

Statement on the President's Proposal for Performance Based Funding, by Rudy Fichtenbaum, President of AAUP

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In an attempt to rein in rising tuition and skyrocketing debt President Obama has announced a plan for performance based funding for higher education. Under his plan colleges would be rated on affordability, graduation rates and earnings of graduates. While we applaud the President for raising concerns over rising tuition and student debt, concerns that we share, we also believe that the President's proposal will do little to solve the problem and will likely result in a decline in the quality of education offered to working class and middle class students, particularly students of color. Unfortunately, the President's plan is little more than a version of the failed policy of "No Child Left Behind" brought to higher education.

In rolling out this plan the administration says they plan to consult with colleges and universities. The problem, however, is they mean they will consult with college and university Presidents and not with the faculty who must actually do the teaching, much less the students they claim to assist. The President's plan is a "market"-based solution, based on the premise that if people understand what they are buying they will shop around for the best value. In theory the plan sounds fine if you believe that education is simply a commodity. In reality, even if one believes, as it appears the President does, that education is mainly about job training, in reality measuring the output of our colleges and universities in a meaningful way is simply not possible.

But the fundamental problem with the President's proposal is that it does not get at the root cause of skyrocketing tuition, which is directly related to the escalating debt burdening millions of students and their families.

The price of higher education is what individual students and their families pay i.e., tuition. Public colleges and universities have additional sources of revenue and traditionally, their most important source of revenue has been state appropriations.

One of the most important factors driving price (tuition) at public colleges and universities has been the decline in state support for higher education. According to *State Higher Education Finance FY 2012*, a report issued by the State Higher Education Executive Officers Association, annual revenue per student adjusted for inflation was \$11,084 in 1987 and in 2012 it was \$11,095, hardly a staggering increase. Over the same period, however, government support has declined from \$8,497 to \$5,906 per student, while net tuition increased from \$2,588 to \$5,189.

The second major culprit driving increases in tuition is rising costs. While costs are growing too rapidly, they are not increasing as fast as tuition (prices). Critics of higher education, like *Wall Street Journal* (WSJ) reporter David Wessel, blame rising costs on allegedly higher salaries receive by supposedly complacent faculty, particularly tenured faculty. However, rising costs have not been a result of higher faculty salaries, but rather growing administrative costs.

According to an article, “Deans List: Hiring Spree Fattens College Bureaucracy — and Tuition.” published in the December 28, 2012 *WSJ*, “The number of employees hired by colleges and universities to manage or administer people, programs and regulations increased 50% faster than the number of instructors between 2001 and 2011, the U.S. Department of Education says. It’s part of the reason that tuition, according to the Bureau of Labor Statistics, has risen even faster than health-care costs.”

In contrast, the percentage of tenured and tenure-track faculty has been eroding steadily and they are now a minority among those who teach in higher education. The new faculty majority are contingent faculty including both full-time faculty off the tenure track and part-time faculty. The numbers for both of these groups have increased dramatically and they earn a fraction of what the tenured and tenure-track faculty earn and only rarely qualify for retirement or health benefits.

More to the point, however, is that. according to the *Digest of Educational Statistics*, the average salary for a full-time faculty member at a public institution in 1999-2000 (in constant dollars) was \$77,897. In 2011-12 the average salary for the same full-time faculty member was \$77,843 (in constant dollars). So when measured in constant dollars (i.e. adjusting for inflation), salaries for full-time faculty at public institutions have actually declined.

Blaming “complacent faculty” who remain “shortsighted” ignores the reality of higher education in the 21st century. It is not the tenured and tenure-track faculty, much less the army of contingent faculty who have been displacing tenured faculty, who are complacent or shortsighted. If anyone has lost touch with reality it is the metastasizing army of administrators with bloated salaries, who make decisions about the allocation of resources on our campuses, and our university presidents who are now paid as though they were CEO’s running a business — and not a very successful one at that. Unfortunately, these are the very people President Obama plans to consult while implementing his plan.

The same December article in the *WSJ* cited above looked specifically at the University of Minnesota and found that the administrative payroll there had gone up 45.5% since 2001, while the instructional payroll increased by only 15.6%. During the same period the number of students increased by 22.4%, so instructional spending per student actually declined while administrative spending per student increased. Sadly, this is typical of most universities. In addition to the growth in administrative spending there is also the growth in entertainment spending and spending on amenities. Many universities claim that they must compete and therefore have borrowed millions to build luxury dorms, new dining halls and rock climbing walls. This construction is paid for out of rising tuition. They also spend millions subsidizing intercollegiate athletics, money that comes directly out of academic programs, while shamefully exploiting student athletes. According to *USA Today*, only eight Division I schools do not subsidize intercollegiate athletics and on average the subsidy accounts for about 61% of spending on

intercollegiate athletics. This is money that comes directly from students and which could be used to support academic programs. Together the subsidy for intercollegiate athletics at 227 Division I schools is \$2.2 billion, which accounts for about 3% of all state spending on higher education.

The solution to the current crisis in higher education, characterized by rising tuition and student debt, is not a report card based on poorly defined metrics. Albert Einstein was reported to have said, "Not everything that can be counted counts, and not everything that counts can be counted." In his rush to measure the performance of higher education institutions the President should remember this maxim. The creation of so called report cards based on graduation rates and earnings of graduates from colleges that serve diverse student populations will result in a race to the bottom, driving public universities and non-elite private universities to standardize their curricula to insure they get a passing grade. For millions of working class and middle class students, particularly students of color, the President's plan will result in a decline in the quality of higher education, in the name of increasing graduation rates.

If we were truly interested in increasing graduation rates, we would provide more funding for K-12 education to insure that students were better prepared for college. If we were truly interested in controlling or reducing tuition, we would increase public funding of higher education both at the state and federal level by taxing the rich, particularly the top 1% who have benefited disproportionately from government bailouts and have been the recipients of the lion's share of income growth since the 1970s. One way to accomplish this would be through a financial transactions tax.

The President's plan will do for higher education what No Child Left Behind has done for K-12 education. It will lead to more testing and to dumbing down the curriculum by a majority of faculty who no longer have the protection of tenure and therefore will be forced to teach students simply to take tests. But we all know that teaching someone how to take a test is different than giving them a high quality education. A high quality education is more than vocational training. It teaches students about art, music, and culture, the things that make us human beings. It teaches students history, economics, psychology, political science, sociology and anthropology, making them better citizens. It teaches them science and mathematics, allowing them to understand the world around them. Quality education can give students skills that will be useful in helping them find jobs, but it is also about creating better human beings and giving students the knowledge to deal with the myriad of problems we face as a society. I have yet to see a test to measure whether or not someone has become a better human being. Until such a test is developed we should concentrate less on testing and assessment and more on providing institutions of higher education the resources they need to provide all students with a high quality education.

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