15 percent of the 127 public universities surveyed projected a decline in net tuition revenue, due to a drop in enrollment. 43

The Chronicle of Higher Education's Selingo says the bursting bubble, coupled with state funding cutbacks, competition from new education models and other forces, will inevitably kill off some "weaker," less prestigious public colleges and universities. "I think you will see some 'bottom tier' colleges and universities going out of business," he says. "The larger universities, in part because they are more subsidized, will survive."

Few doubt that any large, prestigious public flagships will fail. "There's so much

demand that they aren't in danger of disappearing," says Neal McCluskey, associate director of the Center for Educational Freedom at the Cato Institute, a libertarian think tank in Washington. "You might see them dropping some majors, such as languages or the classics, but they will survive."

Significant demand for public higher education comes from out-of-state and foreign students, who pay much higher fees than in-state students. Some 764,000 foreign students are enrolled in U.S. public and private undergraduate and graduate schools. <sup>44</sup> They include about 158,000 Chinese undergraduate students, compared with just 9,955 four years ago. <sup>45</sup> Total undergraduate enrollment in the United States is about 14.5 million.

Some experts foresee more consolidation among public universities, especially among lower-ranked institutions. "For some schools, mergers will allow administrators to cut costs and make them more efficient," says the Heritage Foundation's Butler. Georgia recently announced the consolidation of eight public institutions into four and said more may be affected. <sup>46</sup>

Mergers not only can cut costs but also can encourage administrators and faculty to innovate and modernize, advocates say. New Jersey offers an example. <sup>47</sup> Christopher Molloy, the provost overseeing a merger between Rutgers University and the University of Medicine and Dentistry of New Jersey, said the union was "a chance for both of our universities to get together to do things better. It's a chance to really create a university, in some ways, from the ground up." <sup>48</sup>

Critics say universities' survival is threatened not only by financial problems but also by bureaucracies that thwart innovation and whose "inertia" makes them vulnerable to emerging competition from new, nontraditional online models. "At some state schools, where the faculty runs everything and a patronage system is in place, change

is almost impossible," says Butler. "These bureaucracies prevent universities like this from changing and adapting to the new market forces."

But many universities are in fact innovating, says McPherson at the Association of Public and Land-Grant Universities, citing institutions such as Arizona State University and the University of South Carolina, which have adopted online teaching and other technological developments.

Arizona State President Michael Crow, admitting that the rigid organization of a typical university had become "ossified," eliminated some academic departments and broke down divisions between others to create a multidisciplinary environment. <sup>49</sup> As Crow noted, "Education and innovation are the only way forward. . . . The world is changing really fast. And we've got to be out on the edge." <sup>50</sup>

According to the authors of the Bain study, change is much more difficult in academia than in the corporate world. "In the corporate ecosystem, power resides largely with the executive team and cascades down," the Bain study said. "In academia, power usually emanates from the faculty and works its way toward the central administration. The concept of shared governance, combined with academic autonomy and tenure, leads to an organization where broad change cannot be mandated. Instead, change on a large scale can only be achieved by working with the faculty to build a compelling case and a clear path forward — one that supports the mission of the institution, but copes effectively with fiscal constraints." 51

While some see online learning as a new educational tool for public institutions, others see it as a threat. Butler argues that public colleges and universities are especially vulnerable to changes in higher education. He points out that it is precisely the public institutions' market — students who are more price sensitive than those at elite private universities — that is "ideally

suited to the online education and flexible approaches to instruction offered by low-cost upstarts." <sup>52</sup>

If these institutions refuse to adopt new technologies such as online learning that can result in lower costs, they could lose their market, wrote Harvard Business School professor Clayton Christensen and Mormon educator Henry B. Eyring, co-authors of *The Innovative University*. "Faced with an either-or choice, many young college students will follow the lead of adult learners: They'll take the affordable online option over the socially preferable but financially inaccessible traditional college experience." <sup>53</sup>

## Should the mission of public universities be changed?

Last July 2 marked the 150th anniversary of the landmark Morrill Land-Grant Act, the 1862 legislation that laid the foundation for the nation's public colleges and universities. The law was intended to make higher education accessible to the general public. "With public universities under threat, the anniversary is an excellent time to ask if they are still fulfilling the act's missions," says Fogel, the former University of Vermont president.

Given the huge range of the nation's 1,700 two- and four-year public universities and colleges, critics say there is no common agreement on exactly what that mission is today. "First, higher education needs to figure out what we want public universities to do," says Selingo of *The Chronicle of Higher Education*. "In some cases we want them to do great research and solve 'the next big problem.' In others we want them to simply educate the state's residents."

Selingo and others say many public universities have strayed from the Morrill Act's intention "to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life." <sup>54</sup>

"Too many public universities are trying to be the next Harvard — chasing prestige instead of teaching," Selingo says. He quotes the late University of Georgia professor of education J. Douglas Toma, who said, "Prestige is to higher education as profit is to corporations."

As Christensen and Eyring argued, "Even schools of relatively small size and modest means have outstretched themselves, often in an attempt to be more like Harvard and other great research institutions." <sup>55</sup>

Many critics say public universities should return to basics by putting more resources into the so-called STEM fields — science, technology, engineering and mathematics - and reduce their focus on liberal arts and general studies. "Some claim that the mission of a university is to educate good citizens," says the Cato Institute's McCluskey. "That's a fine idea, but students also have to earn a living after they graduate. There should be a shift away from the present liberal arts core requirement for everyone and a more vocational focus that gives students the skills they need to get a job."

But Queens College's Hacker, although an outspoken critic of many of higher education's current priorities, disagrees with the push for more vocational training. "Presently over half of all undergraduates are already in vocational — that's different from educational — training programs, from nursing to engineering to majors such as resort management and fashion merchandising," he says. He also notes that bachelor's degrees are awarded at various schools in baking and pastry arts, welding technology and medical-office assisting.

"These students may be learning something, but are they being educated?" Hacker asks. A strong proponent of the liberal arts, Hacker has written, "College should be a cultural

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# Chronology

## 1700s-1901

Public universities spread across the new nation.

#### 1785

University of Georgia becomes nation's first chartered public university.

#### 1795

University of North Carolina becomes first state university to hold classes.

#### 1862

Morrill Land Grant Act calls for public land to be donated for colleges that emphasize agricultural, mechanical arts and military training.

### 1870

Fewer than 15,000 students are enrolled in higher education.

#### 1890

Second Morrill Act increases funding for public universities and establishes "separate but equal" colleges for blacks.

### 1895

Nearly 25,000 students are attending land-grant colleges and universities.

### 1900

Nearly 240,000 U.S. residents attend higher education institutions.

#### 1901

The first two-year junior (community) college is founded in Joliet, Ill.

## 1940s-1970s

Post-World War II baby boom and GI benefits trigger surge in college enrollment.

#### 1940

Public institutions are educating almost half of college students.

### 1944

GI Bill makes higher education possible for millions of veterans.

#### 1952

Korean War GI Bill is passed, eventually helping 2.4 million veterans attend college or receive vocational training.

### 1958

National Defense Education Act increases funding for public universities and helps boost enrollment.

#### 1965

Higher Education Act provides financial aid to students; enrollment climbs to 5.6 million.

#### 1978

Higher Education Act is amended to include Pell Grants, designed to help low-income college students.

## 1980s-1990s

Tuition begins to rise in response to funding cuts.

### 1980

With the election of President Ronald Reagan and a tax revolt, states begin to reduce their funding of public colleges and universities.

#### 1991

Sixty-three percent of high school graduates go directly to college, compared with 46 percent in 1973.

#### 1992

Number of for-profit colleges jumps after federal regulation makes them eligible for federal student aid.

## 2000-Present

Tuition continues to rise; uni-

versities expand as competition from for-profit and online learning heats up.

#### 2000

Tuition and fees at four-year public colleges and universities average \$8,653.

#### 2005

Per-student funding of public colleges and universities hits quartercentury low.

#### 2008

First massive online open course (MOOC) is offered to 2,300 students.

#### 2010

Median total compensation for public-college presidents is \$421,395. . . . For-profit universities triple enrollments to 1.8 million students from 2000 to 2010. . . . Federal government accuses some for-profit institutions of fraud.

#### 2011

Average student debt has grown to \$23,000. . . . Per-student state and local spending drops to 25-year low of \$6,290. . . . Texas pledges to create a "\$10,000 degree." . . . Pell Grant maximum is raised to \$5,500.

#### 2012

Teresa A. Sullivan is fired from presidency of University of Virginia for refusing to cut academic programs, then rehired. . . . Fewer than 60 percent of students graduate within six years. . . . Online learning makes inroads into higher education via startup ventures such as Coursera and edX. . . . A study of nearly 1,700 public and nonprofit colleges finds that onethird have been on an "unsustainable financial path" in recent years, and an additional 28 percent are "at risk of slipping into an unsustainable condition."

63

## Big Spending on Sports Scrutinized

Does it waste precious dollars or attract students and donations?

t's no secret that big-time college sports — particularly some high-profile football and basketball programs — rake in millions of dollars. For example, in 2011 the University of Alabama athletic programs, thanks largely to revenues from the school's legendary "Crimson Tide" football team, had a \$31.7 million surplus; the University of Michigan's program netted \$26.6 million and Ohio State's \$18.6 million. <sup>1</sup>

But those are the exception. In fact, only 22 of 227 public universities in the National Collegiate Athletic Association's (NCAA) highly competitive Division I made a profit in 2011. <sup>2</sup>

"The truth is, most college athletic programs are money-losers," says Andrew Hacker, a Queens College political science professor and co-author of *Higher Education? How Colleges Are Wasting Our Money and Failing Our Kids — and What We Can Do About It.* 

Battered by rising costs and falling financial support, public universities with money-losing athletic programs increasingly are finding it harder to justify them. "It's about time that public universities stopped funding these programs that have gobbled up resources that should have gone to the schools' academic mission," says Hacker.

"We've gotten ourselves in a terrible situation with intercollegiate athletics, with the cost of running a program really out of proportion to the basic purpose of our universities," said William E. "Brit" Kirwan, chancellor of the University System of Maryland and a co-chairman of the Knight Commission on Intercollegiate Athletics, a group formed in 1989 that seeks to reform college sports by making sure they operate within schools' educational missions. <sup>3</sup>

Much of the money generated by football and basketball programs stays within the athletic departments and supports lower-profile sports, such as track, swimming and tennis. Even when athletic programs produce a surplus, the amount often is a pittance: The University of Tennessee's athletic revenues topped \$102 million in 2011, but after figuring in costs, the surplus amounted to only \$15,000. <sup>4</sup> There are rare exceptions, however: Ohio States' athletic department has contributed \$4 million

to support the university's main library. 5

Most college athletic departments lose money, critics say, because of big spending — often driven by the desire to field winning teams that will help them reap lucrative broadcast fees and big donations from excited backers. Sports-related spending is rising almost twice as much as academic spending, according to the Knight Commission. Schools are building bigger and bigger stadiums and other athletic facilities at the very time college debts are soaring.

Others cite soaring college athletic salaries: Nick Saban, the University of Alabama's football coach and the highest-paid NCAA coach, earns \$5.5 million, followed by the University of Texas at Austin's Mack Brown at \$5.4 million. In 2006, only 42 major college football coaches made \$1 million or more; today 42 make at least \$2 million. <sup>6</sup>

In fact, coaches' pay has risen faster than that of corporate executives. While CEO compensation — including salaries, stock options, bonuses and other pay — rose 23 percent between 2007 and 2011, coaches' pay increased 44 percent. <sup>7</sup> Proponents of college athletic programs often point out that some of those coaches' salaries are paid in part by "booster" donations or from money the schools earn for selling the rights to broadcast their games. <sup>8</sup>

Proponents of athletic programs argue, however, that they attract alumni donations. "Athletic events are the biggest draw to bring alumni back to campus, and alumni philanthropy is becoming a major and desperately needed source of funds for universities," said Eric Barron, president of Florida State University. <sup>9</sup> According to an NCAA study, alumni and booster donations made up 27 percent of a typical athletic department's revenues. <sup>10</sup>

Cutting athletics would reduce donations, say some experts. "Presidents are obligated to raise money, and it's the football and basketball events that bring the big donors and trustees in," said R. Scott Kretchmar, a Pennsylvania State University professor of exercise and sport sciences who served as the university's faculty athletic representative to the NCAA for 10 years. "There's virtually nothing else at the university that has the

Continued from p. 62

journey, an intellectual expedition, a voyage confronting new ideas and information, expanding and deepening our understanding of ourselves and the world." <sup>56</sup>

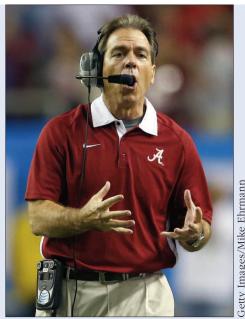
As politicians reduce funding for public institutions, many are attacking such nonvocational departments as humanities, arts and social sciences. Last year Republican Florida Gov. Rick Scott said, "We're spending a lot of money on education, and when you look at the results, it's not great. . . . Do you want to use your tax money to educate more people who can't get jobs in anthropology? I don't." <sup>57</sup>

Selingo says there can be drawbacks to cutting programs such as classics or foreign languages in favor of more vocational courses. "The labor market changes so fast that it's not easy to predict what will be needed in five to 10 years," he says.

In what they see as a race for prestige to emulate the flagship private research universities, some critics claim that many public institutions have lost sight of their original mission of educating undergraduates. Instead, they charge, schools have put increasing emphasis on — and investment in — their more prestigious graduate departments.

caché and excitement that big-time sports does. Presidents are saying, 'I can't go down that road of scaling back big-time sports.' Unilateral disarmament is nothing that will fly." 11

As the debate over soaring athletic spending continues, the University of Maryland recently announced its athletic program had run up a deficit of \$4.7 million that was projected to reach \$17.6 million by 2017 if nothing was done. Instead of trimming its costly NCAA football program, whose coaching salaries alone had risen from \$18.7 million to \$24.3 million between 2005 and 2010, it cut seven of its 27 varsity teams such as swimming and diving, cross country and tennis. 12 It also announced its football team would jump to the Big Ten conference, hoping for a possible \$100 million windfall by 2020 from higher Big Ten televisionrights revenues. 13



University of Alabama head football coach Nick Saban earns \$5.5 million a year more than any other college football coach. Critics complain that while state governments are slashing college budgets, coaches' salaries are rising faster than those of corporate executives.

Some see the school's move as a risky decision and one that is far removed from a university's original mission."Let's stop the farce of having university presidents try to manage large, commercial sports programs," said Steven Salzberg, a Forbes columnist and professor of medicine and biostatistics in the Institute of Genetic Medicine at Johns Hopkins University's School of Medicine. "Let them get back to focusing on research and education, topics on which they actually have some expertise." 14

#### - Robert Kiener

"It's almost as if teaching undergrad-

uates is disdained," argues Hacker.

"More and more professors simply

refuse to teach introductory or other

paid adjunct teachers or graduate as-

sistants. In fact, the bulk of under-

graduate teaching is now performed

by these part-timers, a trend often de-

scribed as "the dirty little secret" of

Filling this void are part-time, lower-

undergraduate courses."

higher education. <sup>58</sup>

According to the American Federapart-timers on limited-term contracts. course. And many lack retirement benefits and health insurance. Although national labor unions, such as the AFT, most have not. 59

ingtonpost.com/sports/colleges/maryland-athlet ics-financial-woes-reveal-a-broken-college-sportsrevenue-model/2012/06/28/gJQAmEvx9V\_story. html. For background, see Kenneth Jost, "College Football," CQ Researcher, Nov. 18, 2011, pp. 977-1000; and Chanan Tigay, "Women and Sports," CQ Researcher, March 25, 2011, pp. 265-<sup>3</sup> Ibid. 4 Karol, op. cit.

<sup>2</sup> Liz Clarke, "Maryland athletics' financial woes reveal a broken college sports revenue model,"

The Washington Post, June 28, 2012, www.wash

<sup>5</sup> Rich Exner, "Ohio state's athletic department is one of the few nationally to pay its own bills, The Plain Dealer, Oct. 13, 2011, www.cleveland. com/datacentral/index.ssf/2011/10/ohio states athletic\_departmen.html.

<sup>6</sup> Erik Brady, Steve Berkowitz and Jodi Upton, "College football coaches continue to see salary explosion," USA Today, Nov. 20, 2012, www.usa today.com/story/sports/ncaaf/2012/11/19/collegefootball-coaches-contracts-analysis-pay-increase/ 1715435/.

Ibid

<sup>8</sup> Mark Yost, "Who pays the college coach?" The Wall Street Journal, Dec. 6, 2008, http://online. wsj.com/article/SB122853304793584959.html.

<sup>9</sup> Alexander Heffner, "Athletics over academics: an improper equation for state universities," Washington Monthly, Feb. 9, 2011, www.washington

monthly.com/college\_guide/blog/athletics\_over\_academics\_an\_im.php?page=all. 10 "NCAA Div I Intercolegiate Athletics Program Report," National Collegiate Athletic Association, 2010, www.ncaapublications.com/productdownloads/ REV\_EXP\_2010.pdf.

<sup>11</sup> Clarke, op. cit.

12 Ibid.

 $^{13}$  Pete Thamel, "Marlyand in line for huge financial bump in wake of Big Ten move," SI.com, Nov. 19, 2012, http://sportsillustrated.cnn.com/2012/writers/ pete\_thamel/11/19/maryland-big-ten-money/index.html.

<sup>4</sup> Steven Salzberg, "Football is corrupting America's universities: It needs to go," Forbes.com, Nov. 26, 2011, www.forbes.com/sites/stevensalzberg/2011/11/26/ football-is-corrupting-americas-universities-it-needs-to-go/.

tion of Teachers (AFT), three-quarters of college and university faculty are Some are paid as little as \$800 per adjuncts at some institutions have joined

The pressure for full-time professors to produce original research, as a prerequisite for obtaining tenure, is one reason for the greater reliance on adjunct faculty in undergraduate courses, experts say. Because tenure-track faculty must "publish or perish," says Hacker, they often view teaching as a necessary evil.

"As publication became a symbol of achievement, ambitious colleges and universities adjusted teaching loads

<sup>&</sup>lt;sup>1</sup> Tom Karol, "Big money in college athletics," *The Daily Caller*, July 12, 2012, http://dailycaller.com/2012/12/07/big-money-in-college-athletics/ #ixzz2EzhWXKl7.

downward to enable faculty members to spend more time on their research and writing," said Columbia's Taylor. <sup>60</sup>

Given the pressures they face, many universities must "effectively change their DNA," Christensen and Eyring wrote. "Most will need to become more focused on undergraduate students, cutting back on graduate programs that serve relatively few students while consuming much faculty time and generating little of the prestige hoped for when they were created." <sup>61</sup>

## BACKGROUND

## **Early Beginnings**

P ublic institutions of higher education did not flourish in the United States until the Morrill Act of 1862 was enacted and a successor act in 1890 provided widespread funding to establish colleges. But government aid for education is nearly as old as the nation.

In 1785, just two years after the Revolutionary War, the Congress of Confederation passed the Northwest Ordinance, which reserved a portion of land allocated to each Western township "for the maintenance of public schools." 62 Two years later, the Northwest Ordinance of 1787, which established the Northwest Territory, reinforced the importance of the government's support of education, mandating that "religion, morality and knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged." 63

The University of Georgia, which held its first classes in 1801, had become the nation's first chartered public university in 1785. To this day the university describes itself as "the birthplace of the American system of public higher education." <sup>64</sup> But es-

tablishing which institution was the "first" public university is complicated. For example, the first state university to hold classes was the University of North Carolina, in 1795, but it wasn't chartered until 1789.

Likewise, some of today's public universities were established as private institutions before the University of Georgia was founded. The now-public College of William and Mary was founded, for instance, as a private school in 1693, making it the nation's secondoldest university after Harvard (established in 1636). The University of Tennessee was chartered in 1794 as the private Blount College (with tuition of \$8 a term), but it didn't become a state institution until 1807, when it was renamed East Tennessee College. 65 Most of these early institutions - like Harvard, Yale and the earlier colonial colleges — were devoted to the teaching of religion and the classics.

Throughout the 1800s a growing movement advocated for affordable higher education. Jonathan Baldwin Turner, a Yale graduate, wrote about the need for public universities that would serve the "industrial working classes" during the middle of the century. He urged farmers to press Congress "to create and endow . . . a general system of popular Industrial education, more glorious in its design and more beneficent in its results than the world has ever seen before." 66 Although this effort did not result in federal funding, it did pave the way for Justin Smith Morrill's historic push for public higher education.

Morrill, a Vermont-born member of Congress, was a passionate champion of public higher education. Citing a need for educating American farmers, he introduced a bill in 1857 to provide each state with public lands that could be sold to fund the creation of "land grant" universities, specializing in agriculture, mechanics and military tactics.

"He framed the bill as a matter of 'public justice' and believed that agri-

cultural colleges would allow the United States to compete with foreign nations," says a recent historical review of the Morrill Act. "Morrill saw that vast amounts of American soil were being exhausted. He believed that agricultural colleges could teach new techniques and foster innovation and experimentation. Noting that numerous European countries had similar schools, Morrill called for the United States to develop a similar system. He believed the country should do 'something for every owner of land . . . and something to increase the loveliness of the American landscape.' " 67

President James Buchanan vetoed the bill, but after Morrill reintroduced it, President Abraham Lincoln signed it. The Morrill Land Grant Act of 1862 allotted 30,000 acres of federal land to each state for every representative it had in Congress. The land could then be used for the creation — and financing — of public universities. In 1890 Congress passed another Morrill-sponsored bill, which increased funding to public universities and established "separate but equal" colleges for blacks in Southern states.

Thanks to visionaries suclike Turner and Morrill, the nation's higher-education landscape blossomed. Morrill's 1862 bill helped create 48 colleges that, as he noted, were "sending forth a large number of vigorous young men to scientific, agricultural, mechanical, educational and other industrial careers." <sup>68</sup>

In 1870, fewer than 15,000 Americans were enrolled in institutions of higher learning of any type. By 1895 nearly 25,000 students were attending land-grant colleges and universities alone. <sup>69</sup>

After being largely the reserve of the elite, university educations were now accessible to many. "We . . . implemented a less elite system, in which students were less likely to be tracked at an early stage into vocational tasks," wrote University of Massachusetts-Amherst economics professor Nancy Folbre, author of *Saving State U.*  $^{70}$ 

The rise of public institutions dominated higher education in the early 20th century. The colleges grew larger as more students were enrolled and states increased funding. By 1940 public institutions were educating almost half of higher-education students, compared with 22 percent in 1897. <sup>71</sup>

And curricula reflected a new interest in practical research. "These were truly statebased institutions," said Folbre. "In the Midwest and West, land-grant institutions tended to promote the research that would serve their local economies best: the University of Wisconsin promoted dairy science . . . [and] the University of Colorado pursued mining technology. Taxpayers in a state were likely to capture the benefits of their investments. More

than three-quarters of all students attended college in the same state in which they were born." <sup>72</sup>

## GI Bill

Just as the Northwest ordinances and the Morrill acts established and democratized higher education, the 1944 GI Bill opened the doors of both private and public higher education to millions of returning veterans. It also ushered in what many refer to as the golden age of higher education, a period of unparalleled expansion that lasted until the mid-1970s.



Bangladeshi-American educator Salman Khan created Khan Academy in 2006 to provide "a high quality education to anyone, anywhere." The nonprofit website supplies more than 3,600 free online video tutorials on subjects ranging from mathematics and history to medicine and computer science. The popular site is one of a growing number of online educational models offering quality instruction, including Coursera, edX, Udacity and StraighterLine.

The GI Bill, officially the Servicemen's Readjustment Act, provided grants to veterans to cover the full cost of three years of college. Millions took advantage of these benefits. By 1947, 49 percent of college students were veterans. When the bill's benefits ended in 1956, nearly half of the 16 million eligible veterans had used them for higher education or job training. 73 Between 1940 and 1950 the number of U.S. college and university degrees doubled. The percentage of Americans with at least a bachelor's degree rose from 4.6 percent in 1945 to 25 percent by the end of the century. <sup>74</sup>

Thanks to a surging economy and the growth of Cold War-era research at universities, public enrollment continued to increase during the 1950s, '60s and - aided by the post-World War II baby boom — into the 1970s. For example, the 1958 National Defense Education Act, passed in part as a reaction to the Soviet Union's launching of the unmanned Sputnik satellite the year before, boosted funding to public universities and helped increase enrollments, especially in mathematics, science and modern foreign languages.

The great public research universities flowered. "The act put the federal government, for the first time, in the business of subsidizing higher education directly, rather than through contracts for specific research," Louis Menand wrote in *The Marketplace of Ideas*. "Before 1958 public support for higher education had been

administered at the state level (which is one reason why there are state universities in the United States but no national university)." <sup>75</sup>

The baby boom also increased demand; the number of 18-24-year-olds jumped from 15 million in 1955 to 25 million by 1970.  $^{76}$ 

College enrollment continued to grow quickly; between 1960 and 1975, the number of students enrolled in public institutions grew 20 percent. To keep up with demand, more universities — mostly public — were opened. Between 1960 and 1975 the number of public higher-education institutions roughly doubled. The Many

## Tenure Under Intense Scrutiny

Is it a luxury public higher education can no longer afford?

enure, which rewards professors with guaranteed lifetime employment, is under fire. To faculty members, it is a traditional, hard-earned feature of academic employment that provides job security and protects academic freedom.

But in today's cash-strapped world of higher education, many administrators see it as an indefensible throwback. In a recent survey, 69 percent of college leaders said they prefer that most faculty work under long-term or annual contracts instead of receiving tenure. <sup>1</sup>

On most campuses, professors can earn tenure — if they are in a tenure-track position — after a six-year trial period and if their departmental peers deem them worthy. Faculty members turned down for tenure must leave an institution a year later. It is, literally, a make-or-break situation for professors. Once tenure is granted, however, a faculty member is essentially "fireproof" — immune from dismissal for anything but ethical or criminal transgressions.

Critics say tenure can foster complacency and make it difficult to dismiss incompetent faculty. "Tenured faculty members often use their power to stifle innovation and change," reducing intellectual diversity, said Richard Vedder, director of The Center for College Affordability and Productivity, a higher-education think tank in Washington. "Many ideologically driven tenured professors use their job security to aggressively thwart efforts to increase alternative viewpoints being taught." <sup>2</sup>

The tenure process also can pressure tenure applicants to be overly cautious, says Andrew Hacker, a professor of political science at Queens College in New York City and co-author of Higher Education: How Colleges Are Wasting Our Money and Failing Our Kids — and What We Can Do About It. "Tenure is the enemy of spontaneity and intellectual freedom."

In his book, co-written with *New York Times* journalist Claudia Dreifus, Hacker asserted that "few junior faculty are willing to try unconventional research or break with the orthodoxies of their discipline, espouse dissenting ideas, indeed do anything that might otherwise displease their seniors."  $^{3}$ 

Opponents also claim tenure is expensive and limits opportunities for younger faculty members. "With tenured professors earning such large salaries and staying on longer and longer, they are eating up the payroll that could be used to hire younger academics," says Hacker. "Instead of retiring, they stay put, protected by tenure. What they will not admit is that they are preventing young, untenured, people from joining the faculty." Hacker, who retired after being tenured for 40 years, teaches full-time now on a yearly contract.

"As with other people, tenure came automatically when I was promoted to associate professor, and I didn't think to question it anymore than I did my health benefits," Hacker says. "In retrospect, knowing what I know now, I would have not gotten it."

However, proponents of tenure say doing away with it would stifle academic freedom. Tenure ensures "that faculty members can speak forthrightly in their classes without fear of retribution," according to Cary Nelson, a professor of English at the University of Illinois at Urbana-Champaign and past president of the American Association of University Professors. Tenure helped "make American classrooms places where students can be challenged and inspired." <sup>4</sup>

Some proponents argue that tenure allows professors to be outspoken critics of their administrators or politicians. "Indeed, what's disappearing along with tenure, say its advocates, is the ability of professors to play a strong role in running their universities and to object if they think officials are making bad decisions," said *The Chronicle of Higher Education*. <sup>5</sup>

"One of the jobs of tenured faculty is to raise a lot of questions and make people uncomfortable," Martin J. Finkelstein, a

existing public universities were transformed into massive and complex institutions. State funds and federal research money helped feed the growth.

The composition of public universities began to change as more women, minorities and lower-income applicants enrolled. Minorities, aided by passage of the Civil Rights Act of 1964, made greater inroads into previously segregated colleges and public institutions. The growing availability of financial aid, including the Higher Education Act of 1965 and the Education Amendments of 1972, made college even more accessible.

As universities "democratized" and opened their doors to a larger variety of students, the public's perception of a higher-education degree began to shift from what was seen largely as a "private good" to a "public good." There was a "movement away from the notion of education for an 'elite' group of American youth to education for the masses, providing the nearuniversal access that has earned American higher education this reputation," according to a Stanford University report. 79 The general view was that investing in universities by funding them was in the public interest because a

better educated populace would improve the nation's economy.

Enrollment began to drop with the end of the Vietnam War draft in 1973; many male students had enrolled in college as a way of avoiding the draft. Moreover, as the baby boom drew to a close, the college-age population leveled off.

As the shift continued, the golden age of college enrollment was ending. As the University of Massachussetts' Folbre wrote, "The widespread political support that many of us had taken for granted began to be gradually, unevenly, but relentlessly, withdrawn. . . . A backlash

professor of higher education at New Jersey's Seton Hall University," told *The Chronicle.* "Non-tenured faculty are very cautious. They want to be retained."  $^6$ 

Tenured faculty also see tenure as part of their compensation package and might be tempted to switch colleges if they lost it, some proponents say. "Removing tenure would result in a chaotic upheaval of faculty at some universities," says Robert Zemsky, a professor of education at the University of Pennsylvania and coauthor of *Remaking the American University*. "You'd see thousands leaving their positions for jobs at universities that offer tenure."

But tenure critics disagree. Hacker contends that while some elite professors might leave their jobs, the majority would not because "they are not getting offers from other colleges. The question you have to ask is, 'Who wants them?' "

Universities have cut back hiring, and tenured professors are staying in their jobs longer. According to the Bureau of Labor Statistics, the number of professors age 65 and over doubled between 2000 and 2011.  $^7$ 

As the debate continues, the number of tenured professors continues to fall. In 1969, 68 percent of the nation's faculty were either tenured or on a tenure track. Today that has dropped to 33.5 percent.  $^8$ 

Universities say they cannot afford to keep hiring tenure-track professors and so increasingly are offering only non-tenure track or part-time positions. In 1960, three-fourths of faculty were full time or tenure-track professors; today adjunct instructors (or graduate assistants) account for two-thirds of the faculty. <sup>9</sup>

The average pay for an adjunct teacher is \$2,987 for a three-credit course, according to a recent survey, and some make under \$1,000. In the same survey, 79 percent of respondents reported they didn't receive health insurance benefits from their colleges. <sup>10</sup>

"I think the financial pressures are so severe that — other than the selective, wealthy liberal-arts colleges and the public and private flagship research universities — tenure is just going to be a vanishing species," said Ronald G. Ehrenberg, a professor of industrial and labor relations at Cornell University. <sup>11</sup>

– Robert Kiener

against public higher education was underway." 80

When a conservative mood swept across the country with the 1980 election of President Ronald Reagan, more voters began to demand tax reform at the state and national levels, and states began to reduce their funding of public colleges and universities. Also, explained Robert M. Berdahl, chancellor of the University of California, Berkeley, "the notion developed that the chief beneficiaries of universities were the students educated, not the public at large, so that it should be the students themselves

who bore a larger portion of the cost of education." <sup>81</sup>

As state appropriations for public higher education dropped, universities scrambled to make up the shortfall. Tuition rose and kept climbing until it outpaced the rate of inflation. Eventually, higher education became inaccessible for many lower- and even middle-income students.

## **Expanding Bubble**

A s tuition increased in the 1990s and the first decade of the 21st

century, so did talk about a "higher-education bubble." Students, many of whom were fortified with private and government loans, kept paying more and more for tuition. But as the economy worsened jobs grew scarcer, and suddenly those costlier degrees seemed like less of a good investment. Talk of a higher-education bubble, similar to the dot-com and real estate bubbles of the recent past, became commonplace.

Compounding the problem, students piled on more debt to pay their tuition. By 2011 the average student debt was \$23,300, and the amount of federal

<sup>&</sup>lt;sup>1</sup> Jack Stripling, "Most presidents prefer no tenure for majority of faculty," The Chronicle of Higher Education, May 15, 2011, http://chronicle.com/article/ Most-Presidents-Favor-No/127526/.

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## FUTURE OF PUBLIC UNIVERSITIES

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loans grew by more than 60 percent between 2007 and 2012. 82

Meanwhile states kept cutting funding. In 2005, perstudent funding at public colleges and universities was its lowest in a quarter century, after adjusting for inflation. 83 Financial aid - including federal Pell grants, which were created in 1972 to help low-income families afford higher education — was covering less of the tab for four years of

college. In the program's first year the maximum Pell Grant was \$452; by 1990 it had reached \$2,300 and \$5,550 in 2012. <sup>84</sup> From covering nearly all of a year's tuition at a typical two-year public university, a Pell Grant now covers only about 36 percent. <sup>85</sup>

In President Obama's 2008 stimulus bill, designed to boost the flagging U.S. economy, Pell Grants were increased to a maximum of \$5,350. To save awardees having to pay interest rates imposed by the banks, the Obama administration elected to award the federal grants directly in 2010. (See "At Issue," p. 71.) When they took over the House in 2011, Republicans sought to cut them by \$5.7 billion, or a maximum cut of \$845 per grantee, but the attempt failed. The grants were cut during the summer of 2011 during a budget standoff and then raised again in the Budget Control Act of 2011.

As *The New York Times* noted, "the Obama administration has given out more grants and loans than ever to more and more college students with the goal of making the United States



Peter Struck, an associate professor of classical studies at the University of Pennsylvania, records a lecture on Greek mythology on Nov. 15, 2012. The video will be offered free to 54,000 students around the world taking a massive open online course (MOOC) provided by the university. Struck says he is reaching more students through the MOOC than all the tuition-paying students he taught in 15 years of traditional classes.

first among developed nations in college completion."  $^{86}\,$ 

During the boom years between 1999 and 2009, both tuition and higher-ed spending rose. Institutions added new facilities, expanded programs and increased salaries.

Meanwhile, as public universities were flourishing in the latter half of the 20th century, a new model for-profit colleges - had entered the marketplace. Led by the success of the University of Phoenix, which was started as a largely online venture in 1976, schools such as DeVry, Capella and Kaplan universities aggressively marketed themselves to potential students. Between 2000 and 2010, enrollment in for-profit institutions nearly quadrupled from 673,000 to 2.6 million. The University of Phoenix, the largest of the for-profits, grew to 455,600 students by 2010, making it the nation's second-largest highereducation system, after the State University of New York. 87

However, the rise of the for-profits stalled when a 2012 congressional report found "exorbitant tuition, aggressive student recruiting and abysmal student outcomes," all subsidized by taxpayers. The report characterized the \$32 billion the schools received in tuition aid during 2009-2010 as a poor investment for taxpayer money. <sup>88</sup>

Although some of the for-profit colleges have announced they would self-regulate, there has been no industry-wide effort to reform or institute new standards. Enrollment began falling, however, and last October Phoenix announced it would close nearly half its

campuses and satellite operations; Kaplan closed nine. <sup>89</sup>

# CURRENT SITUATION

## Rise of the MOOCs

O nline learning has come a long way since 1989, when the University of Phoenix started its online degree program. Nearly seven million students now participate in some form of online learning at U.S. colleges and universities. <sup>90</sup>

While many educators were initially dismissive of the idea, the popularity — and adaptability — of online learning has compelled them to consider its potential to help public colleges and universities cut costs and expand enrollment.

Nonprofit and for-profit innovators — such as Coursera, edX, Udacity, StraighterLine, Khan Academy and oth-

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## At Issue:

## Did expansion of the Pell Grant program lead to tuition bikes?



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ive most people free money to buy something and they'll demand more frills and willingly pay higher prices. With that in mind, President Obama's expansion of the Pell Grant program has almost certainly enabled colleges to inflate tuition.

Numerous variables are at play in college pricing beyond Pell, including federal loans, scholarships, state subsidies, etc. And, because not-for-profit colleges call last year's spending this year's "costs," it is hard to nail down the precise inflationary effect of Pell, especially over the short term. Long term, however, it is pretty clear that Pell and other aid have fueled tuition escalation.

Over the last quarter-century, inflation-adjusted aid ballooned from \$4,452 per student to \$14,745. Much of that took the form of loans, but grants moved from \$2,264 to \$6,994. Concurrently, average tuition, fees and room-and-board charges increased from \$8,453 to \$17,860 at public colleges and from \$21,048 to \$39,518 at private institutions. In absolute terms, aid has increased by \$10,293 per student — very close to the \$9,407 rise in public-college prices.

This strongly suggests that aid, including Pell, enables tuition inflation. Other research indicates that private colleges not only raise prices in response to the availability of aid but also dollar-for-dollar in response to increases in Pell Grants. So, too, do public colleges for out-of-state students.

Which brings us to academia's favorite inflation scapegoat: cuts in state and local support, which supposedly are forcing the price hikes. In the short term, there is probably some truth to this. The long-term evidence, however, is quite different.

First, the explanation doesn't apply to private schools, which like publics have raised their charges at rates that greatly exceed normal inflation. More directly, state and local funding overall, adjusted for inflation, has risen about 29 percent over the last 25 years, although on a per-pupil basis it has fallen. However, for every dollar that per-pupil subsidies have dropped, schools have raised two dollars through tuition.

But isn't Pell aimed at truly low-income students, and therefore likely to have no effect on sticker prices, even if overall aid is inflationary? Pell has become less targeted but probably has little direct effect on maximum prices. However, schools likely replace their own aid money with Pell, and redirect theirs to less needy students. That redirection, in turn, enables them to increase sticker prices.

So has Pell expansion provided inflationary fuel? It's hard to prove but is almost certainly the case.



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oth tuition and federal financial aid have risen over the past decade, but it is a mistake to conclude that parallel timing proves causality. Many have examined this possible relationship and have concluded that increasing student financial aid does not cause higher tuition. One study concluded that an increase in the maximum Pell Grant results in less unmet need so it puts downward pressure on tuition growth.

The dynamics of financial aid and tuition differ among the various higher education sectors. For public universities, the critical figure is per-student education expenditures. If increases in financial aid caused higher tuition, then presumably higher tuition would contribute to increased education expenditures. However, per-student education expenditures at public universities have been almost flat, at 1 percent above inflation, for 20 years, according to U.S. Department of Education data. Increased financial aid has not produced higher per-student education expenditures, so increased federal student aid is not why tuition has risen at public universities.

The driving force behind increases in public university tuition has been the reduction in per-student appropriations by state governments. Education expenditures at public universities are typically paid for with revenues from student tuition, financial aid and state appropriations. Over the past decade, state appropriations per student have declined by 32 percent. Public universities have raised tuition primarily to fill the funding gap left by this significant change in revenues.

At the same time, the number of public university students has increased by 23 percent since 2000. Many of these students come to college with fewer financial resources and are unable to contribute as much toward their tuition as previous students. This has strained public universities' finances as they strive to maintain stable education expenditures per student. Federal financial aid has expanded access and made college affordable for more students. In short, financial aid shifted how students paid their tuition but did not generally increase the total revenue (tuition plus state appropriations) per student received by the university.

In summary, the increased availability of financial aid for students has not caused higher tuition at public universities. Rather, increased financial aid has provided an opportunity to millions of low-income students who otherwise would not have enrolled in college.

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ers — are teaming with major universities to offer quality online courses to the public. "The elite, pace-setting universities have embraced the Internet." said New York Times columnist David Brooks. "Not long ago, online courses were interesting experiments. Now online activity is at the core of how these schools envision their futures." 91

MOOCs — massive open online courses — are the latest online learn-

ing trend, offering millions of online students around the world a wide variety of courses, ranging from artificial intelligence to poetry, taught by some of the world's top faculty. <sup>92</sup>

Unlike regular online courses, in which students pay a fee to take a course online for credit toward a degree, MOOCs are free for anyone who signs up but do not, currently, count toward completion of a traditional degree.

MOOCs are evolving, and it is not yet clear how big a role they and other forms of online learning will play in public colleges and universities, especially since MOOCs have a low completion rate — only about 10 percent. <sup>93</sup>

"Because higher education is not a monolith, different schools face different problems," says *The Chronicle of Higher Education*'s Selingo. "MOOCs will not be for everybody." Harvard and other top-flight institutions may not be attracted to the money-saving aspects of MOOCs, but smaller schools, pressured to cut costs and become more efficient, may find them irresistible. "These lower-tier colleges could drop their poorest-quality cours-



Geneticist Kristen Martins-Taylor conducts stem cell research at the University of Connecticut's Stem Cell Institute in Farmington. Critics say public colleges and universities — which conduct more than 60 percent of the nation's academic research — focus too much on research and not enough on their original purpose: to provide an educated workforce by giving a "liberal and practical education" to the "industrial classes."

es and save money by replacing them with prestige courses from other institutions via MOOCs," says Selingo.

Other questions abound. First and foremost, say skeptics, will MOOC courses erode the existing financial model of universities, eventually forcing schools to start charging for them? Will they "dilute the brand" of prestigious degrees? And can high dropout rates and cheating be minimized?

"The real question is, if you start to get very good online MOOCs, why do you need a university?" said Joseph A. Burns, dean of faculty at Cornell. "And what does an Ivy League university bring to the table? What do you give to students that they can't get sitting at home and eating potato chips?" <sup>94</sup>

While MOOCs have yet to prove how applicable they can be to degree programs at universities, other online-learning developments are already changing the university model. Semester Online, a consortium of the University of North Carolina at Chapel Hill, Duke University and eight other prominent institutions, this fall will begin offering 30 online for-credit

courses to both their own students and students who will pay more than \$4,000 per course. Using a virtual classroom that allows students to raise their hands to ask questions and form their own study sessions, the courses are designed to mirror the classroom experience. <sup>95</sup>

The University of South Carolina designed its distance-learning program — Palmetto College — to attract a niche market: adults who had dropped out of any of its branches. The online college offers a bachelor's-degree program in such voca-

tional fields as nursing, education and business and is open to those who have completed at least 60 credits at other higher-education institutions. The program is similar to those at Pennsylvania State, North Carolina State and elsewhere. <sup>96</sup>

## \$10,000 Degree

In his 2011 State of the State address, Texas Republican Gov. Rick Perry challenged the state's highereducation institutions to create bachelor's degree programs that would cost students no more than \$10,000 and be designed to better help them land jobs after graduation. Perry noted that tuition at Texas public colleges and universities has increased an average of 5 percent per year since 1994 and now averaged \$27,000.

Perry called for more than tuition limits. His plan links funding to degree completion, encourages online learning, advocates paying faculty on the basis of performance and could limit perks such as tenure. Educators resisted. Peter Hugill, president of the Texas Conference of the American Association of University Professors, reflected the opinion of many academics when he said, "I don't think it's a very practical idea. Do you really want a stripped-down, bare-bones degree?" <sup>98</sup>

Hunter Rawlings, president of the Association of American Universities, recently labeled Perry's plan "an assault" whose effect is "essentially to treat research universities as vocational schools, diploma mills and grant-getters." <sup>99</sup>

But Perry has prevailed. So far 10 Texas public colleges and universities have begun or announced \$10,000 degree programs. They include a five-year, general-degree "pipeline" program that combines high school, community college and four-year university credits. Also included is a program that relies on competency-based assessments to allow students to complete an organizational leadership degree in as little as 18 months. <sup>100</sup>

Other Republican governors are looking with interest at Perry's ideas. Florida's Scott recently announced, "I am issuing a challenge to our state colleges to find innovative ways to offer a bachelor's degree at a cost of just \$10,000 in fields that will provide graduates with the best opportunity for employment." <sup>101</sup>

Wisconsin Republican Gov. Scott Walker also recently announced plans to tie higher-education funding to how well schools prepare students for "open and needed" jobs in the state. "We're going to tie our funding in our technical colleges and our University of Wisconsin System into performance and say if you want money, we need you to perform, and particularly in higher education, we need you to perform not just in how many people you have in the classroom," said Walker. "In higher education, that means not only degrees, but are young people getting degrees in jobs that are open and needed today, not just the

jobs that the universities want to give us, or degrees that people want to give us?"  $^{102}$ 

## OUTLOOK

## **Old Order Passes**

Whether one describes the issues buffeting public higher education as a "crisis," a "perfect storm" or "disruptive innovation," one thing is clear: The changes they are bringing will ensure tomorrow's model will be far removed from today's. "What we will see is the passing of the old order," says Hacker of Queens College. "We're in for some massive changes."

Here are some of the changes that experts in public higher education envision over the next decades:

Online Learning — As the composition, delivery and eventual accreditation of online courses improve, more and more institutions will accept online learning as a viable alternative to the "brick and mortar" classroom model. Students will be able to learn at their own pace from elite teachers and will take a mix of online and classroom studies.

**Structure** — Higher education will be "unbundled." Different suppliers may provide separate features, and institutions will assemble these components according to the specific needs of students. For example, a student may spend a year on campus, a year working in a field of study, then attend another institution — freeing the student from being limited to one college's facilities and course offerings. Today's college counselors will be replaced by "organizers."

**Students** — Thanks to technological advances and other efficiencies, lower-income students will be better able to afford higher education. Older

students and distant learners will be able to complete degree courses with the help of advances in online learning. The expense of living away from home for four years will push more and more students online or to regional, satellite institutions. Students will be less brand loyal to institutions and quicker to question the value of degrees.

Curriculum — Interdisciplinary curricula will be widespread as colleges knock down traditional "walls" separating disciplines. The trend toward a more "vocational" curriculum, such as STEM courses, and the "attack" on the liberal arts will accelerate. More training programs will be available for students seeking technical degrees so they can bypass theory and more quickly apply their knowledge. Universities, especially those in the lower tier, will discontinue many of their costlier graduate programs.

**Faculty** — As tenured faculty members retire, universities will offer fewer tenure-track positions. Multiyear contracts will, in many cases, replace tenure. Universities will re-emphasize the importance of teaching (especially of undergraduates), and rewards and promotions will be based on both teaching and research. Sabbaticals will be curtailed.

**Administration** — With states slashing funds, expenses rising and competition heating up, more and more public universities will be run by CEO-like presidents skilled in marketing products, raising money and balancing budgets.

**Degrees** — Increasingly, degrees awarded for knowledge in a subject — not merely for having completed a course of studies — will be accepted. For example, students with experience in a subject who pass a competency test could count that experience toward a degree, saving money and expanding overall degree completion. The three-year degree, already in place at some colleges, will become more widespread.

## FUTURE OF PUBLIC UNIVERSITIES

As rapid technological and economic factors challenge academia's traditionally slow pace of change, Ohio State's Gee said if universities don't change how they operate, changes will be imposed upon them by outside forces.

"We are elephants," he said. "We have to become ballerinas or else we're going to become dinosaurs." 103

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## **About the Author**

**Robert Kiener** is an award-winning writer based in Vermont whose work has appeared in *The London Sunday Times, The Christian Science Monitor, The Washington Post, Reader's Digest,* Time Life Books, and other publications. For more than two decades he worked as an editor and correspondent in Guam, Hong Kong, Canada and England. He holds an M.A. in Asian studies from Hong Kong University and an M.Phil. in international relations from England's Cambridge University.

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**Association of Public and Land-Grant Universities**, 1307 New York Ave., N.W., Suite 400, Washington, DC 20005-4722; 202-478-6040; www.aplu.org. A research and advocacy organization of public research universities, land-grant institutions and state university systems.

**Center for College Affordability and Productivity**, 1150 17th St., N.W., Suite 910, Washington, DC 20036; 202-375-7831; http://centerforcollegeaffordability.org. Independent, nonprofit think tank that analyzes college finances and spending.

**College Board**, 45 Columbus Ave., New York, NY 10023; 212-713-8000; www. collegeboard.com. Nonprofit organization that manages college admissions testing and collects data on college costs and student debt.

**Education Trust**, 1250 H St., N.W., Suite 700, Washington, DC 20005; 202-293-1217; www.edtrust.org. A nonprofit promoting high academic achievement at all levels — especially among low-income and minority students.

**Office of Postsecondary Education**, Department of Education, 1990 K St., N.W., Washington, DC 20006; 202-401-2000; www2.ed.gov/about/offices/list/ope. Formulates policy and administers programs designed to increase access to quality post-secondary education.

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