Sorely Needed

A Corporate Campaign for the Corporate University

Gordon Lafer

For at least fifteen years, academics on the left have talked about the "corporatization" of universities. One after another, smart critics have spelled out searing indictments of how the "corporate university" has abandoned the core values of higher education. Some of the harshest critics of this trend have come from the labor movement, who note how the exploitation of campus employees flies in the face of university claims to constitute a community devoted to collegiality and the noble pursuit of truth. In all these years, however, the campaign strategies of campus unions have remained unchanged.

Even while voicing increasingly harsh and incisive attacks on the corporate ethos of university administrators, unions have continued to run campaigns based on strategies appropriate to the pre-corporate university. Specifically, the vast majority of campus union campaigns rely on strikes, public shaming of administrators, or, in the case of state schools, an appeal to legislators to exert influence on university governors. Unfortunately, none of these strategies provides enough power to really change the policies of university administrators. Strikes have always been a weak weapon in higher education for one simple reason: They do not cut off the cash flow. A strike by auto workers in a car-parts plant may cost the parent company tens of millions of dollars a day, as related assembly lines are forced to shut down. But in a university, the main sources of revenue—tuition, government contracts, endowment investments, alumni contributions—are already in the bank at the start of the school year. Interrupting the day-to-day operations of a school does not have much of an impact on any of these. Similarly, political strategies have grown dramatically less useful as public funding for higher education has been repeatedly cut over the past two decades. Obviously, as the government's share of school budgets is diminished, so, too, is legislators' influence over administrators. Finally, the ability of unions to win campaigns by calling out their bosses on the contradiction between their lofty rhetoric and sleazy practices has almost entirely evaporated. Such critiques are, of course, completely right. However, like managers in other industries, university leaders are willing to be morally embarrassed without changing their employment practices—particularly given the constant turnover and short memories of student-led movements.

Despite these readily apparent facts, higher-education unions continue to run virtually the same type of campaigns they ran in the 1970s. For instance, at the University of Oregon—where I teach—state funding constitutes about 23 percent of the university's budget.[1] But union strategies remain the same as if the state provided 100 percent of the budget, generally focusing on a combination of strike threats and legislative lobbying.

To be sure, we continue to see cases where all three of the strategies I have declared discredited have proved effective in winning good contracts. And all of us are indebted to the men and women who bravely put their careers on the line in strikes aimed at improving campus labor relations. But such victories are fewer and fewer. And they are largely confined to winning marginal improvements for already unionized employees. When we look at the track record of winning recognition for new unions—particularly for private-sector faculty and graduate students, where there is no legal requirement for universities to recognize employee unions—it becomes clear that the current range of union strategies is insufficient. If we dare to think about what it might take to roll back some of the most devastating aspects of "corporatization"—for instance, restoring the intellectual-property rights of researchers, requiring that a majority of classes be capped at thirty students and taught by tenure-track faculty, or mandating that support services be provided through the hiring of local community members as regular university employees rather than through a low-bidding process designed to reward contractors who go the furthest in cutting employees' wages and benefits—it becomes even more painfully clear that unions currently have no source of leverage that could enable us to make meaningful progress on these fronts.

What is needed, then, is a corporate campaign for the corporate university.

What Does It Mean to Talk about the "Corporate University"?

The idea of the "corporate university" refers to a specific set of concrete practices that have increasingly come to characterize university administration. They are not a function of individual administrators' personal morality; indeed, identical policies have been carried out by university presidents whose personal politics otherwise have little in common.

Among the most salient traits of the emerging model of higher education are dramatic cuts in public support for universities; similar cuts in student financial aid; tuition "deregulation," freeing state schools from the burden of providing affordable education to in-state students; intellectual-property laws that encourage corporate-backed research and allow universities to profit from publicly funded lab research; the casualization of teaching; technological innovations that facilitate large-scale and long-distance learning; and the standardization of curricula to control teaching costs. What all of these features share is an overarching mindset among administrators that looks at every activity of the university first and foremost in terms of how much money it can bring in. This has two broad implications. The first is a change in how traditional activities are valued. In the old days, it was assumed that the core functions of the university—classrooms, libraries, labs, dorms, and dining halls—were not moneymakers; the revenue to support them would come from the government, the endowment, or the alumni. In the new model, virtually everything—the English Department, the dining room, the gym—is supposed to function as an independent "profit center." New accounting practices require administrators to evaluate any given activity in terms of the extent to which it is a net cost or revenue producer. Obviously, the money losers are also steadily losing institutional support—hence, the underfunding of things like philosophy and classics. The second implication of this change in internal mindset is that administrators have focused much greater attention and resources on developing activities that bring in revenue. Thus, at the same time that administrators are giving short shrift to much of the traditional liberal arts, they are expanding investments in new research areas that promise an influx of federal or corporate funds. If one wants to know which departments will be given slots for tenure-track hires and which will be cut back, all one need do is to track who generates tuition dollars and outside grants. Whatever moral or intellectual principle used to guide the size of departmental faculty has been largely replaced by a financial calculation.

What do administrators now look to as major profit centers? To some extent, the answer varies from school to school. Community colleges do different things from research universities to make money. Rich schools are different from poor ones; urban schools are different from rural. Even within the same market niche (what administrators like to term their "peer institutions"), individual universities may pursue distinct business plans. However, there is a short list of activities that, in various combinations, encompass the revenue strategies of most large schools.

Real Estate

In many cities, the local university is the biggest employer and largest landowner in town. This is true of Johns Hopkins and Baltimore, Yale and New Haven, Tulane and New Orleans, Vanderbilt and Nashville, and many others. This is particularly the case for universities in towns that have undergone deindustrialization, leaving the school by far the dominant player in local real-estate markets. These schools may invest heavily in large-scale real-estate projects, and the profits that accrue from such ventures may be significant.

Medical Services

For schools that have hospitals, medical services can be an important source of revenue. NYU, for instance, realized nearly $350 million in medical and hospital revenue in the last year for which data are available. While these institutions may be called "teaching hospitals," their operations are dictated not by what would be most educational for the interns but by what is best for the bottom line. Like any hospital, university medical centers develop high-profit niche specialties; forge partnerships with physician groups; negotiate reimbursement rates with insurers; and send pit-bull collection agencies after the poor and uninsured.

Corporate-Sponsored Research and Earnings from Intellectual Property

Over the past twenty years, universities have turned to corporations to make up for the cutbacks in federal funding. The advent of corporate-sponsored science has had a number of nefarious results for the science community, including corporate direction on what is to be studied; a falloff in support for basic science research; restrictions on the publication and dissemination of findings; and the reconfiguring of lab research around a corporate model of one principal investigator backed by a horde of post-docs and graduate students—thus dramatically limiting the chances of current Ph.D. students and post-docs to ever run labs of their own. In some cases, the new business model is particularly odious, as when Stanford University launched a $225 million Center on Energy and Climate Change in partnership with ExxonMobil, which explained its goals for the project by noting that "we . . . continue to . . . doubt . . . the attribution of climate change to human activities."[2] In other cases, the requirements of business have directly reversed the centuries-long ethic of disseminating findings to the broader scientific community. Thus, for instance, Harvard and DuPont have jointly patented mice that are genetically modified to be susceptible to cancer. These are ideal creatures for experimentation with a wide range of cancers, but scientists across the country have complained that they cannot afford to undertake such research because DuPont now charges exorbitant licensing fees for others to use their mice.[3]

For university managers, business-backed research offers not only lab funding but also the promise of lucrative intellectual-property rights that result from patenting lab discoveries. Until twenty-five years ago, federal regulations held that any inventions that resulted from publicly funded research were the property of the public. In the early 1980s, however, Congress reversed this policy, allowing universities to patent the results of government-funded research. Since that time, administrators have increasingly sought to capitalize on commercially viable research. From 1965 through the year 2000, the number of patents annually awarded to American universities grew from 95 to 3,200.[4] NYU President John Sexton has himself noted that patents and royalties have become an increasingly important revenue source for research universities, with several schools now earning more than $200 million per year from this work.[5]

Federal Grants and Contracts

While general public support for universities has been dramatically decreased over the past twenty years, there has been an increase in funding for specific projects at the federal level. At NYU, federal funding totaled $260 million in the most recent year reported. Tens of millions of dollars are granted directly to specific schools through earmarks attached to congressional appropriations. In addition, every major research university earns a significant amount of money through overhead charged on federal grants. When the government pays a biologist $1 million to fund lab research, that researcher's institution gets an additional sum—often equal to nearly 50 percent of the original grant—as a contribution to its general funds, to be used in any way it deems fit. In theory, this payment goes to support the infrastructure—libraries, cafeterias, dorms—that makes the lab research possible. Since richer universities have larger and pricier academic infrastructures, they report higher "overhead" costs and get higher percentage payments from the federal government for every dollar of direct research funding. Thus, the system guarantees both that the rich get richer and that every administration has a powerful incentive to report the highest possible overhead costs.

Alumni

The extent of alumni giving varies tremendously from school to school, but in many cases alumni contributions form a significant part of the operating budget. At elite schools such as Harvard and Yale, alumni donations amount to more than $200 million per year. NYU, by contrast, has a relatively small alumni giving program: Only 11 percent of NYU graduates donate to their alma mater, compared with 34 percent at Columbia.[6] The drive to improve this number is one of the university's key business strategies going into the future. Indeed, NYU President Sexton achieved his position largely on the basis of his successful expansion of alumni giving to the NYU Law School.

Endowment Earnings

Nonprofit accounting rules allow universities to keep a separate set of books for their endowment, which does not appear in the operating budget.[7] In state schools, the endowment is often kept in a separately incorporated university "foundation" that is less susceptible to university governance. For schools that are lucky enough to have sizable endowments, this is a critical source of revenue, and generally a highly secretive one. Universities use their nonprofit status and, in some cases, the connections and inside leads of powerful alumni to realize investment profits that have often been significantly ahead of the stock market. In the course of doing so, universities have a long history of engaging in ethically questionable investments.[8]

Tuition and Teaching

For all those who wonder why schools keep raising their tuition faster than the rate of inflation—and certainly faster than campus salaries—the answer is simple: because they can. In an economy plagued by permanent insecurity, the demand for college credentials only becomes more intense. For administrators, tuition is a strategic revenue stream to be maximized. Thus, the past decade has seen tuition increases coupled, in the public sector, with the "deregulation" of tuition. Public schools have sought waivers from requirements that they serve low-income students from their home state, concentrating instead on out-of-state students who pay higher fees. Schools have also sought and won legislation allowing individual campuses to retain tuition payments rather than turn them over to a central state fund, thus freeing flagship schools from the burden of subsidizing poorer campuses. The result has been a disintegration of the state "system," with elite public schools operating more and more like private universities. Indeed, there is now an active debate as to whether the University of Michigan should be privatized, partly to raise tuition above the level allowed by the state.[9]

The flip side of maximizing tuition revenue is minimizing the costs of instruction. Universities have dramatically cut back the number of tenure-track positions, replacing these positions with graduate students, adjuncts, part-timers, and a whole slew of new job titles. At NYU, for instance, President Sexton advocated the creation of a new position termed "university teacher," which would designate a full-time, non–tenure-eligible professor with higher teaching loads and no compensation for research time.[10] Along with degrading the professoriate, administrators have adopted strategies to encourage large-scale, low-cost education. At my own University of Oregon, the administration adopted a budget model in which 50 percent of each department's budget is determined by the number of student tuition credit hours they bring in. Inevitably, the incentive under such a system is to offer large, popular lecture classes and to avoid small, writing-intensive seminars. The extreme version of big lectures and machine-graded exams is distance learning, which offers the promise of a completely online pedagogy, thus vastly cutting labor and infrastructure costs per credit hour. The future of online learning got a major boost in 2006 when Congress abolished its longstanding requirement that students spend 50 percent of their credit hours in a traditional classroom to qualify for federal financial aid. With this major barrier removed, we should expect to see more traditional universities expand into this market.

Mapping the University

If faculty were asked to draw a schematic map of their university, they might produce a diagram of all the departments, grouped together according to college, reporting in turn to the provost and president. If we ask top administrators to map out the major categories of university activity, they would not draw the Philosophy Department or the football fraternity. They would, instead, produce something that drew on the categories described above. This is what a university looks like from the top looking down. And it is this map that we need to use when understanding how a corporate university works and when creating a strategy to exercise countervailing power against those at the top.

What Is a Corporate Campaign?

The term "corporate campaign" gains its name from the fact that it aims at exerting financial pressure on all parts of a corporation's business, not just in the workplace.

Such campaigns developed in the late 1970s and early 1980s, as it became harder for workers to win fair contracts simply by striking. The first campaign widely termed "corporate" was that of textile workers at J. P. Stevens mills, memorialized in the film *Norma Rae*. Stevens's employees confronted an employer that seemed all-powerful in the communities where it operated, and that was willing to break the law to deny its employees the right to represent themselves through a union. Stevens's production was dispersed in multiple factories across the Southeast. To win by striking, the workers would have needed to strike simultaneously at multiple locations and to prevent the company from replacing them. Since this seemed too much to count on, the workers were forced to develop new strategies. The union researched its employer and discovered that Stevens's primary source of financing came from the Metropolitan Life Insurance Company. Over a period of years, the workers sent picket lines up to MetLife headquarters in New York, urged other unions to withdraw pension funds from accounts managed by MetLife, and supported an alternative slate of candidates for election to the MetLife board of directors. Over the course of a long struggle, workers succeeded in winning through these "corporate" strategies what seemed impossible to gain through striking alone.

In the years since the Stevens campaign, workers in a variety of industries have confronted the same problem of being unable to win justice simply by striking and have adopted a similar approach. Unsurprisingly, employers tend to hate this strategy and often suggest that it should be illegal. As a rule, employers want workers to believe that their only option for fighting back against unethical management is to strike. While strikes can be powerful, they are also the tactic that takes the single heaviest toll on workers themselves; thus, management's message is "Do as I say, or watch your family suffer with no income, no health insurance, and the specter of permanent unemployment." Workers who develop corporate campaigns refuse this deal, insisting instead that if the boss is going to attack their ability to make a living, they are going to hit back not only on a picket line but at every part of the employer's business. Sometimes the critical leverage that makes a boss do the right thing may be a lawsuit; in other cases, it may be a consumer boycott or appealing to elected officials to deny economic-development benefits to those who mistreat their employees.

In this sense, a "corporate campaign" is simply workers' ways of engaging the same type of tactics that companies use in competition with each other—but that they would prefer their employees not know about. The ultimate goal of a corporate campaign, as of a strike, is to convince employers that it will cost more in the long run to fight their employees than to treat them with dignity. Critically, corporate campaigns aim to win fair agreements not by appealing to the hearts and minds of top administrators, but by making it a rational business calculation to agree to a fair contract. Thus, this approach takes seriously the understanding of university leaders as corporate executives and eschews the temptation to romantic obsession with divining the character of individual provosts or presidents.

To some extent, corporate campaign tactics may be standardized across industries. For instance, many groups of workers have sought to influence their employers by advocating shareholder resolutions. The steps for doing this are the same in any industry. Largely, however, the most powerful pressure points are specific to individual industries. And the more serious one is about developing the power to change unethical behavior, the more critical it is to dig deeply into the specifics of industry practice. It does not take specialized knowledge to appeal to politicians to speak out in support of strikers. But figuring out how to appeal the tax assessment on a stand of timber; or how to withhold export-assistance benefits to companies that exploit immigrant workers; or how to deny expansion rights to a hospital that has cut staffing levels to the point of endangering patient safety; or how to revise a hotel-industry tax to make unscrupulous wholesalers pay their fair share—all of these things require a serious investment of time, money and staff. Furthermore, the nature of this research process is that, for every example of a successful strategy, staff researchers have probably looked at ten other issues that turned out to be irrelevant. Thus, it is not possible for a union to decide to adopt a corporate campaign strategy on the spur of the moment if it has not committed to such an effort for the industry as a whole. The level of staff commitment and financial resources necessary for a serious campaign is simply too great to be justifiable by a single employer. Every union that has developed a serious campaign capacity has done so through a process of trial and error, slowly learning from mistakes and improving strategies from one campaign to another, over a period of many years. Such campaigns get easier to run over time because one starts each new round knowing more than the time before and having already developed relationships with key industry, media, and regulatory actors. If we are serious about developing corporate-campaign capacity in higher education, one or more unions will need to make a significant, long-term commitment to developing the knowledge and techniques of how to fight for justice in this industry.

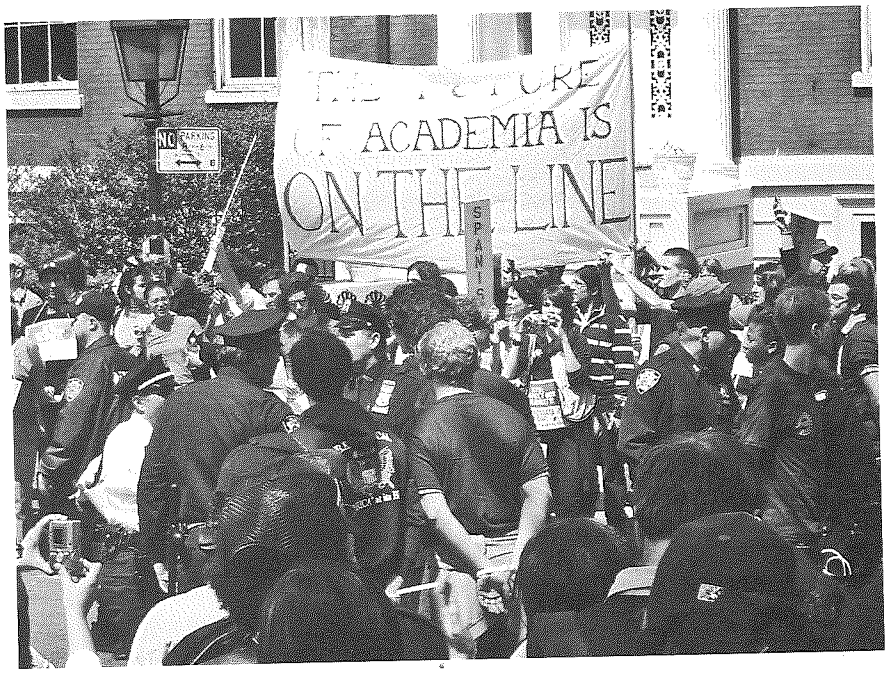
What Might a Corporate Campaign Look Like in Higher Education?

If campus unions are to safeguard the quality of education and the dignity of working conditions, they must be able to speak to university managers in the language they understand. This means that they must learn to understand, and intervene in, the key profit centers of higher education. The specifics of a campaign will vary from school to school and cannot be planned in a cookie-cutter manner. But some examples of potential strategies are clear. It is likely that, in each of the major revenue sources of universities, there are questionable practices and possibilities for campus employees to guarantee that unethical employers do not receive undue financial advantage. For instance, at both the state and federal level, universities are competing for large research funds targeted to special projects such as AIDS or stem-cell research. So, too, many schools receive targeted funds through the congressional earmark process. In all of these cases, unions should be arguing that federal favors should be reserved for ethical employers. Similarly, it is long past time that the labor movement held administrators to account to make sure they are not defrauding the public and the federal government in padding "overhead" expenses and not defrauding students in the operation of student-financial aid programs.[11]

Many of the key profit centers in higher education are dependent on the goodwill of the general public. It is thus important that unions broaden the struggle over higher education to mobilize appropriate allies. If a city council conditioned zoning variances for university expansion on the school's acting as an ethical employer, this might create significant financial incentive for administrators to do the right thing. So, too, if administrators came to believe that preferential Medicaid treatment might be held up as a result of campus unrest, or that ethically questionable but lucrative endowment investments might be exposed and undone, or that entrepreneurial teaching ventures (involving new technologies or foreign markets) might be derailed, the logic of adopting more ethical policies might suddenly become more apparent. All of these possibilities have two things in common. First, they require further research, and learning through the trial and error of campaigns, before academic unions can figure out a regular approach to exerting influence in these areas. Second, if such strategies were figured out, it is likely that any of them would prove more powerful than a strike.

Ultimately, I believe that undoing the "corporatization" process and restoring a more humane education system will require a movement that stretches beyond campus employees themselves to embrace students, parents, and taxpayers. When

Picketing and rallies during the
GSOC struggle was a front-line
(Joshua Evans)



Picketing and rallies during the strike were often motivated by the perception that the GSOC struggle was a front-line cause for the future of the academic labor movement.
(Joshua Evans)

the working conditions of campus employees are degraded, the education of students almost always suffers. Certainly, the broad transformations that mark the "corporate university" have generally resulted in poorer quality and more expensive education. For many academics, it is this abandonment of traditional educational ideals that motivates their union activism, even more than economic concerns. The interests of these groups overlaps with that of academic unions, and the scale of change we need to effect requires an alliance much broader than can be constructed out of campus employees alone. In ballot-initiative states, unions should be thinking about proposals to cap class size, guarantee adequate numbers of tenure-track faculty, or commit to educating in-state working-class students through public initiative campaigns. An alliance based on the shared interests of academics, students, and taxpayers holds tremendous potential power; but it will require strategic planning and a commitment of resources from the labor movement to make this happen.

Figuring out exactly which strategies will prove effective is an intensive effort. Each of the unions that has developed campaign competence in its industry has done so by dedicating significant staff to the effort, over a period of years. If we are going to make real progress in higher education, campus unions must dedicate themselves to a similar effort. Currently, the union at NYU is working hard to win justice for university employees, but in terms of exercising financial pressure to convince administrators to do the right thing, the union is in the position of creating new strategies from scratch.

The UAW has taken an admirable approach in this campaign, but it is handicapped by the fact that there is no history of university corporate campaigns to learn from. The union has an admirable track record of bold campaigns and creative strategies in a number of industries, including higher education. In the 1990s, the UAW combined strategic political action with a credible strike threat to win something that many had dismissed as impossible: a graduate teachers' union in all eight campuses of the University of California. More recently, it has led the successful organizing of adjunct faculty at both NYU and the New School for Social Research. But in the struggle of NYU graduate employees—confronting an aggressively anti-union administration that has no legal requirement to bargain in good faith—the UAW is up against something that requires new strategies. And while the union has an laudable track record in organizing academic employees, higher education is not the core of its membership, and therefore it cannot be expected to take the lead role in developing corporate campaign strategies for this industry.

Ultimately, it rests above all with the American Federation of Teachers (AFT) to establish such an effort. The AFT is the largest academic union in the country and the logical actor to take the lead in exploring new strategies for the changed university. Since corporate campaigns apply equally well to classified employees as to academics, it would be logical for the AFT to join in this effort not only with the UAW and other academic unions but also with the Service Employees International Union (SEIU), American Federation of State County and Municipal Employees (AFSCME), Union of Needletrade, Industrial and Textile Employees–Hotel Employees and Restaurant Employees (UNITE-HERE), and other unions representing the secretaries, custodians, and dining-hall workers who make our campuses work. The NYU campaign is a good opportunity to learn more about how to deal effectively with "corporate" universities. But it will be an opportunity squandered if the major campus unions do not use the lessons of the NYU fight as a starting-off point for developing an ongoing, in-depth, long-term process of crafting effective corporate campaigns for this industry.

Notes

1. For similar examples, state funding constitutes 25 percent of the University of Illinois budget, 18 percent at the University of Michigan, and 8 percent at the University of Virginia: Nicholas Von Hoffman, "The Increasingly Private Public School," *Nation,* October 25, 2005, available online at http://www.thenation.com/doc/20051107/vonhoffman (accessed August 31, 2007).

2. Martin Van Der Werf, "Stanford U. Receives $225-Million in Corporate Backing for Research Center on Energy and Climate Change," *Chronicle of Higher Education,* November 21, 2002.

3. Paul Elias, "Dilemma Has Researchers By the Tail: Scientists Criticize a Company's Hold on Genetically Engineered Mice," *Eugene Register-Guard,* November 4, 2003, B3.

4. Melody Petersen, "Uncoupling Campus and Company," *New York Times,* September 23, 2003.

5. John Sexton, "The Research University in a Global Context," address delivered September 5, 2004, available online at http://www.nyu.edu/about/sexton-globalization.html (accessed August 31, 2007).

6. NYU Alumni Office, "The Fund for NYU," available online at http://alumni.nyu.edu/giving/thefund.shtml (accessed January 14, 2007).

7. A small percentage of the endowment's annual earnings is normally donated to the operating budget, but this should not be confused with either the total size of the endowment or the total annual earnings it generates.

8. I don't mean that most university investments are morally questionable, but simply that endowments generally operate simply to generate the highest possible return, with little or no additional ethical guidelines.

9. "Privatize the University of Michigan," Mackinac Center for Public Policy, March 1, 2004, available online at http://www.mackinac.org/article.aspx?ID=6313 (accessed August 31, 2007). In 2003, South Carolina gave all thirteen of its universities authorization to become private schools if they so chose.

10. John Sexton, "The Common Enterprise University and the Teaching Mission," November 2004, available online at http://www.nyu.edu/about/sexton-teachingmission04.html (accessed August 31, 2007).

11. For the most recent chapter on unethical profiteering from student-loan programs, see Jonathan Glater, "Senator Calls for Student Loan Inquiry," *New York Times,* November 1, 2006.

The University Against Itself

The NYU Strike and the Future of the Academic Workplace

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TEMPLE UNIVERSITY PRESS
Philadelphia

Contents

PART II GSOC Strike

PART III Lessons for the Future

The University