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# The View from 2020: How Universities Came Back

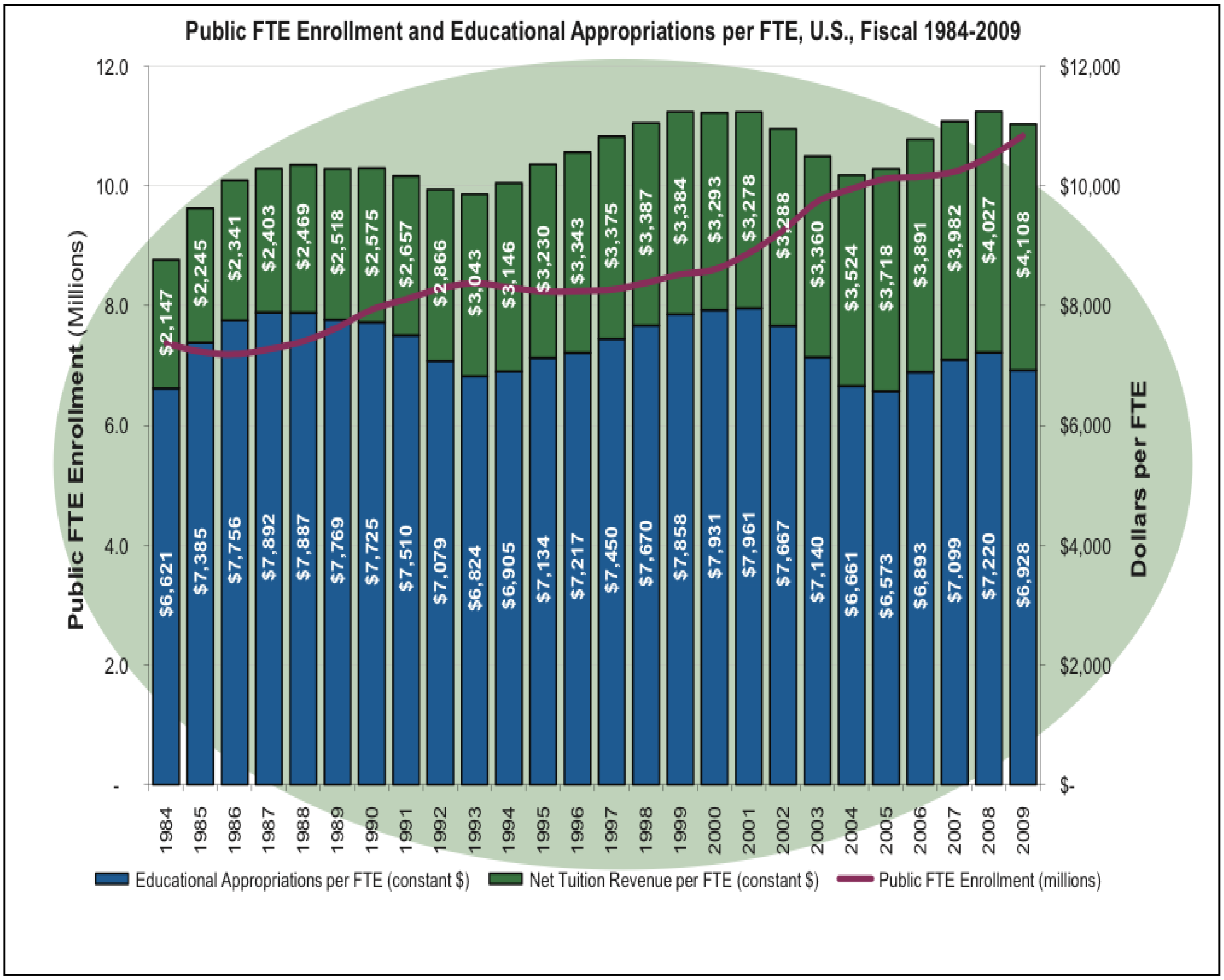
By Christopher Newfield

Looking back from our vantage point in the year 2020, we can see that by 2011, the higher education community knew some things that it hadn't known in the year 2000. That decade's findings (2001–2010), some well-known, some not, were summarized at a Modern Language Association meeting as follows.

## Decade 1: 2001–2010

1. State funding for public universities—serving 80 percent of the country's college students—didn't go up and down with the business cycle but (corrected for inflation and enrollment growth) was either flat or falling for thirty years.

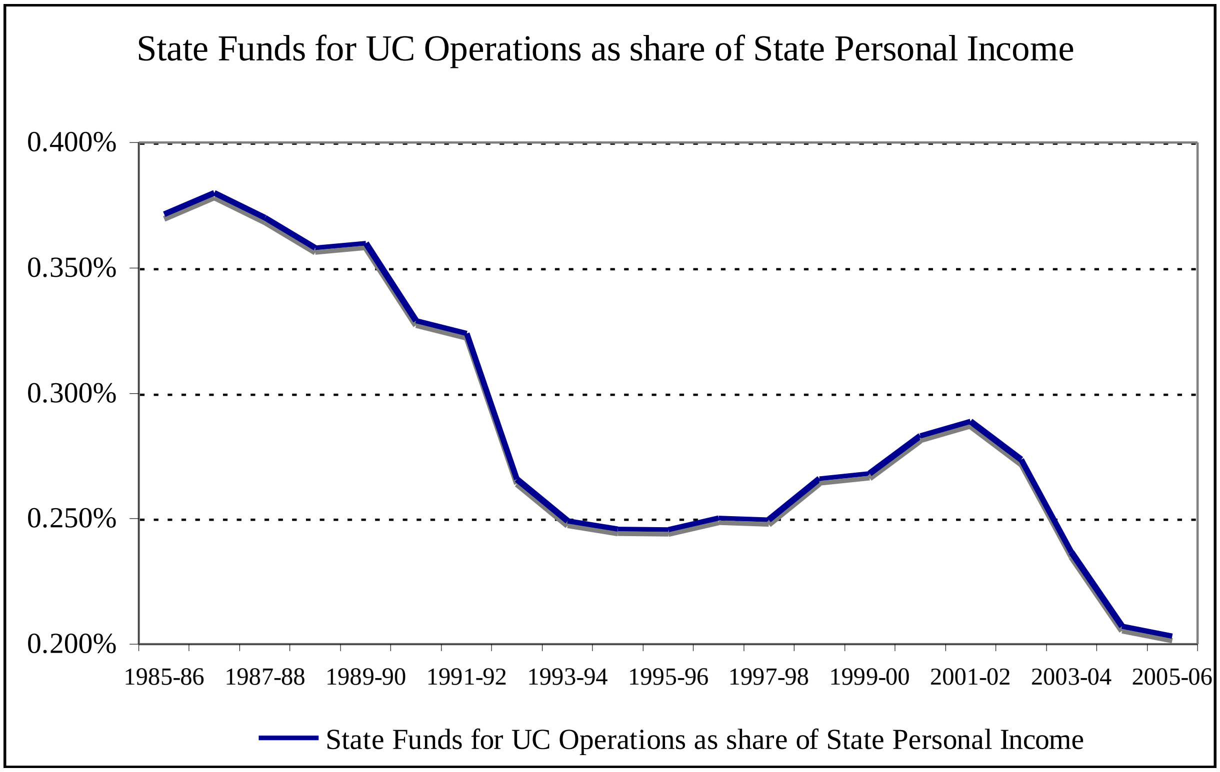
**Figure 1:**




*Source: State Higher Education Executive Officers,* State Higher Education Finance, *FY 2009, figure 3,* [*http://www.sheeo.org/finance/shef/SHEF_FY_2009.pdf*](http://www.sheeo.org/finance/shef/SHEF_FY_2009.pdf)

Note that the decline in educational resources in former world leaders like California was not tied to actual resources, measured as personal income. It reflected a sustained withdrawal of investment of income in public higher education.

**Figure 2:**




*Source: University of California Office of the President,* University Budget for Current Operations, 2006–07.

### There is money in state budgets—but not for universities.

2. Thirty years of growth in private funds helped finance special projects but not general educational operations. In most humanities fields, fundraising didn't net enough money to cover expenses. After 2011, in any case, endowment growth beat inflation, but not by much.

3. A growing number of independent analysts began to do the math on sponsored research projects. They found that this research produced large *gross* income gains for their university hosts and, at the same time, *net* revenue losses for those universities, once overall expenses were calculated.

For example, the public had become used to a standard funding headline from research universities that might read, "UCLA Researchers Bring in Record $966 Million in Contracts and Grants Awards" (*UCLA Today*, May 2010). The new disclosures were quite different. "UC:

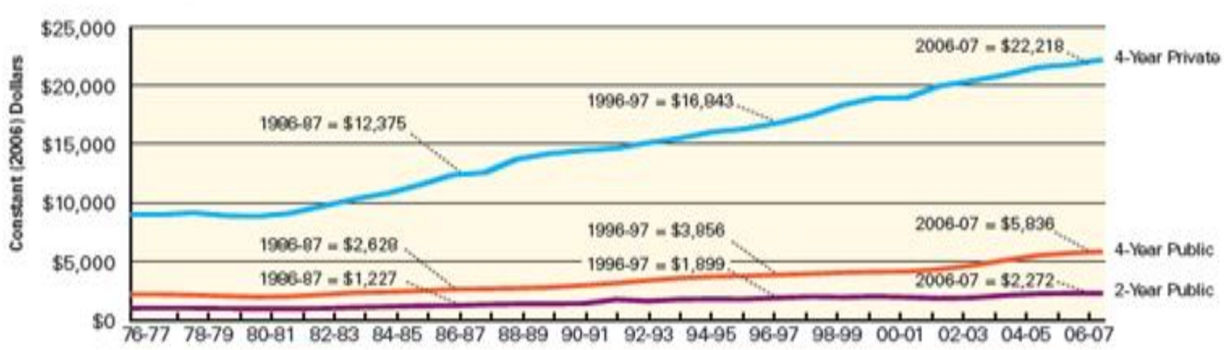
Millions Lost in Research Costs from Grants," ran a surprising headline in the *San Francisco Chronicle* (June 16, 2010).

The latter piece reported that the University of California had found that one year's $3.5 billion in gross research revenues required it to provide $1.5 billion to cover its indirect costs (for "facilities and administration"). But it received only $780 million for this purpose from the research sponsors, and thus lost $720 million on its $3.5 billion gross, or about twenty cents on the dollar.

Research, though intrinsically valuable, was by 2011 coming to be seen as a money loser—not an asset but a cost.

4. After the crisis became acute in 2008, most higher education officials reacted as follows: they expressed stoic regret at the steady fall in public funding (step 1), continued to invest academic resources in fundraising (step 2), went on staking their reputations on growth in sponsored projects (step 3), and thus continued to dig budgetary holes that could be filled from only one source: massive tuition increases (step 4).

**Figure 3:** Average Published Tuition and Fee Charges, in Constant (2006) Dollars, 1976-77 to 2006-07 (Enrollment-Weighted)

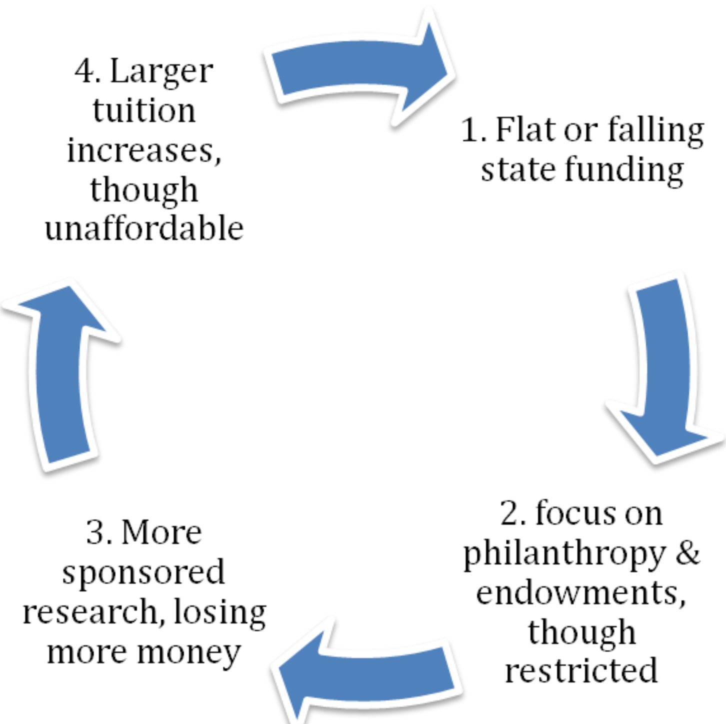



*Source: College Board, "Trends in College Pricing, 2006), figure 3, page 7.*

Right through the Great Recession that began in 2008, colleges continued annual tuition hikes at two to four times the rate of inflation. These increases led to deep tuition discounting to maintain enrollments, or to growing student debt, or to widespread public backlash, and most often to all three.

Adding steps 1 through 4 together shows higher education chasing its tail in a devolutionary cycle.

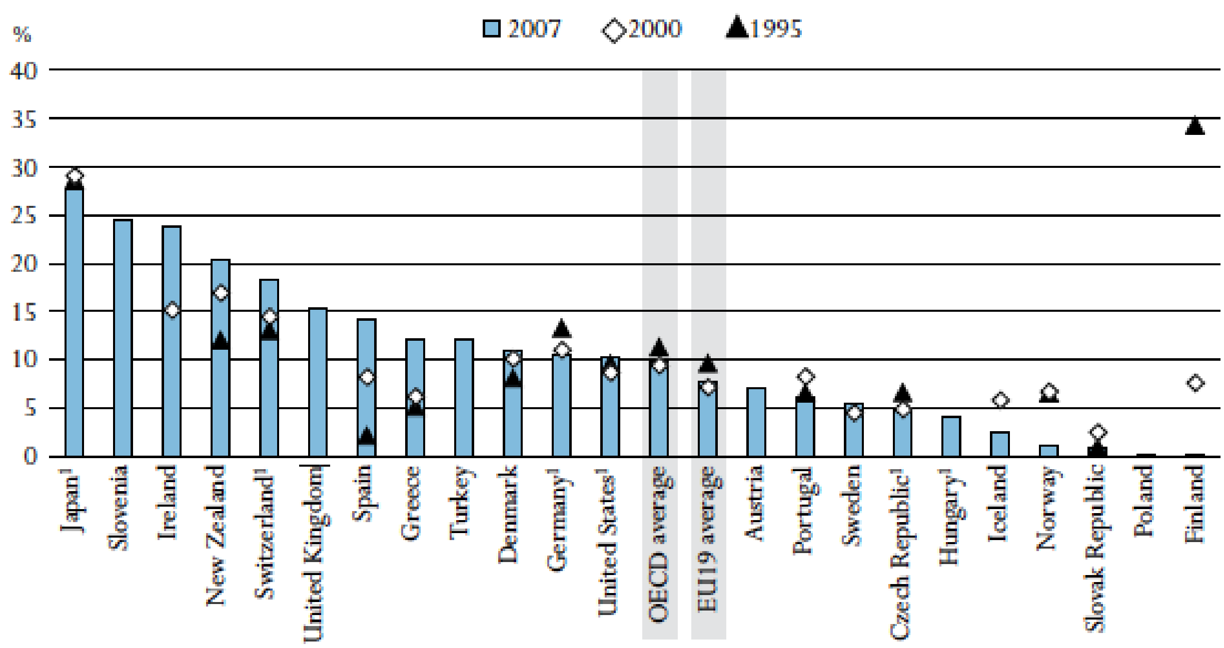
**Figure 4: The Devolutionary Cycle**




The one thing tuition increases did *not* do was fix the budgetary problem. For example, faculty reports coming out of the University of California calculated that to return UC to its 2001 level of resources in 2010–11, tuition would have needed to be nearly twenty-five thousand dollars per year, or double what it actually was. Even maintaining sub-2001 levels of resources had led to the doubling of tuition during the decade. By 2009, bloggers and protestors started calling this “paying more to get less.” At the same time, ever rising fees made taxpayers start to feel that they were paying twice for higher education. If tuition was so high, which couldn't tax-based payments be cut? As a result, taxpayer willingness to contribute more to public universities also declined.

5. The United States had had an educational advantage over every other country in the world from about 1840 on—first in high school graduation rates, then in college graduation (Goldin and Katz, 2008). This was an edge in the attainment of the whole population, not just of the top 1 percent that went to Ivy League and other highly selective schools. Between 1980 and 2010, the United States completely squandered this historic advantage. Its attainment levels fell below many high-income countries and behind some medium-income countries as well.

**Figure 5: Tertiary "Type B" Graduation Rates in 1995, 2000, 2007**




*Source: Organization for Economic Cooperation and Development,* Education at a Glance, *September 2009, Chart A.3.3, p. 67.*

6. While playing catch-up, the United States also needed to advance the most "nontraditional" student population in its history. This population and its children were

especially vulnerable to a renewed wave of job offshoring that started in 2009, to declines in manufacturing and construction, and to attacks on public-sector and unionized employment. It had high proportions of first-generation students, returning students, students who were working full time or unemployed, poor students, and students of color whose K–12 schools had received declining investment for thirty years. By 2010, in California, a 70 percent white voting public coexisted with a K–12 population that was 70 percent students of color. Fifty percent of California's K–12 students were eligible for the free-lunch program (Mortenson 2009, 19). Overall, private family resources for higher education were lower than at any time since the 1970s, and the voting public demographically disconnected from the school population coming up.

7. The decade of the 2000s confirmed what the *Financial Times* columnist Martin Wolf in 2011 called the Great Convergence of income between the high- and middle-income countries (Wolf 2011) . China was projected to have 70 percent of the US level of economic output by 2030, but it hit that level this year, in 2020, ten years ahead of schedule. This meant that standards of living in the United States and Europe could not be maintained through the consumption of resources at levels vastly higher than those found among the world's majority. The same was true for worthy social goals like restored educational attainment: economic *superiority* over other countries could no longer serve as the source of educational quality.

8. In 2010, Western governments, in harmony with the financial sector, imposed fiscal austerity from one side of Europe and North America to the other. One obvious effect was the reduction of resources for K–12 education, and for public colleges and universities. Financial cuts took precedence over investment in new forms of creativity, social development, and ways of sustainably and equitably sharing scarce resources. These cuts, it can now be clearly seen in 2020, had a devolutionary impact on the economic and social capabilities of high-income countries.

9. In colleges and universities, austerity disproportionately focused on the arts and humanities—on the human sciences that were not thought to grow the economy. Fields like

classics, linguistics, and literature in foreign languages were the most likely to be proposed for closure, particularly on campuses where smaller enrollments meant those departments could not be raided for funds to subsidize expensive science and engineering research.

**Figure 6: Arts, Humanities, and Social Sciences Receive Far Less Than They "Earn" through Teaching Enrollments**

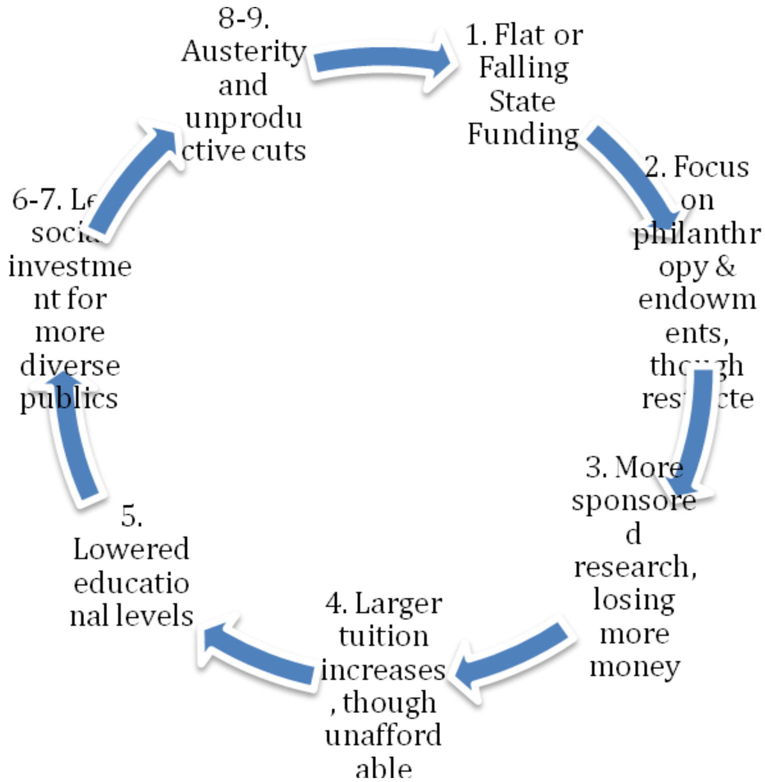
| Division | Earned Instructional Revenues | Actual Revenues | Ratio of Actual to Earned Revenues | Research Awards | Funds Generated (Total, incl Gifts) | Funds per Faculty FTE |
|---|---|---|---|---|---|---|
| Professional School | 869,000 | 2,433,369 | 279.8% | 2,668,012 | 4,075,309 | 251,562 |
| Arts and Humanities | 56,684,987 | 25,665,591 | 45.3% | 1,542,992 | 60,942,496 | 230,922 |
| Social Sciences | 40,820,389 | 15,732,870 | 38.5% | 1,673,422 | 43,194,634 | 294,743 |
| Natural and Physical Sciences | 40,336,121 | 30,309,471 | 75.1% | 55,437,901 | 97,870,016 | 400,811 |
| Engineering | 11,398,652 | 24,348, 696 | 213.6% | 43,382,033 | 64,420,069 | 530,250 |

*Source: Christopher Newfield,* Unmaking the Public University: The Forty Year Assault on the Middle Class *(Cambridge, Mass.: Harvard University Press, 2008), Table 7, p 217*.

This table shows that at large research universities like the one represented here, the human sciences give more than they receive from the university as a whole. The overall sector deserves more rather than less financial support, and yet less support is what they generally get.

In sum, the devolutionary spiral was in full force by the end of 2010.

**Figure 7: The Devolutionary Cycle**




Older harmonies in the higher education funding model had been destroyed. For example, strong public funding (step 1) had for decades filled in the hidden shortfalls caused by extramurally funded research (step 3), but cuts prevented this from continuing. Similarly, high income growth (step 6) had supported the world's highest tuition levels (step 4), which for a time were used to replace drops in public funding (step 1), but wage stagnation and higher rates of poverty (step 6) deepened by austerity (step 7) popped the tuition bubble. Each step in the negative cycle strengthened several others.

By 2011, the United States was experiencing a systemic failure of its higher education funding model. But in that year, a surprising change began to be felt, and in part from an unexpected place, the humanities.

## Decade 2: 2011–2020

2012**:** After a series of Freedom of Information Act requests, a major state university system revealed that savings of about $1 million from closing humanities departments were rendered meaningless by losses of nearly $50 million annually in its sponsored research programs (SUNY Albany Figure F). Investigative journalists at ProPublica decided to look into apparent public subsidies of private business interests in university-sponsored research centers more generally, particularly those designed to serve as incubators for local industry. The results of this work came to the attention of Sen. Charles Grassley (R-Iowa), still smarting from his battle for higher university endowment payouts. He started a new round of Senate hearings about the possible misuse of public money.

At the same time, faculty, staff, students, and parents, distraught by ever rising tuition and stagnant wages, began to demand more transparency about the extent to which student tuition was subsidizing not only scientific research, which was held to be justified to a limited (and openly negotiated) extent, but commercial research that should be conducted in industrial laboratories at company expense. As the ever rising costs of medical care induced government and industry to cut benefits and insurance programs, attention was directed toward the high cost of research in the increasingly unpopular health sciences.

Students at one medical campus obtained documents showing that the medical school had in more than one recent year received loans from its campus equal to nearly 10 percent of the campus's total revenues, and that annual cash flows went from the campus to the medical school in untraceable amounts. The faculty senate passed a resolution calling on the university to spin off the medical school as a self-supporting enterprise, charging one dollar a year for using the university's name. The move prompted wider investigation of the medical enterprises at public universities in various states across the country. Parents formed a group called Families of Future Leaders, which began to pressure state legislatures to account correctly and openly for their diverse uses of student tuition. In 2015, Grassley celebrated his thirty-fifth year in the US Senate by drafting and passing the Federal Fair Funding Act, which required federal research agencies for the first time to *pay the full cost of sponsored research* at state-funded universities, as they had always done for private industry.

2014**:** Two simultaneous events produced an unexpected result. First, the heads of the handful of major humanities granting agencies cosponsored a report with the Department of Education titled *The University for a Sustainable Society*. The report took direct aim at the massification of higher education, at passive learning in both large lectures and low-cost online arrangements, and defined the purpose of higher education as the development of human capability for the sake of social development. Endorsed and then promoted by a galaxy of higher education analysts, including former conservatives like Diane Ravitch, the report detailed learning practices essential to the reconstitution of a democratic and economically dynamic society. These required the replacement of an overemphasis on fiscal, legal, bureaucratic, and communicative control—which the report noted had infected educational practices—with the development of capacities for the transmission of informal know-how through group-based active learning, project-centered coursework, and a renewed focus on the strong individual agency and craft skills that innovation required. Comcast-NBC-CNN News ran a series called "Is Humane the New Smart?" and for the first time since *Brown v. Board of Education* the tide began to turn against measurement and control as dominant educational strategies, and toward craft mastery and intellectual independence.

Also in 2014, continuing closures of humanities departments, coupled with spreading awareness of the role of large-enrollment humanities departments in subsidizing other disciplines, provoked stronger measures. Literature professors at major public research universities—the University of California, San Diego; the University of Wisconsin–Madison; the University of Minnesota–Twin Cities; and the University of North Carolina at Chapel Hill—wrote a manifesto called "The Case for Succession." The thirty cosigners each pledged to offer one course per year off campus in their area of literary, cultural, or theoretical expertise. In some cases, they did this as an overload, noting that most humanities doctoral advising was already done as an overload. In other cases, sympathetic administrators offered to house the off-campus courses on an e-learning platform, where an infrastructure was already in place. Many also arranged for students to get university credit for these courses for which the university was itself now paying far less. Since the thirty signers among them taught more than ten thousand students per year, the experiment attracted the interest of for-profit universities with experience in nontraditional education environments. Needing to improve its public image, Kaplan University funded two years of what it called "experimental universities," and offered complete academic freedom and hosting services in exchange for observation rights. Student enrollments at these schools were strong, since student experience on public university campuses had been degraded through years of growing class size and reduced access to professors, graders, advisors, and basic classroom space.

Calling them "bootleg universities," television gave the experiments unexpected publicity. Speaking on Charlie Rose's interview program, one of the movement leaders said, "We realized our disciplines weren't getting much of the infrastructure our students and citizens were paying for, and the administrative workload was ruining our productivity. By cutting out the university intermediary, we charge students half the price for twice the educational service."

Some of the bootleg courses formed academies in conjunction with the New Faculty Majority, whose adjunct faculty had already pioneered low-cost, "kitchen-table" workshops in creative writing and related disciplines, as documented by writers like Anya Kamenetz (2010). Because of strong student support, bootleg universities were able to stay independent. As it turned out, the "unbundling" of university activities, precipitated by the failure of university bureaucracies to cut costs by trimming their overgrown managerial structures—by their failure to "chop from the top"—allowed the humanities fields to return to their roots as immersive educational experiences at the intersection of personal and social development. Propelled by popular demand for textual and cultural skills, bootleg universities became associated with the kind of educational pleasure that was now harder to find on underfunded and instrumentalist campuses.

2016: Bloomberg-ABC-CBS News reported that for-profit colleges, which had tripled their enrollments from 1998 to 2008, and whose students received 25 percent of all Pell Grant federal funding in 2008–09, had received 50 percent of Pell Grant funding through their students in 2014–15. Meanwhile, as a result of steadily rising tuition, and the closure of many low-cost community college campuses, average student debt burdens doubled between 2005 and 2015. Similar growth occurred in private-sector Parent Loans for Undergraduate Students. In Washington state, some baby-boomer senior citizens started a group called Grandparents against Debt and told graphic tales of the destruction of the economic security of their grandchildren, for whom affordable higher education had all but disappeared. Cross-generational discussions of family finances became public, and polls showed that support for restored public funding of education for the sake of debt reduction had gone from a solid majority position in 2010 to 80 percent in 2016. Nothing much happened until that fall, when several hundred students at the Seattle campus of the University of Washington, which charged in-state students $21,500 that year, gathered to "burn their debt cards" in front of the campus's financial aid office. The debt card burners promised to default on their student debt. Campus administrators, who had long supported the expansion of loan programs, finally accepted that the debt situation was no longer manageable. They switched sides; the American Association of Universities along with other leading higher education groups issued pledges to work for the elimination of private intermediaries in student loan programs and for strict caps on allowable student debt. Higher education began again to be regarded as a public good that benefits the entire society. This was propelled by what we have come to call the Great Student Debt Default, which began in 2016.

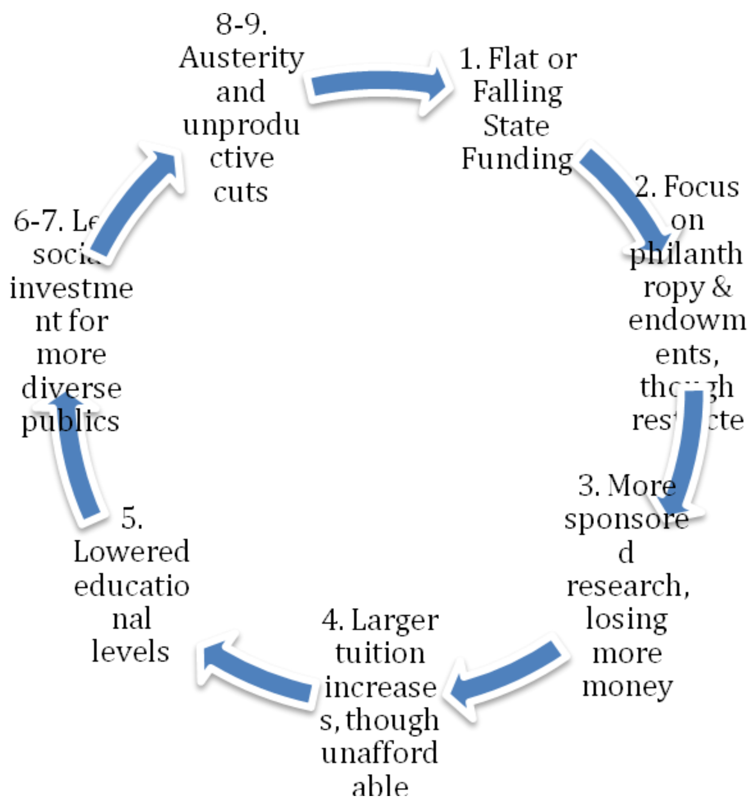
During the course of the 2010s, three major trends began to block the devolutionary cycle. University cross-subsidies for underfunded extramural research were reduced. This plugged a major hole in university budgets and facilitated reduced tuition increases and in some cases no tuition increases at all. Universities contemplated long-term stability in tuition fees for the first time in fifty years.

The second trend was the partial secession of low-cost fields in the human sciences: having been milked one too many times, many of the most productive cows found ways to leave the farm. One benefit was that the renegotiation of relationships among disciplines required everyone to rearticulate their teaching and research goals. In the process, the crucial non-commercial and non-market uses of the university became clearer to the public, increasing support for public funding based on the university's vision of general social development.

Finally, the Great Student Debt Default formed the other side of the pincers movement against continuously rising fees and the shifting of higher education's costs onto the budgets of individual students.

The cumulative effect can be seen in the figure below.

**Figure 9: The Blocking Cycle**




By restructuring sponsored research funding (3), and largely blocking tuition increases above inflation (4), universities and governments were required to rebuild state funding (1) and refocus a large proportion of gifts on core educational operations (2). As education appeared again to be a multifaceted social investment, pressure increased to avoid austerity as a primary fiscal strategy in the states. Educational levels began to rise again.

In 2011, the wheel of misfortune began to turn in a more positive direction. It would come to be known that the people who reversed the spinning wheel were, among others, the graduate students, professors, adjunct faculty, and concerned staff. To end the decline of American higher education, they realized that they needed to replace the post-1980 higher education funding model—and that they could.

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