The Chronicle of Higher Education: The Chronicle Review

From the issue dated October 31, 2008
POINT OF VIEW

Public Universities at Risk: 7 Damaging Myths

By CHRISTOPHER NEWFIELD

The presidential election has generated new proposals for reinvestment in America's basic social infrastructure: roads and bridges, health care, job training and employment, renewable energy, and education. Barack Obama's campaign has called for a "National Infrastructure Reinvestment Bank," which has growing Congressional support, and last January mayors and governors from both major parties formed a coalition to start the rebuilding process.

The current financial crisis will undoubtedly cause short-term public budget cuts as government officials figure out how to pay a staggering bailout bill. But in the long run, it will reduce many leaders' confidence in market forces and encourage greater interest in public investments in the economy. People will be increasingly reluctant to let financial markets determine their standard of living.

Yet even though higher education is an important source of economic and social progress, public investment is not keeping up with increased enrollments or the costs of high-quality teaching and research — and the future doesn't look any brighter. According to the State Higher Education Executive Officers, state investment per public-university student was at a 25-year low in 2005, and the gains of the last two years are likely to be wiped out by today's weak economy. The presidential candidates offer only modest proposals for supporting public higher education when they say anything at all, and in most states, public universities are focused largely on minimizing another round of financial cuts.

Why is public education the poor pupil of public investment? Part of the explanation is political: A quarter-century of culture wars has undermined the egalitarian values and tax-based public infrastructure that made America a mass middle-class society after World War II. Since 1980, stratification by income has steadily worsened, and higher education has been caught in an ideological crossfire between traditional supporters and conservative elites who want to set that broad middle-class majority back. It is easy to blame the sponsors of the culture wars in particular, and the country's political leadership in general, for turning the public away from an inclusive social vision and the public institutions that make such visions real.

But after spending nearly a decade serving on and leading faculty committees for planning and budgets, participating in countless budget discussions, and working on two large-scale budget reports, I've concluded that the fault lies not only with the usual suspects but also with ourselves. Many public-university administrators are incapable of convincing political and business leaders of the need for financial support because they are no longer fully convinced themselves. They have systematically, if unintentionally, deprived themselves of their best arguments and have adopted a series of myths about public investment:

Myth 1: The public hates taxes now more than in the past. The claim here is that voters in the "golden age" of the 1950s and 1960s were happy to pay taxes, and that allowed higher-education leaders to do great things. In reality, railing against taxes is a timeless American tradition. The creators of the "Master Plan for Higher Education in California" in 1960 fretted in print that the public would never pay for it. To make matters worse, in 1959 — at the start of the first term of the state's governor, Edmund (Pat) Brown — the economy had fallen into recession and the state budget deficit amounted to 20 percent of the total budget. Yet California higher education grew because Governor Brown restructured the tax system, raised the top income-tax rate from 6 percent to 7 percent, and pushed high-quality higher education as part of a package of infrastructural development that would serve the entire population. That led to the most important expansion in public-higher-education history.

Myth 2: The public rejects tax-based support for higher education. Some college leaders accept politicians' self-serving claim that an anti-taxation majority wants a "user fee" approach in which students use their own money to pay for an education that is for their own benefit. The idea is that the public sees college as a private good to be supported by private funds, with the addition of some grants and loans to help low-income students.

But in fact, voters say in surveys that the main problem with higher education is not that it is too public but that it is too expensive. A 2005 survey by the University of California suggested that high cost was starting to outrank high quality as the dominant image of the university in the public's mind. The National Center for Public Policy and Higher Education has found similar concerns. In 2008, 62 percent of the people it surveyed thought that many qualified students do not have the opportunity to go to college. We can infer that voters with some relation to college education will oppose privatization when it is defined honestly as colleges making ever-greater use of families' private funds. Voters have tolerated the shift from public to private financing because political and educational leaders have told them to — not because they have an ideological commitment to privatization.

Myth 3: Privatization of public higher education has been happening for years and is an established practice. In fact, data cited to demonstrate the irrelevance of state support are misleading, because they include many valuable university activities that have little to do with core education. When our faculty budget group broke down the University of California's budget by removing all noncampus revenues (national laboratories, medical centers, auxiliary enterprises, contracts and grants assigned to individual faculty laboratories) and isolated the money actually available for campus operations, we found that the university relied on the state for 60 percent of its core operating budget as recently as 2001. That means the instructional activities that people associate with college remain far more dependent on state money than people are told. In addition, public research universities get most of their remaining "nonstate" support from federal agencies. Privatization means leveraging public money for donor-designated purposes, not giving private capital for general purposes like undergraduate instruction.

Myth 4: State cuts have no effect on educational quality or student outcomes. The cuts themselves are insufficiently appreciated. Consider just two dismal metrics: An Urban Institute study showed that higher education's share of state appropriations nationwide fell from 6.7 percent to 4.5 percent in the last quarter of the 20th century, and a University of California report found that state support for each student has fallen about 40 percent in real dollars since 1990.

Qualitative evidence of deterioration in educational conditions is easily found by talking to faculty and staff members. Our budget group heard more stories of decline than we could print: plumbing leaks that damaged lab equipment after years of nonrepair, the absence of graduate fellowships for students with special financial conditions, among many others. Rather than making little difference, public cuts reduce institutional quality — and, in turn, affordability, access, and attainment.

Myth 5: Revenues from industry can replace lost public money. At our university, we ran the numbers on a particularly strong research operation: Faculty members have doubled the contracts-and-grants income in real dollars since 1990. But even when gross revenues increase, net revenues to university operations are generally negative because research money goes to individual professors and labs to perform specific research. The supplemental overhead monies that are supposed to cover the "facilities and administration" costs of research actually fall short of covering full costs. The figures vary, but universities can easily lose 3 cents to 5 cents on the dollar from federal grants.

Industry sponsors and nonprofit foundations pay even lower overhead rates than the federal government. The result, according to an unpublished study by the University of California Senate, is that the university needs 60 cents to support every dollar of external research but nets only half of that. Extramural research is a vital social good that must be supported, and at higher than current levels. But it should be treated as a legitimate expense, not as a revenue stream.

Myth 6: Privatization won't hurt public universities because revenues from philanthropy can replace public support. Philanthropy can and does pay for many wonderful projects, but almost none of it goes to support university operations. Over all, 80 percent of public-university endowments are restricted to donor-specified undertakings. At the University of California, that figure ranges between 95 percent and 98 percent. Our budget group calculated that to replace the $1.1-billion in public money lost between 2001 and 2004, the university would have to raise $25-billion in new, unrestricted gifts.

Myth 7: Cutting higher-education support is a national trend that cannot be stopped. That belief is a self-fulfilling prophecy because leaders inside and outside higher education keep saying it's true — even though attitudes toward taxes aren't worse today than 50 years ago, the public doesn't want high fees, reduced state support has hurt educational quality, and industry and wealthy donors can't replace public money. The myth is also self-serving because it supports a convergence of interests among politicians who don't want to say taxes are good, university leaders who don't want to offend politicians or sponsors, and a public that has been trained to want more for less.

This is a quiet tragedy of major proportions. The broad prosperity and social advancement of post-World War II America depended on superb public universities. They created and spread wealth and justice by combining top quality with mass access, bringing advanced skills to a wider and more diverse majority of the population than ever before. Are we now going to let that kind of quality gradually retreat to the Ivy League-style private institutions that teach at most 5 percent of all college students? If we do, the country will lose most of the broad social gains it has made over the past 60 years.

Avoiding this decline will require new levels of honesty about the real costs of leading-edge higher education and new financial models that start from truth in budgeting. There is no alternative to educational leaders telling the simple truth to their counterparts in politics and business: Public cuts in financial support have hurt public universities, their students, and their research. Those cuts now must be reversed and investment in higher education renewed.

Christopher Newfield is a professor of English at the University of California at Santa Barbara and author of Unmaking the Public University: The Forty-Year Assault on the Middle Class (Harvard University Press, 2008).

Section: Commentary
Volume 55, Issue 10, Page A128