

viewpoints

open for
debate

V



the education assembly line

by johann n. neem, brenda forster, sheila slaughter,
richard vedder, and tressie mcmillan cottom and sara goldrick-rab

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Last June, Teresa Sullivan, president of the University of Virginia, was unceremoniously forced out office. Those members of the university's governing board who wanted Sullivan out, led by Helen Dragas and a few big donors, were particularly keen for the university to embrace online education—without having conducted an analysis of its viability. They were also displeased that Sullivan was not excited or willing to make “hard fiscal decisions” they felt were necessary, such as dismantling the classics and German departments.

The university's board, like governing boards elsewhere, is composed almost entirely of businesspeople—real estate developers, hedge fund managers, and corporate lawyers—who are intent on running the university as though it were a for-profit corporation. A *Huffington Post* piece put it succinctly: "The board is not simply more attuned to corporate interests and ideas than those of higher education professionals—the board quite literally *is* a cadre of corporate elites."

After two weeks of protests by faculty, students, alumni, two former UVA presidents, the interim president, and donors, Sullivan was eventually reinstated. A victory for the ivory tower over Wall Street? Perhaps. But Helen Dragas, the board chairperson who oversaw the debacle, was also reappointed to her post. Sullivan's firing highlights the rise of corporatizing trends in higher education today—trends like online education, fiscal austerity, department profitability, and the new emphasis on "strategic dynamics." What should we make of it all?

We've asked a number of experts to help us understand the ways these trends are influencing higher education today. Johann N. Neem takes us to a university that outsources its

educational content and has no faculty. Brenda Forster looks at a conflict over online education at a small liberal arts college. Sheila Slaughter discusses the ways federal funding of STEM (science, technology, engineering, and mathematics) and business programs, along with universities' profit-making activities, is shifting educational priorities. Richard Vedder argues that for-profits are good for students because they make higher education more competitive, efficient, and affordable. And Tressie McMillan Cottom and Sara Goldrick-Rab analyze how corporate reformers are shaping the debate over what constitutes "success" in higher education.

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outsourcing thinking

by johann n. neem

Western Governors University is an online university with no faculty conceptualized in 1995 at a meeting of the Western Governors' Association. It has been getting a lot of notice lately, both for its "competency" approach to education and for its new labor model. President Barack Obama invoked WGU implicitly in his State of the Union speech. In a high-profile speech, Secretary of Education, Arne Duncan, explicitly praised WGU as a model for emulation.

WGU promotes what it calls a "disaggregated faculty model" in which the various components of faculty work—mentoring students, designing curricula, teaching, assessing student work, and academic program governance—are separated into distinct departments. According to WGU's president, "we do not develop any of our own courses," but rely instead on commercial vendors like Pearson and McGraw-Hill. Thus, for-profit companies, not scholars, determine what material will be taught. Program councils, composed of consultants rather than

faculty, oversee WGU's academic programs. Many of the consultants work for companies or other universities, not WGU. WGU employs "program faculty" to work with the council to develop program goals.

Students interact with two types of employees.



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Their primary contact is with their student mentor, the equivalent of a Student Affairs employee (not a faculty member) at a traditional university. While students can work at their own pace, their mentor checks in with them regularly to assess their progress. Actual courses are overseen (not taught) by “course mentors,” who are not necessarily experts in their fields but have training “specific to the courses they support.” Since course content is outsourced, the course mentor is more like a teaching assistant than a professor. Students are assessed

WGU reduces learning to its lowest common denominator—standardized products that computers and graders can assess quickly and easily.

either by computer-graded exams or by employees other than their student or course mentors.

WGU’s approach is neither surprising nor innovative. It reflects broader changes in our society and in higher education in which control over work has shifted from labor to management. The academy, however, aspires to the ideal of shared governance.

Already that ideal is threatened by the growth of adjunct faculty who are treated as second-class citizens. At WGU, however, there are no citizens at all. Authority to design curricula and programs is taken out of the hands of faculty and placed in specialized departments and with private contractors.

WGU’s approach lowers the standards of college learning. Qualified teachers are necessary for students to do sophisticated work. Much of collegiate education happens in discussions, papers, and experiments that engage students in thinking deeply. Students must be able to think beyond the material, to probe and to understand its implications in a broader context than what is before them. But to do so, they need trusted teachers who can push them. WGU instead reduces learning to its lowest common denominator—standardized products that

computers and graders can assess quickly and easily.

College, moreover, is not just about learning stuff, but also about becoming inspired to ask questions about the world. According to scholar Andrew Delbanco, a good college education is “a hedge against utilitarian values.” It treats the act of discovery as its own end, as responding to our deepest human aspirations. The liberal arts especially are designed not just to convey information, but also to offer students transformative intellectual experiences. All this depends on a school’s institutional culture. Questions matter more than answers. If students are not exposed to the ponderings of their teachers, they might learn facts but still not receive an education.

The academy more broadly holds a public trust. It teaches and publishes ideas that democratic citizens and policymakers

can use in their deliberations. At its best, the academy encourages students and the public to ask fundamental questions about themselves and their society and offers new ideas to improve the world. Centralizing control in management, however, also centralizes control over knowledge. Managers, not faculty, will determine what kinds of questions to ask, what kinds of knowledge to teach, and what kinds of research to pursue. This problem is made worse when curriculum development is outsourced to companies who put their bottom line ahead of the common good.

WGU’s approach threatens the academy’s core purpose—to be a place that encourages study and thought. WGU forces us to ask whether there are particular virtues that the academy must embody. If schools like WGU are the future, as many seem to believe, then the academy will be little more than a content delivery system, not a place where students or scholars participate in the life of the mind.

Johann N. Neem is in the history department at Western Washington University. He is the author of *Creating a Nation of Joiners: Democracy and Civil Society in Early National Massachusetts*.

faculty strike back

by **brenda forster**

Two years ago, a small, Midwestern, liberal arts college hired a new president who quickly changed what were once cordial faculty-president relations. Past presidents articulated and maintained a collegial relationship with the faculty; this one preferred a hierarchical management-employee model. While former presidents were personally accessible, the current president immediately erected a large wall separating his area from visual and physical access.

Previous presidents were willing to listen to individual faculty concerns and mediate them within the system; this president refused to meet with individual faculty or department representatives, requiring instead that they go through designated channels lower in the system. And he established a requirement that program reviews provide evidence of the financial

benefits of programs. Individually, these points seem trivial. But collectively they signaled a break from the past way of doing things and the establishment of a bureaucratic, corporate model for the college.

Soon after taking office, the president sent the faculty the defining statement of his vision for the future of the college, a charter for a new school. This proposed school was to be completely autonomous from faculty oversight and was explicitly defined as a money-generating operation intended to offset a potential 3 million dollar yearly shortfall. The school was to offer entirely new accelerated bachelor's degrees, master's degrees, and certificates (instead of minors) for the adult students who would be recruited. The programs and courses would be offered online or at new satellite sites as decided by the school's dean and based on marketability assessments. The school could enter into unspecified partnerships or other arrangements with outside entities. Any courses or programs offered would not go through the established faculty bodies of the college for approval. This process would remove faculty oversight for the academic quality of offerings, a basic tenet of shared governance. The new school would employ adjunct faculty hired and evaluated solely by the new dean without any faculty input. Many questions arose: What would be the academic backgrounds of these faculty? Would they uphold high academic standards for courses or be pressured to quickly certify adult students? Would profitability and consumer interests replace quality?

The president presented his new school's charter in multiple forums: a college-wide planning committee, meetings with department chairs and the entire faculty body, and open meetings with the entire campus. While this gave the appearance that the new school was up for debate, the president's plan already had the full support of the board of directors who, regardless of whether the faculty supported it or not, were set to approve the school because of its quick revenue-generating potential.

It seemed to the faculty that the academic emphasis at the college had shifted to a president-initiated and -directed model aimed at quickly generating money. Decisions were to be based on profitability, rather than faculty expertise. The faculty were very concerned that the college could become a "diploma mill" and lose its high ranking by recruiting less qualified students simply to sell credits.

Given the short time frame for approval of the school, the faculty responded by objecting to its autonomous nature and repeatedly requested greater faculty involvement and oversight. Several faculty met with a member of the board to voice their concerns. A special closed meeting of faculty was called and the two major faculty councils also responded with written concerns



t o
the president.

These actions led to significant changes in a revised charter for the school released by the president and ultimately approved by two-thirds of the faculty and by the board.

The revised charter gave primary responsibility for the academic programs back to the faculty. It also provided a mechanism for departments to be involved in programs and courses proposed by the dean of the school and established a committee of faculty to approve programs and courses. It also gave departments a role in hiring and overseeing adjuncts for the

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school, and gave the Assessment Board of the college primary responsibility for program assessment.

The faculty could not stop the president from implementing his essentially for-profit school within the college. Perhaps moving to a commercialized operation may be inevitable in the current competitive financial environment in higher education. But, this is the story of one case in which faculty did successfully push back to regain at least some say in the process and a bit of control over how things happen.

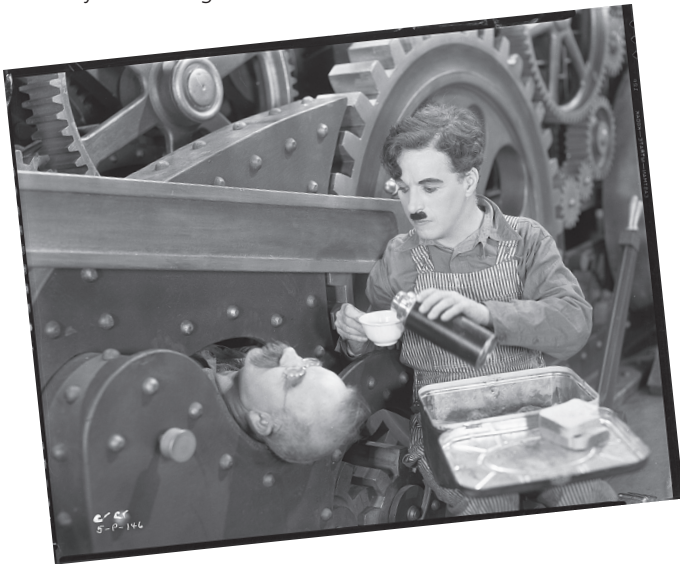
Brenda Forster is in the sociology and criminal justice department at Elmhurst College. She studies minority relationships, the family, and social problems.

the research money-go-round

by sheila slaughter

Corporatization in higher education is often thought to mean that business interests are shaping and taking over those endeavors that were traditionally the province of the faculty. This has commonsense appeal, but the process of making higher education business-like is powerfully influenced by federal programs and by the opportunistic actions of universities themselves.

Research universities have always been federal clients, as they take in a great deal of federal



agency funding. Since the 1980s, the federal research budget has quadrupled. Since the early 2000s, in any given year it comprises more than federal student financial aid. The federal research budget primarily benefits about 70 universities, mostly state flagships and some private universities. While it is indeed true that the share of state funding to universities has diminished, that is in part because the federal share has expanded so much, and

95 percent of federal research funds that go to universities are concentrated in STEM fields.

because federal student loan programs have expanded greatly since 1980, allowing universities to charge ever higher tuition. Universities like Michigan, Washington, and Wisconsin may receive less than 10 percent of their budgets from their respective states, but they get approximately 20 percent from federal research agencies. Even though the federal government pays indirect costs, usually 50-60 percent of the grant funding, to universities to cover laboratory space, administrative services, and so on, most scholars of science policy agree that this does not cover the actual costs.

Federalization is embedded in political and policy processes. Corporations were involved in these processes, but it is federal, not corporate money, that made the shift possible. Federalization has greatly increased research university revenues, but has shifted the historic balance among fields and programs. The most obvious illustrations are the status and resources allotted to STEM fields (science, technology, engineering, and mathematics). In fact, 95 percent of federal research funds that go to universities are concentrated in STEM fields, creating distorting effects on the status of academic fields generally. Federally financed student loans fuel the preference for close-to-the market professional fields, such as business, law, and medicine, which, although they often enable charge differential tuition, enable students to pay back their loans and have lucrative careers.

Federalization has also led to the emergence of a new human resources profile in universities. The most obvious way is through concentrating resources on faculty engaged in STEM and professional fields. Starting salaries of faculty in STEM and professional fields are far higher than those of faculty in the humanities and social sciences. Universities compete for star faculty in STEM with the assumption that it is these faculty who are able to win grants and contracts, publish in the narrow range of high-status, world-class journals, and contribute to the creation of intellectual property and startups. They also compete for faculty in close-to-the-market professional fields, such as medicine and law, where graduates are likely to become wealthy and perhaps become university donors. These processes are financially beneficial to universities, and also enhance their prestige.

In spite of the costly bidding wars universities engage in for star faculty, overall faculty salaries no longer account for their universities' greatest expenditures. Non-academic professionals now outnumber faculty. Business functions, IT, auxiliary services, student personnel services, athletics, economic development, and the like employ many professionals, a number of whom have PhDs. Generally, they see themselves as serving students or management, not faculty. If pressed, their loyalties are to the management side of the university. Senior management often includes these staff members in senates and other forms of governance. While inclusiveness is a valuable principle, growing participation by non-academic professionals may strengthen senior management's hand and certainly dilutes faculty voice in governance.

Universities “corporatize” in another way, by soliciting opportunities to act in market venues. The obvious examples are startups, IPOs, and licensing agreements, which involve universities in profit making. Universities also engage in many “arm’s-length” ventures, by creating non-profits incorporated separately from the university but related to it, where they engage in revenue-generating sales. Because they do not have shareholders to whom profits are distributed, and because they comply with IRS rules with regard to nonprofits, universities are able to use this income in a variety of ways. Perhaps the most extensive area of arm’s-length activity at many research universities is distance-education programs, but a number of other services are quite common, such as continuing professional education, special services for learning disabled students, and certificate programs of various types. Many of these are completely self-supporting and pay a “tax” to the university for the privilege of operating.

It is too simplistic to say that research universities are corporatized. Senior management and engaged faculty, whether at public or private universities, are able to deploy segments of the university so as to take advantage of public (state) status and opportunities, non-profit status, or corporate status. For example, a public university can benefit from state block grants, have arm’s-length organizations that are non-profit,

such as research or endowment foundations, and have startups that are incorporated as private companies that make taxable profits. Private (non-profit) universities often receive subsidies such as state student financial aid and state bonding authority

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for buildings, and they may have startups and other corporate ventures. Both public and private universities are federalized, and both benefit from federal programs, such as tax deductions for charitable giving that greatly expand their revenues. In the case of gifts, private research universities often benefit much more than public universities.

How administrators and boards at universities decide to deploy public, non-profit or for-profit status with regard to strategy and management are not well understood and need further research.

Sheila Slaughter is in the Institute of Higher Education at the University of Georgia. She studies higher education and quasi-markets, and science policy and stratification among and within institutions of higher education.

in praise of profit

by richard vedder

The concerns that many people have about the “corporatization” of higher education are usually misdirected or misinformed. Corporations are legal organizational structures that exist because they confer efficiencies over other business structures, such as individual proprietorships and partnerships. The corporate form of business organization played a prominent role in America’s ascendancy in the late nineteenth and early twentieth centuries to become the world’s most prosperous economy.

In higher education, “corporatization” can refer to direct interactions between corporations and institutions, or describe university efforts to mimic for-profit corporate behavior. Taking the latter first, when universities tell departments that they need to try to generate at least as much revenue as they spend, they are trying to introduce market discipline into the educational process. While there are real limitations to this strategy, it is also true that we reward individuals and units traditionally not on how efficient they are, or on their financial contribution

to the university, but on other criteria, criteria that sometimes lead to inefficient, costly decisions adding to high college costs and the growing higher education financial crisis. So while the emulation of corporate-style business objectives is not always appropriate, it often promotes much needed efficiencies into a business form that has not changed all that dramatically since emerging in the late Middle Ages.

But it is in university outsourcing of activities to businesses (often corporations), that universities can both save money and actually enhance their academic reputations. For starters, universities are about the creation and dissemination



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of knowledge, not about running food and dining operations, recreational facilities, building maintenance activities, and the like. Universities should turn these activities over to specialists. Where they have done so, they seldom go back to the old ways, as new “corporate” providers often save resources that can be utilized for other, including pure academic purposes.

Moreover, a good case can be made that some more traditional academic functions can be outsourced in a similar way.

Much so-called corporatization works to make higher education more competitive, efficient, and affordable—not bad attributes at all.

Remedial education is really, at best, high school level training, and private companies that specialize in this probably can do it better and more cheaply than in-house university employees. Also, traditional universities are usually rather inept at creating new online programs, being particularly bad at marketing the efforts. Private for-profit specialists are helping do this at many schools, usually to good effect from the institution’s perspective.

The ultimate “corporatization” action in higher education, however, is the for-profit provider of educational services, be it big companies like Apollo (University of Phoenix), Kaplan, DeVry or Bridgepoint Education, or smaller localized firms. Many in higher education despise these institutions, and clearly some of them have engaged in some shoddy practices with respect to recruiting students. But I think on the whole they have had a positive role to play, for several reasons.

First, for-profits have provided access to many students—especially first-generation college students from low-income families who are disproportionately from minority groups—who

were vastly underrepresented at, and even ignored by traditional institutions. For-profits have also taken the lead in expanding access to college education for non-traditional students.

Second, for-profits have a laser-like focus on the student and her success because they are driven by tuition revenues. Dissatisfied students will leave, which directly leads to declining revenues and profits. The for-profits spend a lot on offering good, rather standardized instruction, and put a lot of effort into job placement, an often neglected area in traditional schools.

Third, for-profits cost society far less per student to operate, where “society” refers to all spending per student, be it by students, governments or donors. They are incentivized to be efficient. To be sure, they ignore the research function, but arguably much modern academic research is of trivial value and read by few.

Fourth, while some of the for-profit schools offer standard products and have high student loan default rates, that is very much related to their reaching out to a non-traditional clientele that our political leaders tell us we should be educating. Comparing for-profits with traditional universities with similar demographic profiles (Chicago State University, University of Texas at El Paso), you find the performance indicators do not seem so terribly bad at the for-profit institutions.

Corporatization is a loaded term, too often used in a pejorative sense. Much so-called corporatization works to make higher education more competitive, efficient, and affordable—not bad attributes at all.

Richard Vedder is in the economics department at Ohio University. He is also the director of the Center for College Affordability and Productivity in Washington, D.C.

the problem with for-profits

by tressie mcmillan cottom and sara goldrick-rab

We’ve all heard the alarming statistics about the spiraling cost of American higher education. Colleges and universities are reportedly unaffordable and intent on absorbing as many public dollars as possible, leaving students burdened

rhetoric is at least somewhat true. But the response to this “crisis” in higher education—a push to adopt a corporate, free market model, which is posited as the only viable, practical, and efficient solution—is highly political.

The “reformers” get to define the terms of this crisis in higher education and profit from the solutions.

with mountains of debt and without the skills they need to successfully transition into a rapidly changing workforce. This

The “reformers” who are defining the terms of “the problem” are also those who profit from the solutions coming from a corporate model. These models are only likely successful if you accept reformist definitions and ignore the terms of

real life. In fact, the corporate higher education model, specifically that of for-profit institutions, employs an extreme and corruptive form of price discounting, a complex practice in which different people face different prices, while bringing vouchers—financial aid, mainly in the form of loans—to the colleges of their choosing. For-profit institutions thrive by recruiting voucher students and indexing prices to maximum aid amounts to absorb these publicly financed vouchers. Consequently, for-profit institutions extract their profits from taxpayer dollars while driving up total student debt substantially, which today is roughly 1 trillion dollars.

We are also told that public higher education is failing to produce the human capital that drives our national economic engine. High unemployment is said to indicate a “skills mismatch,” the fault of which lies with colleges and universities being more concerned with “useless” liberal arts than practical skill development. But, in fact, we have a bad economy—one that cannot absorb talented labor and new entrants into the market and that has *also* been ruled by the market ethos to which reformists would now subject higher education. The private sector, which has abandoned its commitment to the social contract that propelled our nation’s economic growth for generations, now wants public higher education to absorb more of the costs of labor development. That demand is audacious. The very companies that use creative accounting to evade paying the taxes that support public education want those same schools to train their workforce for ever more specific job duties—sometimes on proprietary equipment, no less—with no guarantee of employment or job security.

Certainly, for-profit colleges and universities enroll many non-traditional students and students who are not quite ready for college-level work. Yet no one really knows how for-profits manage to train so many students with difficulties in their educational biographies without offering remediation in skills like reading, writing, and math. Few bother to notice or explain corporate education’s dismal track record with graduation and educational satisfaction. While for-profit institutions are competitive in first year persistence and sub-baccalaureate certificate programs, public colleges still do a better job at graduating students with degrees. For-profit institutions graduate 28 percent of their first-time bachelor’s degree-seeking students within six years as compared to 56 percent at public institutions. Further, for-profit students are less happy with their education and more likely to be unemployed, and for longer, than students from public institutions. Corporatization may produce more tool-and-die operators faster than public higher education but the public higher education model excels in producing learners who can adapt in the labor market when tool-and-die operations no longer exist.

By convincing us that higher education is a failed experiment whose time has passed, corporate enthusiasts frame the terms

of debate such that public higher education, whose tuition and mission is mainly controlled by external actors, barely stands a chance. The growing educational-industrial complex of publishers, consultants, and lobbyists has made substantial

inroads into college decision-making circles, and strongly reinforce the notion that public higher education is not up to the task. It is time, they keep telling us, to adapt to the “new normal”—a privatized model. These agents present the debate as settled, with only the terms of implementation left to discuss.

Certainly, students across postsecondary education want good jobs that afford them a good quality of life and colleges should examine how better to serve students who are encountering markedly different learning environments than past students. However, the terms of the debate about corporatization in higher education are not in keeping with the

They keep telling us to adapt to the “new normal”—a privatized model of education.

reality of today’s higher education landscape. This disconnect is not accidental. The corporatization rhetoric obscures the truth that public higher education still best serves the most students, not just by being a point of access but also by broadening the very definition of access. Public higher education still offers the most affordable, accessible launching pad into higher social and economic mobility for the greatest number and types of students in the United States. If we continue to concede the terms of this debate to corporatizing solutions, public higher education will remain a “problem” and those of us working within public higher education will be unlikely to have a say in defining its solution.

Tressie McMillan Cottom is in the sociology program at Emory University. She studies for-profit higher education, organizations, and stratification. **Sara Goldrick-Rab** is in the educational policy studies and sociology departments at the University of Wisconsin-Madison. She is the director of the Wisconsin Scholars Longitudinal Study.

