

## Higher Education After COVID-19

### How universities can preserve core academic functions and reduce spending

By Jenna A. Robinson and Sumantra Maitra

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Higher education is in crisis. Revenues from all sources are expected to decrease at both public and private universities. According to two recent surveys, four-year colleges will see a decrease of 10<sup>1</sup> to 20<sup>2</sup> percent in enrollment this fall. And more than 700 institutions have reported open slots for the fall semester.<sup>3</sup> Tax collections are expected to miss projections in every state, leading to large budget shortfalls. Endowments have suffered and private giving has slowed considerably.

Before COVID-19, universities were already beginning to experience an enrollment decline, mostly fueled by demographic changes<sup>4</sup>. The current crisis will raise existential questions for small and mid-tier institutions. Only universities with massive endowments and highly competitive admissions will escape the effects of the coming enrollment cliff.

Higher education's business model is flawed. Administrators and bureaucrats overwhelmingly outnumber research and teaching faculty combined. Infrastructure and facilities are underused. The academic calendar is inflexible. Athletics and leisure are often prioritised at the cost of academic

achievements. And many universities are burdened with debt.<sup>5</sup>

Students and parents have begun to take notice, questioning skyrocketing tuitions and increasing student loan debt. They have noted, rightly, that many students never graduate, and among those who do, a significant number have massive debts for degrees with a low job guarantee. And now, some students are suing their institutions for tuition refunds,<sup>6</sup> which might eventually cost universities billions.<sup>7</sup>

Special coronavirus relief funding from state and federal governments will improve cash flow in the short term, but they are not permanent solutions. Colleges must act now to cut unnecessary expenses while preserving core academic functions.

### **What reforms should colleges and universities initiate post-COVID, to survive and thrive?**

Some universities are already starting to initiate cuts. Below are several examples of the extent of change that is necessary for universities to remain solvent:

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<sup>1</sup> Scott Jaschik, ["Will Students Show Up?"](#) *Inside Higher Ed*. April 29, 2020.

<sup>2</sup> Scott Jaschik, ["Colleges Could Lose 20% of Students."](#) *Inside Higher Ed*. April 29, 2020.

<sup>3</sup> Jeremy Bauer-Wolf, ["More than 700 colleges report open slots for fall."](#) *Education Dive*, May 5, 2020.

<sup>4</sup> Michael T. Nietzel, ["College Enrollment Declines Again. It's Down More Than Two Million Students In This Decade."](#) *Forbes*. December 16, 2019.

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<sup>5</sup> Rana Foroohar, ["Coronavirus bursts the US college education bubble."](#) *Financial Times*. April 26, 2020.

<sup>6</sup> Stephanie Pagones, ["More college students suing for tuition refunds, as some schools refuse reimbursement."](#) *Fox Business*. May 1, 2020.

<sup>7</sup> Bob Van Voris and Janet Lorin, ["Angry Undergrads Are Suing Colleges for Billions in Refunds."](#) *Bloomberg*. May 1, 2020.

- Syracuse University will cut pay of coaches and administrators and all other freeze salaries and hiring<sup>8</sup>
- Universities in Manitoba, Canada will initiate cross-platform cuts of 30 percent.<sup>9</sup>
- The University of Akron will eliminate six of its 11 colleges.<sup>10</sup>
- Ohio University cut the equivalent of 189 positions, including many in maintenance, groundskeeping, custodial, and culinary services.<sup>11</sup>
- The University of Nottingham in the UK has made cuts of 15 percent across the board and frozen all new projects.<sup>12</sup>

This policy brief outlines urgent short-term reforms as well as long-term restructuring universities can undertake to survive the revenue shortfalls created by COVID-19 and state economic shutdowns.

As funding significantly diminishes<sup>13</sup> due to fewer new enrollments and decreasing revenue from endowments, private gifts, and state appropriations, universities must prioritize. Reforms should be focused on preserving core academic functions while cutting costs in administration, athletics, services, and auxiliary functions.

<sup>8</sup> Mark Weiner, "[Syracuse University plans pay cuts, hiring freeze after \\$35M loss from coronavirus pandemic](#)," *syracuse.com*, April 20, 2020.

<sup>9</sup> Bartley Kives, "[Manitoba universities told to cut costs by up to 30% to help province endure pandemic](#)," *CBC News*, April 20, 2020.

<sup>10</sup> Robin Goist, "[University of Akron to eliminate six of 11 colleges as part of cost-saving measures due to coronavirus pandemic](#)," *cleveland.com*, May 4, 2020.

<sup>11</sup> Ian McKenzie, "[OU implements 140-employee reduction](#)," *The Post*, May 1, 2020.

<sup>12</sup> University of Nottingham, "[Covid-19 and University Finances - Update 2](#)," May 5, 2020.

<sup>13</sup> Bonnie Kristian, "[9 ways coronavirus could reshape American higher education](#)," *The Week*, April 20, 2020.

## **Research, teaching, and academic departments**

Teaching and research faculty comprise at least one-third of employees at most four-year institutions. Modest cuts in this area are necessary. As a first step, universities should institute immediate hiring freezes in academic departments. Full-time faculty members with low teaching loads and no externally funded research should be encouraged to teach more student credit hours. Older faculty should be incentivized to take early retirements. Temporary pay cuts of up to 10 percent should also be implemented for all faculty earning more than \$100K a year.

A second stage of reforms should consist of scrutinizing academic departments for research contributions, degree productivity, and students' return on investment. Low-performing departments should be eliminated or consolidated.

Research in some social science and humanities disciplines consistently lacks academic rigor. The so-called "grievance studies" disciplines (race/ethnic/gender/women's studies) have been called into question for their activist origins and ideological homogeneity.<sup>14</sup> These studies are "less upon finding truth and more upon attending to social grievances." Universities should rethink<sup>15</sup> spending in such politicized departments, which can often be expensive.

For example, there are currently 28 different types of scholarships, grants, and part-time campus employment opportunities in the Rutgers University Department of Women's, Gender, and Sexuality Studies.

<sup>14</sup> Helen Pluckrose, James Lindsay, and Peter Boghossian, "[Academic Grievance Studies and the Corruption of Scholarship](#)," *Areo*, October 2, 2018.

<sup>15</sup> David Randall, "[Coronavirus and Closing Colleges](#)," *National Association of Scholars*, April 10, 2020.



The average salary of a tenured gender studies professor is more than \$100,000.<sup>16</sup>

Programs that do not provide returns on investment for students should also be questioned. Inside Higher Ed reported in January that, “only about 60 percent of programs at private nonprofit institutions, and 70 percent of those at public colleges and universities, would pass the Obama administration’s gainful-employment test, if it were in place and applied to them.”<sup>17</sup>

Likewise, “low-productivity” academic programs should be eliminated.<sup>18</sup> Specifically, degree programs that have fewer than 10 graduates per year should be considered for elimination or consolidation.

The funds saved by eliminating programs that do not provide value to students and society can be directed to other academic programs.

### **Non-academic reforms**

In order to preserve the academic core, spending cuts must be focused on non-academic programs and services.

Administrative bloat<sup>19</sup> affects most universities. It comes at the cost of faculty and research and is often the largest cause of tuition increases.<sup>20</sup> At some universities, administrative positions grew over 200 percent in the last decades,<sup>21</sup> compared to

only 10 percent growth in faculty. Staff outnumber faculty with a ratio of 2:1 at many universities.

These nonacademic personnel are often highly-paid. For example, the UNC System spent \$16.6 million in 2018 on its “system-wide diversity apparatus, not including employee benefits. This apparatus includes 198 institution-specific policies, 11 system-wide policies, 527 programs, and 273 salaried positions.”<sup>22</sup>

Many of the services and programs provided by nonacademic personnel are nonessential. They only tangentially relate to academics and do not contribute to student success.

Non-academic positions should be cut significantly. There should also be major pay-cuts to highly paid staff, and salary and hiring freezes in administrative positions.

Facilities require major changes as well. Before now, some institutions began using online learning to improve facilities use.<sup>23</sup> With that trend accelerating and enrollment declining, universities should freeze any new capital projects. Future projects should be efficient instead of luxurious.<sup>24</sup>

College athletics should also face cuts. Many universities spend lavishly on athletics,<sup>25</sup> often diverting student funds to sports.<sup>26</sup> The Drake Group has suggested a fundamental

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<sup>16</sup> HigherEdJobs, [“Tenure/Tenure-track faculty salaries.”](#) 2018-19 Salary Data.

<sup>17</sup> Kery Murakami, [“Many Nonprofit College Programs Would Fail Gainful Test.”](#) Inside Higher Ed, January 16, 2020.

<sup>18</sup> Jesse Saffron, [“What’s to be done about ‘low-productivity’ degree programs?”](#) James G. Martin Center for Academic Renewal, September 22, 2014.

<sup>19</sup> Wendy McElroy, [“Administrative Bloat on Campus: Academia Shrinks, Students Suffer.”](#) James G. Martin Center for Academic Renewal, June 16, 2017.

<sup>20</sup> Richard K. Vedder, [“Answering the Perennial Question: Why Does College Cost So Much?”](#) James G. Martin Center for Academic Renewal, October 19, 2018.

<sup>21</sup> Paul F. Campos, [“The Real Reason College Costs So Much.”](#) *New York Times*, April 4, 2015.

<sup>22</sup> Anthony Hennen, [“Just How Many Diversity Employees does the UNC System Need?”](#) James G. Martin Center for Academic Renewal, February 5, 2018.

<sup>23</sup> [“States Use Online Learning to Save Space, Cut Spending.”](#) James G. Martin Center for Academic Renewal, February 3, 1999.

<sup>24</sup> Alex Contarino, [“Hot Tubs and Luxury Dorms and Climbing Walls, Oh, My!”](#) James G. Martin Center for Academic Renewal, November 21, 2016.

<sup>25</sup> Jody Lipford and Jerry Slice, [“Mirror, Mirror on the Wall, Who Spends the Most on Athletics of All?”](#) James G. Martin Center for Academic Renewal, September 23, 2019.

<sup>26</sup> Ann Marie Adams, [“Gaming the System: How Kentucky Spends Funding for Students on Athletics.”](#) James G. Martin Center for Academic Renewal, September 21, 2018.

restructuring of college athletics, including an immediate freeze on salaries, hiring, and bonuses, as well as a reduction in support staff.<sup>27</sup> There should also be a reduction in athletic scholarships.

### Key Points:

- Modest, strategic cuts to academic programs:
  - Immediate hiring freeze
  - Temporary salary cuts for highly-paid faculty
  - Incentives for early retirement
  - Increase some teaching loads
  - Consolidation and elimination of low-productivity departments
- Immediate cross-platform cuts in college administration:
  - Hiring freeze
  - Temporary salary cuts for highly-paid staff
  - Significant reduction in all nonacademic positions
- Freeze new infrastructure and facilities projects
- Large cuts in athletics:
  - Hiring freeze
  - Temporary salary cuts for highly-paid staff
  - Elimination of non-essential and supportive athletic posts
  - Scholarship and grant reforms

These reforms preserve academic core functions while increasing university efficiency and are not dependent on federal relief. Radical change is essential for the survival of small colleges and universities.

The post-Covid19 world offers a rare opportunity to reform the education sector for

generations to come. It would be imprudent to miss that opportunity.

### About the Authors

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### About the Martin Center

The James G. Martin Center for Academic Renewal is a private nonprofit institute dedicated to improving higher education policy. Our mission is to renew and fulfill the promise of higher education in North Carolina and across the country.

We advocate responsible governance, viewpoint diversity, academic quality, cost-effective education solutions, and innovative market-based reform. We do that by studying and reporting on critical issues in higher education and recommending policies that can create change—especially at the state and local level.

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<sup>27</sup> [“Coronavirus Crisis and Financial Issues in College Athletics: What Do We Do Now??.”](#) The Drake Group, April 7, 2020.