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The Profit Motive in Honors Education

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The following report appeared recently in the British media regarding the "privatization" movement:

> **UK rail passengers pay the price of privatization**
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> Rail privatization has led to the UK having the most expensive fares in Europe, serious overcrowding and train operating companies entirely reliant on public subsidies, according to a study.
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> Long distance, day return and season tickets are all about twice the price of similar tickets in France, Germany, Italy and Spain, which have publicly-run rail systems, the study for the TUC [Trade Unions Congress] by academics at the University of Manchester said. Average train fares in the UK increased at three times the rate of average wages between 2008 and 2012.
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> The study also found that the average age of trains has risen from 16 years in 1996 to 18 years today. Just £1.9bn was spent on rolling stock between 2008 and 2012, compared with £3.2bn between 1989 and 1993.
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> More than 90% of new investment in recent years had been financed by Network Rail and came mainly from taxpayer funding or government-underwritten borrowing. (*The Daily Telegraph*, 7 June 2013: B3)

This bit of insight from the UK, which is still coping with the fallout of the recently departed Baroness Margaret Thatcher's "Thatcherism," reveals a British version of the American political right's obsession with the notion of privatization: that it always does things better; that it is cheaper, more efficient, and qualitatively superior; that it provides greater accountability; and that above all it creates profitability, the key benefit for the profit-takers. Thatcherism promised that privatization would unleash the forces of entrepreneurship, risk-taking, quality improvement, and thereby wealth enhancement while also lightening the taxpayers' burden. Thirty years on, the promise, not to mention the rhetoric (recently revived during her funeral obsequies), seems to have far exceeded the performance, as the *Daily Telegraph* article would suggest, at least in the case of the de-nationalized railways.

In the U. S. we frequently find the same story. For instance, the hue and cry against Obamacare, which is historically almost unprecedented, holds that the implementation of the Affordable Care Act threatens the so-called "best healthcare system in the world"—best only if you are wealthy and thus health care costs are of little or no consequence to you. The public record increasingly indicates not only that healthcare in the U.S.—with its emphasis on private insurance and privately functioning healthcare providers such as doctors, hospitals, treatment centers, and procedures—is the most expensive in the world but that the national outcomes—in terms of infant mortality, adult longevity, and many other measures—are inferior to most industrialized or "first-world" countries with their existing national healthcare programs.

On another front, we are still coping with the consequences of the radical privatization and deregulation of the financial services industry. Free to maximize their economic interests largely without government oversight after the Depression-era Glass-Steagall Banking Act was repealed, the "too big to fail" banks began their unalloyed pursuit of profit, dealing in highly risky and ultimately debilitating financial instruments, such as CDOs, that ultimately resulted in the financial implosion of 2008. The plaintive retrospective by Alan Greenspan, former Fed chairman, that he thought "banks would be more prudent in their lending practices" sounds breathtakingly naïve in retrospect as we all continue to cope with the economic debacle of the Great Recession. The fact that this economic thriller did not become the Great Depression II was due, many analysts from all perspectives agree, to massive government bailouts of these privatized financial behemoths.

Additionally, the following news bites are of interest because they intersect nicely with the specific issues of the profit motive, academic freedom, and academic integrity in higher education.

An ob-gyn at a teaching hospital recently found his promotion and status in the medical school in jeopardy (cf. Kerr vs. Hurd). It seems that his transgression was advocating "forceps-based child delivery" while his department chair, for principally financial reasons, advocated "Caesarian delivery." The department could charge a great deal more for the latter, making it financially desirable to go the "Caesarian route." The disagreement, fought in the courts as an academic freedom case, made its way to the district federal court in Ohio, Western Division, where, happily, the decision was in favor of the doctor/complainant. The academic freedom issue, as important as it was, is parallel, in my judgment, to an equally instructive consideration. A teaching hospital, for purely financial reasons, advocated a procedure that is far riskier and more traumatic for the two patients involved and punished a conscientious doctor based only on the bottom line. These imperatives of capitalist business models are flooding our societal institutions.

The broader academic world is being impelled no less forcefully than the medical schools. The state of Florida, recently characterized as the "state of bad ideas" by an NCHC officer, has a governor who is challenging the entire idea of breadth of education and wants a redaction of the core curriculum in publicly financed schools so that higher education, according to his business-oriented philosophy, focuses on skills that directly prepare young minds for gainful employment. Accordingly, Florida Governor Rick Scott's Blue Ribbon Task Force on State Higher Education Reform "proposes to keep tuition flat for degrees in 'strategic areas of emphasis,' which include science, technology, engineering, and math (STEM) fields; health professions; 'high demand' education fields; and (oddly) globalization; while raising it in all other areas" (Berman). Since anthropology, political science, and virtually all the humanities do not lead directly to a handsome income, they are apparently expendable and thus will cost more for students who choose to major in them.

Thus the privatization mantra and the single-minded pursuit of the dollar continue ever more shrilly and, it seems, compellingly in the modern world. This trend is reminiscent of the era after heliocentric explanations for the universe's motion became blindingly obvious yet the religionists still insisted, often violently, on the old geocentric theories. Damn the evidence, according to these ideological biases, or as Lady Thatcher put it in 1980, "The lady's not for turning." And now education has become a primary target. If we can just privatize and introduce the profit motive into our public school system, current deficiencies will be miraculously corrected. Never mind that the equally imperious anti-tax demands of political pressure groups allied with the privatizers are probably the single biggest reason that public funding has withered and, with it, public school performance in higher education as well as K–12.

The Journal of the National Collegiate Honors Council is not the normal venue for political or economic discourse, but privatization or, more precisely, profitization and the unalloyed pursuit of money have invaded an area I had thought they could not penetrate. Our principal and most important interest, honors education, is in the bull's eye. At least one private start-up is now offering so-called honors education to beleaguered and financially vulnerable parents and schools alike. Their advertising is highly sophisticated, if a little misleading. Their promises are profoundly attractive, even irresistible. The current targets are the nation's community colleges, and several apparently have already signed on.

The for-profit message to students and parents is alluring. If only you join our enterprise, the profitized "honors education" companies tell them, the world of higher education, which can be mystifying to non-academics, will be disentangled. Thanks to our widespread articulation agreements, they say, your high-performing son or daughter will have a brilliant community college education, and then the advantages of the highest quality four-year institutions will be opened—guaranteed—to their matriculation. Superior lecturers will deliver quality courses on the student's way to an Allied Arts degree. The accompanying course-based support materials will dazzle you with their educational quality and integrity while the lectures themselves will be so high-tech and intriguing that learning will be almost effortless. We will even deliver superior, individualized counseling services, providing access to unlimited opportunities such as scholarships and employment possibilities, all on-line naturally, to assist and virtually assure the best outcomes for your offspring. We have the technology and the experience to make it all happen.

Potential consumers are impressed, and the insidious message is just as seductive to targeted institutions facing enormous financial shortfalls. Since honors education is never cost-effective given its demands for quality teachers, small classes, and personalized service to motivated students, institutions of higher education are constantly rethinking their commitments to provide this type of education. Honors has always been, in supermarket terminology, a "loss-leader," a below-cost service designed to attract excellent students to the institution. These students, for their part, enhance a school's prestige with their standardized test scores, their leavening influence on the campus as a whole, and their later achievements that will reflect well on the institution. Now, miraculously, the objectives that the honors movement embraces can be accomplished at significant cost savings to resource-starved community colleges. For-profit companies promise that they can provide courses, services, and national ties with prestigious universities that community colleges cannot equal. The costs, not yet available for public scrutiny, are presumably relatively manageable for the school, at least initially, and the benefits are striking. However, as more and more privatization schemes are demonstrating over time, the reality is far different.

Take the costs to the student, for instance. In the two cases where specific charges are available on the American Honors website (Colorado-based American Honors is one of the private programs that is currently operating), the amounts are substantial. The two schools involved are the Ivy Tech Community College system in Indiana and the Spokane Community College system in Washington state, both participating in the "private-public partnership" that American Honors touts. The additional charge to students for honors at these schools will amount to $1,650.00 per year for Spokane and about $2,565.00 at Ivy Tech. [*Editor's note: In his essay in this issue of* JNCHC, *Benjamin Moritz of American Honors writes that the average additional cost for a student is*

$2800 a year.] American Honors calls this charge "a differential tuition" to be collected in addition to the regular tuition and fees at these institutions, which American Honors adds into their comparison figures.

Bringing the full-court press of Madison Avenue advertising to bear on these additional expenses, American Honors assures its potential enrollees that, compared to Notre Dame in Indiana or Gonzaga in Washington, such fees are reasonable and even negligible given the services provided. Predictably, such comparisons are disingenuous. For instance, American Honors is comparing the typically much cheaper tuition and fees of community colleges with the greater expenses of four-year colleges and universities, especially private institutions; in other words, it relies on the substantially lower costs of heavily subsidized, publically supported community colleges to make its case. In addition, the advertising adds room and board into the costs of the four-year schools included in its comparison charts—costs that do not apply to a community college. The advertising also fails to note that joining American Honors almost doubles the tuition and fees for students at Ivy Tech and increases by about a third the tuition and fees at Community Colleges of Spokane whereas honors programs everywhere else are offered to their participants at little or no additional cost. [*Editor's note: In her essay in this issue of* JNCHC*, Lisa Avery of the Community Colleges of Spokane writes that the increased cost per student is forty percent of regular tuition*.] The few institutions that have adopted a participation fee for honors, such as the University of Nevada at Las Vegas, typically charge substantially less than American Honors, but then UNLV does not have investors to reward, expensive honors CEO's to pay, and a profit to generate on the backs of already struggling students.

As for the specific costs to the institutions in this public-private partnership, the bottom-line figures are unavailable. It stands to reason, however, that the initial costs, which are probably substantial, will rise with time as the companies look for increased profits and as the contractual institutions become accustomed to and dependent on the services provided.

However, our greatest administrative concerns should focus on the personnel who will implement the for-profit system. On-site and presumably preexisting honors personnel will be necessary to deal with students; they might include deans, directors, counselors, and/or resident faculty without whom the profitized honors system cannot hope to function. Their wages and benefits will continue to be the responsibility of the increasingly constricted local institution. Take teaching: locally paid community college honors teachers, with a typical four- to six-course-per-semester load, will still be needed since no private honors company currently plans to offer all of the honors courses necessary to constitute a full honors curriculum. The company will offer only courses that are replicable in many diverse institutions while many of the core classes, often institutionally defined, will be left to the local providers. The for-profit company will pay a professor, probably an exceptional lecturer, to produce a course and then to offer this course repetitively over the next five to seven years to all signatory schools. Local honors teachers will still be necessary, though, to fill out the demands of the local curriculum.

In non-instructional contexts as well, the companies will not be full-service operations. Rather they will deal with distance services that are easy to provide, relatively inexpensive, standardized, and mass-produced. The local support personnel will serve the necessary personal functions that the profitization company cannot supply. Other than teachers, people must be in place to deal on a daily basis with honors students who cannot find a classroom, who desperately need courses tailored to their specific learning styles or graduation requirements, or who need to talk to someone about special needs and personal crises; the locals will have to take up these tasks. Will they be compensated for making the system work? If so, the rate of compensation will be far less than what a CFO or CEO or advertising consultant of the company will be making.

Thus, in addition to the costs involved, two major issues raise dire concerns about the whole scheme to privatize honors. The first is the typical conundrum of capitalism. The producers, the ones who make the system work on a regular basis, will be at the bottom of the compensation scale. Exploitation of workers by the rich and powerful will be enshrined among a group of educators/workers who are already exploited. At least now, before privatization, the exploitation is for the relatively noble cause of giving quality education to high-end students, not generating returns for investors. This potential exploitation of honors personnel for the ultimate profit of the company may well extend also to exploitation of taxpayers. Virtually all community colleges are publicly funded, and thus the for-profit company will be relying heavily on state-funded infrastructure for its existence and its activities. As with the railway companies in the UK, the privatization of honors and the accompanying privately accumulated profit will likely be dependent on substantial public investment.

The second major cautionary element strikes at the heart of honors: namely, the personal dimension of excellent education. What high-end students expect more than anything else is attention to their individual and, in many cases, idiosyncratic needs. To treat an embryonic Ludwig von Beethoven or Madame Curie in the same way that you treat Josephine Average College Student flies in the face of every assumption of the honors movement. Honors was created to provide an additional element in the typical college experience, i.e., providing the better student with enhanced assistance, direction, and incentive on a personalized basis. Special counseling, additional opportunities, and classes that emphasize individual participation are the essence of the movement. The standardization of honors upon which profitization enterprises inevitably thrive confounds this ideal.

I could, at this point, stray into the pros and cons of MOOCS and online or distance education in general. Such a debate must and will, I assume, be part of the evolving activities of NCHC but is not my focus here except to note that distance education is at the heart of the profitizing of the honors movement. While I am aware of the potential benefits of interactive teleconferencing and the allure of exceptional audiovisual and electronic enrichments, my experience has been that they are no substitute for the physical presence of faculty and students together in a course taught on-site. The individualization of education is the very essence of the honors experience. Naturally, a major part of what a privatized honors company can offer is distance-based courses that cannot be tailored to the needs and special circumstances of individual students or to the special conditions of the host institution. Recent resistance to accreditation or certification in the NCHC has cited the imperviousness to institutional uniqueness that certification or its equivalent implies. National for-profit companies present a far more destructive threat to the uniqueness of individual honors programs.

Furthermore, honors should not exist simply to provide special classes and access to either good jobs or to top-ranked four-year institutions, the much-touted focus of the privatization promise. Having served as a consultant at many different schools throughout the nation, I have found that, in both two- and four-year institutions, honors is much more than just small and dynamic classes. Career guidance; exposure to and preparation for local, national and international scholarships; study abroad; undergraduate research; book clubs; debating and discussion forums; nuanced and engaging social activities; involvement in physical competitions; internships; community outreach programs; living-learning environments; service learning opportunities: these activities and many more constitute the honors experience, requiring substantial involvement of personnel and expenditure of time. For a company to enter the picture and offer a rather limited menu of services under the general rubric of honors is both the height of naiveté and a betrayal of the scope, variety, and well-roundedness of the honors culture. No for-profit company is going to provide participants with end-of-semester dances, field trips to museums, outdoor adventures, or structured debates on current events. Instead, the company will be offering, for a hefty price, a stripped-down version of the honors experience while, if more is offered at all, local personnel will be arranging the variety of activities associated with honors while the company profits from their efforts.

Another serious concern is that private enterprises are more likely than public institutions to present gross misrepresentation of the services they offer or the money they require. The most glaring example currently is the promise to establish a path for community college students into select four-year institutions nationwide (cf. <http://www.americanhonors.org>). So far as I know, only one relatively minor four-year school has signed an articulation agreement with the Colorado-based company that seems to be a pioneer in this type of business venture. The likelihood is slim to none that prestigious four-year institutions will flock to articulation agreements with a private company whose academic experiences are limited, whose track record is nonexistent, and whose objectives are suspect, whose courses are largely unknown, and whose counseling is untested. On the matter of counseling alone, the unknowns include the quality, effectiveness, range, personnel, outcomes, and personalization of the counseling touted by the company. I am skeptical that a relatively anonymous counselor in a far-distant location can really attend to the individual needs of a seriously capable student.

I wonder if for-profit companies would be willing to agree to a "no increase in fees" clause for a set period of, say, ten years or if they would after, say, five years be willing to enter into profit-sharing agreements with the individual schools? Glittering logos and persuasive photos of instructors attending to individual students on company websites aside, individual campuses need to ask hard questions before signing contracts.

Finally, I am fascinated that, as these profitization companies mature, they are turning to the NCHC for validation of what they are doing. While they know that the NCHC will not accredit them, they seem to want our imprimatur for their venture. Who better than NCHC, they ask, can legitimize the fact that the services and functions they provide are of honors quality? Indeed! They clearly covet the chance to put the NCHC logo on their advertising materials. In an attempt to cement relations, one company even appeared at our 2012 conference although most of us were hard-pressed to find the company's representative and have a conversation with him.

Having a conversation with these companies, however, is in the best traditions of the honors movement, and they deserve a chance to represent their wares, their promises, and their electronic-based honors vision to the membership of our organization. At the same time, the philosophical premises behind what these companies are trying to do are dubious at best and unrelated to the idealism we foster in honors education. They are in the business of making money, and any benefit that may accrue to individual schools and their constituents is secondary. Over-promising to patrons, under-delivering on services, de-personalizing the recipients of their services, relying on publicly provided resources, and maximizing profit over time are all, in my judgment, inevitable concomitants of what they are offering.

Working with a variety of young minds to achieve distant and sometimes vague goals is perhaps the ultimate idealistic enterprise conducted by some of our nation's most selflessly motivated people. Without that idealism, the United States—unlike Finland, for instance, where teachers are paid about the same as MDs—could not get away with paying our teachers such paltry wages. Education, as much as medicine and security (police, fire fighters, and military personnel), should primarily be about the welfare of the citizen and of society as a whole. I believe passionately that there is no more important function in society than educating each new generation. Honors has specifically and historically done a commendable job of tailoring education to the special needs and challenges of the most intellectually and academically capable young people, the future leaders and innovators of society, but the introduction of an imperative to make money threatens to corrupt the whole enterprise. For this reason, above all, I believe that the NCHC, as an organization, should be extremely wary of any attempt to privatize and profitize our area of expertise. I would admonish individual schools to be equally careful and resistant before signing the contracts that private honors companies require. In my judgment, the future of honors education does not lie within the realm of profiteering.

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