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Do Public Colleges Rip Off Students?

by *Charles Schwartz*

July 31, 2009 | 8:55pm

The California budget crisis helps illustrate how public universities now dump their research costs and bloated salaries on undergrad tuition, argues Berkeley's Charles Schwartz.

America's great public universities are in a financial crisis. These institutions have been open to all students of demonstrated talent, preparation, and desire for advanced learning, regardless of their family's economic status. That high-quality low-cost education is not only valuable to the individual student but also valuable to the whole of a society built on the ideals of democracy and equality.

But the budget crises, especially California's, have the institutions approaching a tipping point at which the democratic dynamism of the public research university turns into a sloppy copy of the famous private research universities—famous for their “selectivity” in undergraduate admissions.



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My own place, the University of California, is often cited as the world's leading public research university system. It has produced more graduates of top caliber, more research innovations of greater value (in economic and cultural terms), and a wider spread of public-service programs than anyplace else.

The generous funding from state coffers has been diminishing for years, and it has now taken a steep plunge. Drastic measures have been put in place to get us through this next year; and some are predicting that if there is no turnaround in our financial situation very soon, there will be a mass exodus of the very best of our faculty members that will make “excellence” a mere echo from the past.

The most common solution is to call for more money from state revenue (meaning higher taxes, of course), or, perhaps, a massive federal bailout/takeover of the best of public higher education.

Alternatively, however, California's Board of Regents will speed the process of privatization, which has already begun: pushing more and more of the cost onto undergraduate students and their families, seeking more and bigger deals with large corporations to focus on the research agendas that they choose.

The losers will be not only those eligible students who lack a “rich uncle” but also those academic programs that lack a “rich uncle.”

Since retiring several years ago, I have been studying the inner workings of the university—asking where the money

comes from and where it goes. It turns out that our top administrative officers are not entirely trustworthy. Let me give some examples of what I have discovered.

The University of California says that as state funding has fallen over recent years, student fees have risen to make up the slack, and those student fees now cover 30 percent of the Cost of Education. When you look closely, you find that what they call “the Cost of Education” is really the entire cost of faculty salaries and staff support and infrastructure and overhead for all the core missions of the university—teaching and research and public service.

At private research universities, it has long been the habit to charge undergraduates exorbitant tuition to pay not only for the cost of their education, but also to pay for the salaries of all those wonderful professors who spend most of their time engaged in wonderful research work. At the public research universities, it used to be the arrangement that the state paid for the whole bundle—undergraduate education and graduate education and faculty research.

Since the early 1990s, however, a growing portion of the state contribution has been replaced by fees levied on the undergraduate students. Today, UC revenue from student fees amounts to more than half the state’s contribution to the annual budget.

So, here is a key question. If you disaggregate that bundle of costs, using some objective data to separate undergraduate education from the other components, what do the numbers look like? This is controversial, sure, but my analysis leads to the conclusion that undergraduate students at the University of California are now paying 100 percent (not 30 percent) of the cost of their own education! I believe the situation is very similar at other public research universities around the country. This looks like a tipping point.

A second area of investigation involves the pattern of university employment growth over a number of years. It turns out that over a recent decade, when student enrollment increased by 33 percent and overall employee numbers increased by 31 percent, the cost of management personnel increased by 118 percent.

I have repeatedly asked top executives to look at that data and offer some justification for that apparent bureaucratic bloat. They have failed to do that. I have estimated that this apparent excess is a wasting of \$600 million per year for the whole university. That amount covers most of the disastrous budget deficit we are now facing. The people on top seem incapable of looking with a critical eye at their own house of cards.

And this brings me to a final suggestion. Get rid of the overblown salaries paid to top university officials here and all around the country. A first-class university is nothing like a big corporation (something our Board of Regents can’t understand). All the creative initiative comes from the faculty.

The people on the top of the ladder have a job to do: It is to keep the plumbing in good condition, give a pleasant speech, and tell the truth about where the money goes.

Charles Schwartz is professor emeritus of physics at the University of California, Berkeley. His habit of challenging authority, important in scientific work, can also be applied to the whole university, which he loves so much. He runs the Web site, UniversityProbe.org.