

ACTA
Higher Ed Now
A Budget Balance for Trustees and Policymakers

Christine: You are listening to Higher Ed Now, ACTA's podcast on issues and higher education. I'm your host, Christine Ravold.

This week, Barmak Nassirian joins us from the American Association of State Colleges and Universities. Barmak is ASSCU's Director of Federal Relations and Policy Analysis. He is nationally respected for his expertise on federal student aid. He participated in policy development for the 1992 and 1998 Higher Education Act Reauthorizations. Barmak, welcome to High Ed Now.

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Barmak: Thank you so much.

Christine: Can you start by telling us a little about ASSCU's mission and its place in the higher education landscape?

Barmak: ASSCU is a Washington-based higher education association that has about four-hundred public four-year colleges, universities and state systems of higher education as its members. What we do is we advocate on behalf of our members. We provide academic support and policy development for them and convene them on various topics of substantive interests to the membership.

Christine: So I think this is a million dollar, or a one-point-two-three trillion dollar question. What is the role of a university and what's its mission as you guys see it?

Barmak: You know, I always talk about public universities serving two masters that don't often agree with each other. To the extent that they are public and publicly supported with tax dollars, they have an obligation to be accountable to the citizenry that funds them and to the representatives of that citizenry in the form on the elected policy officials who oversee them. In that mode, you could

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argue they're no different than the Motor Vehicle Administration in a given state. But there is this other very significant dimension which is that universities, they have that fundamental rule of advancement of knowledge as the thing that makes them a university. And as much as we'd like to think that in a democracy the truth and public opinion go hand in hand, that is, as we know, not always the case. That is certainly not the case on many normative questions. It takes politics—people have different positions—but as we can all imagine, that's also increasingly not the case in science, in fundamental empirical questions.

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So consequently, the public university has this duty of attempting to explain itself to the public that supports it while, at the same time, advancing knowledge no matter what the cost.

Christine: When you talk about these two masters, I see this coming to play a lot in the belief that colleges need to prep people for jobs and that there's an economic imperative in higher education. Do you remember—is it feel that tug? Is there two different modes of thoughts between your members?

Barmak: Well, you know, first of all, it would be very difficult to argue that, particularly in light of the costs, the upfront costs of a college education, a cost that for many Americans is only affordable because of federal aid and increasingly because of borrowing, that somehow we can divorce the transaction from its economic consequences. The fact is the vast majority of students certainly assume, whether they articulate it quite openly or not, that higher education will result in better economic prospects for them. And, you know, candidly, I have to say there is some – we ought to have a better scholarly conversation about the wisdom of debt financing because the main reason that we have seen this explosive growth of debt as the mechanism by which we pay for college is because wage stagnation over the past few decades has resulted in

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parents not having the assets with which they would pay their children's college costs.

So in confronting that fact, we make what I view as a faith-based assumption that somehow it's okay for the children, for the students, to borrow money that their parents don't have because their wages didn't keep up, because certainly your wages will. And I think macroeconomically there are some significant reasons why we should explore that issue more carefully and not be so glib in suggesting that college is an absolute guarantee of easy debt service for the amount of debt that it takes to pay for costs.

But, yeah, you know, in general I think public institutions fully grasp the need for defensible economic outcomes for their students, and I don't think that's unreasonable nor do I think that's incompatible with even the most abstract or the most exotic of human pursuits because, yes, you know, we do need experts in byzantine art and frankly, if it is the case that byzantine art is not a lucrative field, you know, dealing in byzantine is—but studying it isn't—than maybe....

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Christine: Well, someone has to tell (Christies--?) what's real or not.

Barmak: Well, that could be but, more importantly, maybe that is one of those things that a country as affluent as ours can underwrite with fellowships and grants, not with loans.

Christine: When you're talking about outcomes, do you think it's fair to use outcomes as a proxy for academic quality?

Barmak: You know, it's a challenge mainly because of the confused ways in which we have presented ourselves. That challenge has been compounded by

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the really terrible ways in which we financed the enterprise. But the short answer is, in general, there's a confluence between those two attributes. In general, high quality programs tend to produce defensible outcomes statistically. Not in every individual case necessarily but, in general, that's the case. We know that the opposite is certainly true. We are always very proud to point out we have some of the world's finest institutions in the U.S., which we certainly do, but we should also admit that we have some of the lousiest "colleges and universities" operating legally here in the United States because of our poor gatekeeping and accreditation practices.

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And certainly it is true that terrible programs invariably produce terrible economic consequences as well. So there may be some separation on the good side of quality where certain fields that may be, again, that are candidates for maybe fewer graduates better packaged with fellowships and gift aid as opposed to financed with loans. But on the good side of quality, you get some variations. On the poor side of quality, there is no variation, where there is thin (gruel) being doled out by programs. You also, not surprisingly, end up with really devastating personal and national economic consequences.

Christine: You've said two interesting things. I want to make sure we come back to them. But you've talked about (how) many people are forced to finance their education with debt. What do you see are some things we can do to lower the access as far as tuition and cost is concerned?

Barmak: I was afraid you would bring that up. That is a vexing and extremely complex topic, which can easily be demagogued along any single causality.

Christine: But we like nuance. We know there's no secret pill that's going to fix it all.

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Barmak: It's true. And it is very difficult to have any kind of a comprehensive pronouncement on it that somebody else couldn't refine or object to or revise. But certainly we have issues on the production side where there are costs being bundled together that are not strictly speaking really part of the thing itself. We finance amenities. We finance athletic programs. We finance all kinds of unrelated functions of lower or higher quality along with the core mission of the university, which is research and teaching. So if we were looking at the production side of this thing, presumably what the idealized vision of how to organize a more efficient system might look like would be a very spartan experience. It would be an experience that would not include sushi in the cafeteria or state-of-the-art facilities. It would, frankly, resemble the Chinese higher education system where you can walk into sixth floor decrepit soviet-era buildings that most Americans would find horrific environments, and then you walk into a small room packed with people and you look at the black board. No technology. And what you see on it is thermodynamics being taught. In some ways, that's sort of a highly Spartan production model where the bulk of your expenditures are on academic delivery. It would be more efficient and a less costly one. Whether a first world experience in America sort of comports with that, that's a different question, but there are contributing factors. Right.

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I mean, there's the issue of over-arching regulations that institutions have to comply with. It is the notion of choice that we take for granted in America for all kinds of solid reasons that are very expensive to finance. Most Europeans—in most other countries—you are on a trajectory with very definite and narrow pathways as to what it is you're going to study and what the sequence of courses will be that will get you there, and there is very little choice in terms of switching from physics to fine arts or from electrical engineering to mechanical engineering, for that matter. We allow people for all kinds of good reasons to go in undecided. We encourage them to explore and to pursue what their interest is. It costs time

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and money and resources and they're many other factors here. I mean, this is just the tip of the iceberg.

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There are interesting economic arguments that suggest that there is complementarity between labor and capital in the production of higher education services that makes it quite unlike the industrial production model because when, you know, Ford Motor Company invests billions in automation, it does so to save labor costs. When higher ed invests millions in automation and technology, the only consequences of that are that it will need even more expensive labor to manage them. So there are issues here that are worth scholarly pursuit and a better public understanding.

Christine: We have two studies that we've conducted. I think you've seen our Administrative Cost Guide. It's not the only reason that costs go up but it is a contributing factor. But we also have looked, a couple of years ago now, at the choice in curriculum creating a lot of extra costs, you know, very small courses which have enormous benefit but having no requirements and proliferation of courses has distracted students from a course trajectory in completing their degree. And also does cost money to offer, to administrate. And that kind of tightening it up a little bit would save students money and maybe even time, depending on how the requirements stack up in terms of completing their degree.

Barmak; First of all, I did, in fact, read your Administrative Cost Study, which I thought was truly exceptional.

Christine: Well, thank you. We were happy with it.

Barmak: It was really great mainly because, like all other contributing factors, potentially contributing factors to cost escalation and tuition hikes, it is very easy to sort of latch on to one element of a much more complex phenomenon and

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then just demagogue the issue to the extreme. And I thought your study was very nuanced. I thought it was imminently reasonable and, if anything, over lenient in terms of the way it presented the issue. And I thought, beyond all of that, that it was a really good piece of advice for your audience, for Trustees and Board Members as a primer of how to approach a complex issue and attempt to govern as opposed to micromanage. So I thought it was a really great study. And, you know, I do agree. I think both choice and the very obvious empirical growth of administrative expenses are certainly contributing factors.

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Christine: When you talked a little bit about the gatekeeping role and how it's not doing its job and ACTA's been a longtime critic of accreditation as it currently stands, what do you think could be done to make it more effective?

Barmak: Good Lord. Accreditation. You bring up college costs first and then the easy question of accreditation and gatekeeping. So I have been a....

Christine: We're thoughtful people here.

Barmack: You are thoughtful people. You know, accreditation's just about the worst conceivable way of doing upfront gatekeeping except for all the other ways, I'd like to say.

Christine: Oh, just like democracy, huh?

Barmack: Right. I mean, you know, in the rest of the world, the simple question of: What is a University? is really easy to answer. A university is whatever the ministry of appropriate jurisdiction says it is. So if you want to be a medical doctor on the Chinese Railroad System, the Ministry of Transportation will tell you which programs produce those kinds of people for that purpose.

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So here, in the United States, we have chosen to delegate the substantive question of: What is a legitimate program? to the academics themselves on the assumption that people whose primary commitment is to the disciplines themselves are best suited to police them. And I think that's right. The problem is that as accreditation was deployed to also serve the parallel and presumably complementary purpose of gatekeeping for federal dollars, the purpose of evasion began to become a significant challenge for them. When education was nothing but a vocation and a calling and everybody who stepped forward was operating in good faith since there was no money to be taken home in giant bags....

Christine: Back when accreditation was a peer review system.

Barmak: Correct. Back then, it functioned quite efficiently and you can see evidence of that, by the way, even today within the specialized accreditation world where, in general, their eligibility for federal funding is not driven by—for most disciplines—by specialized accreditation. You see that it works well and most of the entities about which some of us have misgivings don't even bother seeking it because it makes no difference to them. Accreditation is a means to an end. It's a means to gain eligibility for federal aid and, consequently, they will end up manipulating and gaming the system for purposes of breaching that safeguard. And once done, they have no further interest in obtaining voluntary seeds of approval since they can't cash that in. So that's one dimension of accreditation is that it's simply unprepared for what the billions of federal dollars—to add it. That's one shortcoming.

The additional short coming of accreditation in my opinion is that it really embodies regulatory capture in the sense that it used to be that it was

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mathematicians and philosophers and historians and scientists who had a deep engagement with the education experience who sat in judgement of their peers. If you look at accrediting bodies today, there are very few people like that and they are mostly administrators and increasingly lobbyists for various institutions. I mean, this—I make no distinction between public, private and for-profits where you have individuals with fiduciary obligations to regulated entities sitting in judgment of, for all intents and purposes, themselves.

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Christine: Academic quality.

Barmak: And that is a problem. So I do think there are fairly minor tweaks to the federal recognition process that could vastly improve accreditation and obviously it requires a certain level of cultural change as well.

Christine: I think that might be a place where we depart. We would get rid of the accreditors altogether. But when you talk about that private governance factor and how it's been usurped, it becomes more important for Trustees to consider academic quality then.

Barmak: You know, first of all, that's always a true statement. That is actually a duty and an obligation of Trustees. That is not a discretionary component of the role that they undertake. That is really where their fundamental responsibility requires them to be. My objection to that being the fail-safe is that you have to assume that they are operating pro bono publico as opposed to solely in the interest of the parochial interests of that institution. And I appreciate that that is a fiduciary obligation they take on. You know, they really have a responsibility to pay close attention to that place they govern. But ensuring programmatic integrity as a matter of policy frankly transcends.;...

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Christine:a particular institution.

Barmak: Yes. A particular institutions...

Christine: We've advised Trustees for a long time that their first duty is to students and taxpayers. And, of course, their institution has to remain sustainable but looking at the quality and even just: "What are they saddling students with in terms of debt?" Is there a good degree or a good job waiting for them once they're finished?

Barmak: And, you know, it is very difficult to look at the financing picture, particularly over the course of the last, say, twenty, twenty-five years, and say that we have done a good job on that front.

Christine: We spend, I think per pupil, the most or second most of any developed nation in the OECD and we're not seeing a lot for that investment.

Barmak: The issue again, part of it is macroeconomic and structural and has to do with wages and growing income and equality and all of those kinds of things. But certainly a big chunk of it is under the direct control of institutions. The extent to which institutions, perfectly legitimate institution, perfectly well-intentioned institutions, make excessively almost recklessly rosy assumptions about the future trajectory of students is really stunning to me. And, frankly, I don't accuse them of bad faith. I accuse them of insufficient focus. One way to sufficiently focus their attention would be to ensure that there is a certain level of risk retention associated with the debt with which you pay yourself. Because if that were the case, nothing like liability focuses your mind on the pragmatics and the prudential components of taking on debt. And we haven't done a good job there because it's very easy to say, "I'm sure this student, he/she will do just fine. It's

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perfectly reasonable to leave my school with 80-thousand, 60-thousand, 40-thousand dollars in debt.” Those numbers are not necessarily horrifying and certainly there are disciplines and individuals and circumstances where they are worth every dime and then some, but we shouldn’t be naive and this shouldn’t be a case of the tail wagging the dog. We shouldn’t just do back of the envelope model, sort of, paradigmatic assumptions about, “Well, you know, if only X-Y and Z happens, see, sixty thousand dollars is chump change compared to lifetime earnings.” And I get very annoyed when I see lifetime earning numbers thrown out there because, of course, they don’t factor out all the people who take on debt and drop out. All the people who actually take on debt and get a phenomenal degree and, guess what? They don’t go to Wall Street. They decide to become public interest lawyers. And, you know what? We need them but the assumption that they will be paying back six-figure law school debt with Wall Street General Council jobs may not be appropriate for all of them. So we need to be much more realistic in looking at that financing.

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Christine: So when you talk about the quality, a lot of it being in the hands of the institutions themselves, what would you like to see ideally in improving academic quality at an institutional level?

Barmak: You know, if there is one fundamental bedrock ethical requirement when it comes to admissions, it is that you admit students that you have a reasonable expectation that they can complete, that they are adequately prepared, that the enterprise that you’re embarking them on has a reasonable chance of success. Increasingly, again, due to mainly financial pressures, many institutions have become very commercial in terms of the ways in which they talk about their programs, in the ways in which they present their programs, in the ways in which they recruit students. And, again, I have been a broken record with regard to the widespread fraud that I see in the for-profit sector. But let’s be

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candid and concede that you can quickly step away from outright fraud and see abusive practices, misrepresentation, embellishments of programs almost everywhere.

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So one very important step institutions could take would be to better explain the programs, to be better gatekeepers academically of what it takes to succeed. I very much appreciate that that is sometimes intention with the other very legitimate mission of institutions, which is of course to take chances on people, to provide access to make sure that, on their preparation, doesn't become a life sentence for people with who, with a little bit of remediation, with a little bit of help, could in fact do the work.

Christine: There are ways to do remediation much more cheaply than attending a four-year school.

Barmak: I am a broken record on that one too. If somebody has high school educational deficits, you don't want to address them with the collegiate cost profile. What you want to do—what they need. They don't need a professor. What they need is a high school teacher. So we need to have better pathways for remediation: more efficient, more expeditious and far less expensive than the ways that we have historically attempted them. But in terms of addressing your issue about quality, one thing we can do is be demanding of ourselves in terms of defining what real collegiate level work is and not finance pre-collegiate activities, again, with student loans and college aid dollars. I appreciate the fact that the broad availability of student loans and college aid dollars are the reason why we have increasingly shoved so many things that would legitimately academically and on merit be done outside of a college into the college collegiate world, but we need to be careful about that. So that's one thing.

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And, you know, frankly, we need to do a better job of creating robust pathways for students to get from point A to point B. This is a multi-year journey that people get embarked on and half a bachelorette degree isn't really work, in any way in terms of edification, in terms of experience, development and certainly not in terms of earning power, it is not worth fifty percent of what the student thinks they're getting into when they start. So we need to do a better job of promoting completion, not along mechanistic lines but with better admissions, better advising and more efficient pathways.

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Christine: When you talk about doing real collegiate level work, do you think some of these lowered academic standards is part of an overall trend looking at competency based education or perhaps even well-intentioned deep study into niche topics. Could the liberal arts, which have continued to fall by wayside, be a solution to this problem?

Barmak: You know, that's a personal view of mine that that is exactly right. I think what we are doing in some ways is the predictable reaction to the financial circumstances that our sector finds itself in. When you don't have enough resources, you look to produce almost the same thing at a lesser cost and there are multiple ways in which we're experimenting with that, frankly with the expectation that there will be a panacea out there. That is the problem. The notion that there is one quick trick with which we can solve a problem as complex and as gargantuan as this one. So, you know, a couple of years back, we could have had this conversation and the smart thing to say would have been that "mooks" were going to solve the problem. A couple of decades ago, we could have had the same conversation and the answer would have been "the internet is going to solve this problem." Today, competency-based education and dual enrollment are the two ways that we think this problem can be addressed.

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So in a country where, if anything, we have a significant K-12 issues on our hands, we are now collectively – it's almost the kind of madness of crowds phenomenon. We are now collectively buying into the suggestion that large numbers of high schoolers can actually do legitimate collegiate level work and thus shorten time to the degree and lower collegiate costs. I'm very open to the fact that some high school students could certainly do that. I don't know that the millions of students today enrolled in allegedly collegiate level course are really doing, what you and I would recognize as collegiate level work. So, again, we tend to take legitimate exceptions and attempt to make them into standard norms, and that doesn't work.

Competency-based education, it is wonderful what is available out there in terms of resources. I was definitely born like twenty, thirty years too early. I would have done really well if all of what I see out there were available when I was embarking on my college career. So there are certain fields and certain things and certain kinds of students who could very much benefit from self-paced study, from exploring things, using resources. Can you really produce a bachelorette degree, particularly if you want to go real extremist and suggest in every field using competency-based education? I find that extremely unlikely. But the smart money is on dual credit and competency-based, today anyway. Up to then, extinct.

Christine: Do you find any tension between AASCU's mission to innovate an older school version of great books or original sources and content-based education?

Barmak: I don't know that there's any tension there because AASCU's institutions, as I pointed out at the outset, have a certain pragmatic obligation here. We produce scholars but we don't believe we are there to primarily produce

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scholars. We are there to produce good citizens and productive people who can succeed in their communities and help others. And in some ways, I think that's the right role for us. Not everybody needs to be Harvard. Not everybody needs to do exactly the same thing. This is a system that has – it's many different flavors and those flavors together provide very significant options for people. So I don't know that there's much of a tension there. I do think we lean much more strongly in the direction of economic and workforce development, the innovation that you refer to as a big deal for us particularly because we're under constant financial duress, have been now for a solid three decades. And consequently, there's all kinds of efforts ongoing at a programmatic level on public campuses to attempt to do a lot more often with a lot less.

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Christine: This is very true. We agree wholeheartedly on the producing good citizens who are capable of being in community and doing a good job in the workforce. And I think it's important for individual Trustees to consider their own institutions and which solutions and collaborations are going to work best for their institution to make this dream of affordable, accessible, high-quality education a reality. Barmak, thank you so much for joining us today.

Barmak: It's been a pleasure.

Christine: To learn more about ACTA's policy initiatives for higher education, please visit www.goacta.org. For questions or comments about this podcase, please send emails to info@goacta.org. Until next time, I'm Christine Ravold and this is Higher Ed Now.

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