

UC BERKELEY'S ADAPTATIONS TO THE CRISIS OF PUBLIC HIGHER EDUCATION IN THE US:
Privatization? Commercialization? Or Hybridization?*

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ABSTRACT

The University of California at Berkeley now delivers more to the public of California than it ever has, and it does this on the basis of proportionally less funding by the State government than it has ever received. This claim may come as a surprise, since it is often said that Berkeley is in the process of privatizing, becoming less of a public university and more in the service of private interests. To the contrary, as the State's commitment to higher education and social-welfare programs has declined, UC Berkeley has struggled to preserve and even expand its public role, while struggling simultaneously to retain its competitive excellence as a research university. This paper delineates how UC Berkeley has striven to retain its public character in the face of severe financial pressures. A summary of the indicators invoked can be found in the chart at the end of the text.

Keywords: Privatization, Public Universities, Higher Education Budgets, UC Berkeley

The University of California was founded in 1868 as a public institution and by early in the twentieth century was one of a handful of public universities that were competitive with the great private institutions of the east in the quality of the research and doctoral training it delivered. The political and economic leaders of the state were proud of UC's high standing, and, by the early 1900s, supported it generously with tax dollars, even as UC, to grow with the state's population, expanded to multiple campuses beyond Berkeley during the mid-century decades. This tradition of strong public support culminated in the 1960s with the "Master Plan for Higher Education," which reinforced a clear and highly efficient division of labor among: (1) the UC System as the state's leading research and doctoral granting institution; (2) a system of regionally based and teaching-intensive state colleges, later universities, oriented more toward teaching and vocational training; and (3) a system of local, 2-year community colleges from which a large number of high-achieving students could then transfer to the one of the 4-year systems.

Because of generous State funding, the systems also shared another trait--- affordability---for the fees charged to students were nominal. Very few parents were unable to afford to send their children to these colleges and universities because of the fee or "tuition" levels. (The cost of room and board for students residing on campus, however, was not trivial.) The deal between public higher education and the State of California was clear: the campuses would enroll and train huge numbers of students and the State would pay almost the entirety of the operating budget.

The tacit, *de facto* definition of UC Berkeley's status as a "public" research university was based on four features: (1) the very large number of California-resident students it enrolled and taught; (2) the very nominal fees those students were charged; (3) the fact that the State of California provided most of the revenues required to pay the bills; and (4) accountability to a governing board ("Board of Regents") that was appointed by the State. At the time, this "deal" was based on a broad acceptance, by both

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the population of California and the legislators, that higher education was a public good, providing both social mobility for the residents of California and research-and-teaching contributions that helped to fuel the State's economy, culture, and civic life.¹

Much has changed since the 1960s. The State has disinvested substantially from higher education, and without much complaint from the mass public. UC Berkeley, in response, has sought to adapt in ways that maintain and enhance the breadth and depth of UC Berkeley's excellence as a research-and-teaching university.

These adaptations have led some observers to argue that UC Berkeley has effectively "privatized"---i.e., departed from the *de facto* ideal of a public university. In this paper, I argue otherwise. UC Berkeley's necessary adaptations to changes in its environment have led to a hybrid form that is better thought of as a different type of public university, but one that serves the public interest as much, if not more, than was the case in the 1960s.²

THEN AND NOW

Some basic facts about UC Berkeley illustrate the changes that have transpired. When I arrived as a professor in 1971, the State was contributing about 70 percent of the total annual expenditures of UC Berkeley. When I became a dean in 1999, this was down to about 30 percent. By 2012, it had dropped to about 11 percent. To be sure, this exaggerates the extent of State divestment, because the denominator (total expenditures) has risen greatly over time as a result of our search for alternative sources of income. So let me put it differently. About ten years ago, the State was contributing about \$500 million per year to UC Berkeley's operating budget; by 2012, the State was contributing about half that amount in nominal dollars. In real dollars, this represents about a 70 percent reduction in purchasing power. And from a different angle: the State's contribution of ~\$500 million ten years ago covered the salaries of all regular faculty and almost all career staff; today, the State's contribution barely covers only the salaries and benefits of the faculty.

How did this come to be? The State of California's disinvestment from public higher education was a response to severe and cyclical economic shocks of the 1970's (post-Vietnam and OPEC-induced stagflation), the 1990s (recession), the early 2000's (the bursting of the IT bubble), and the late 2000's (the collapse of the financial system and the Great Recession)---compounded by voter-adopted restrictions on property and income taxes and by a vast, voter-induced expansion of the prison system. Just as the promise of the Master Plan was born of the prosperous 1950s and 1960s, at which time anything seemed possible, so the fraying of the Master Plan was a product of the State's eventual inability or unwillingness to afford it. Instead, and with the support of the voters, the State gave priority to public safety, investing huge sums in the construction and operations of prisons, at the expense of public higher education.

So how have we coped in response to these cuts? Surely, the fact that our total expenditures continued to increase in both nominal and real dollars signals that we generated alternative sources of revenue. The principal alternative source has been student tuition. In the 1980s, this was raised from a truly nominal sum that everyone could afford to a slightly more challenging \$1,500 a year. But then, as cuts continued during the past quarter-century, tuition and mandatory fees were increased significantly and today stand at almost \$13,000 a year for California residents. In addition, the University has turned to private fund-raising. This began in earnest only about 30 years ago, in the early 1980s, when we geared up for, and launched, the first "capital campaign" in our history. That campaign, over an 8-year period, yielded a total of about \$440 million in endowed and expendable funds. Since then, we have conducted two additional campaigns: the first (1990-2000) yielded \$1.44 billion and the second (2005-2013) yielded more than \$3 billion by the end of 2013. We are now raising about \$400M per year---and all this without a medical school, which, elsewhere, typically raises about 50% of the total raised by leading private and public universities that have medical schools.

UC Berkeley's fund-raising for competitive research grants and contracts has also intensified and, from governmental and foundation sources, currently brings in \$700-\$800 million per year. In all, during the past eight years, the State of California has dropped from first place to fourth place in the hierarchy of the four sources of our major funding, led now by student tuition, research grants and contracts, and philanthropy (including yield on endowment).

Of these four, State funds and student tuition (minus that portion used for financial aid), constitute discretionary resources that can be used for any purpose. Except for overhead, the hundreds of millions of dollars in grants and contracts can only be used

¹ By UC being a "public good," I mean that it was an institution viewed as a valued contributor to the broader "public interest." I do not use the term in the technical sense employed in economics, where a public good is an entity that is freely open to the public and the use of which by some citizens does not diminish the opportunity for other citizens to access the good (e.g., a park).

² I should note that public higher education throughout the United States has been subject to financial stresses often as large as those in California. And many public universities have also adopted strategies of adaptation that have raised accusations of "privatization." This paper deals almost exclusively with the strategies adopted at UC Berkeley.

for the direct research costs for which they were raised---while the overhead on those grants is used to pay for maintenance of the research infrastructure, and even then only constitutes partial reimbursement of these costs. The large majority of philanthropy is tied to purposes specified in a gift agreement. Thus, the flexible use of student tuition has made it possible for us to substitute partially for the loss of discretionary State funds, and probably accounts for the fact that we have been able to navigate this storm without a shipwreck.

But revenue-generation from these "Big Four" remains inadequate to cope with rising cost pressures---faculty and staff wages, health-care, and pensions, in particular, but also the high cost of faculty recruitment and retention packages, especially in the sciences---in the face of stiff competition from our peer, especially private, universities---and increasingly from universities in Europe and Asia. Hence, we have also instituted processes of administrative rationalization that promise eventually to reduce our costs by some \$75-\$100 million per year. This requires a large-scale reduction in the size of our administrative staff, more than can be accomplished through attrition alone. But it has also demanded reconfiguration of our administrative staffing, based on "shared services," in order to avoid repeated, across-the-board staff reductions that, to be sure, save money, but that also could reduce many units to dysfunction from lack of staffing. In addition to personnel reductions, we are also saving tens of millions of dollars per year by having changed our approach to procurement of supplies. Here we have teamed up with UC San Francisco to force down the unit price of bulk purchases.

Still another component of our strategy has been to increase (from 10% to 20%) the percentage of our undergraduate student body that comes from outside of California (domestic and abroad). Because nonresidents of California pay tuition and fees that is almost three times that of Californians (~\$35,000/yr. versus ~\$13,000/yr.), this doubling of the number of nonresidents nets us almost \$60 million per year in discretionary tuition dollars.

Student tuition, philanthropy, research contracts, grants, and gifts, and large cuts in costs are the main drivers of our strategy. But in addition, we envisage generating significant new revenues from what we call "unit-level entrepreneurialism." On this score, we are encouraging all units---both academic and non-academic---to seek opportunities to use their expertise and other assets to generate new revenue streams for their departments, schools, or administrative units. This can take many, many forms: from rental of rooms in athletics facilities for weddings and other celebrations; to professionalizing the sale of tickets to athletic and arts performances; to academic units' offering "executive education" programs (and certificates) to domestic and foreign audiences; to the exploitation of online technologies to offer courses, programs, certificates, or degrees for a fee to audiences throughout the world. There are almost as many such opportunities for revenue-generation as there are distinct units on campus, some of which may raise small sums, others of which may raise very large sums. But the hoped-for outcome is that perhaps 10 - 20 million additional dollars per year may eventually flow into the campus.

Whether all this proves sufficient to maintain our excellence, our social access, and our competitiveness will likely depend on the State of California. Although the State has (for now) stopped cutting our budget, and, in 2013, restored some sums, such that they now contribute about 14% of our total expenditures, the executive and legislative branches have announced intentions that, if pursued, threaten to throw us back into deep deficit. The Governor has declared that he will pull back on direct funding to the University if it raises tuition anytime in the next 3-4 years. He has also stated that the State will no longer issue bonds to help pay for new buildings or for the retrofitting of existing, earthquake-vulnerable buildings.

Additionally, the State has made no commitment to contributing reliably to the UC pension system, as it does to the CSU system, which could soon require the employer (UC campuses) to contribute 16% of payroll (or more) to that retirement system. And the Governor has stipulated that annual increases in the State's contribution to UC will be limited in coming years to an average of 4.5% of the base allocation.³

The combination of these four constraints would rapidly wipe out the positive results of our recent efforts to adapt. And the impact of this combination is too great to offset through our revenue-generation and cost-cutting efforts. Hence, the main task for the next years is political: to persuade the State, and in particular the Governor and leaders of the Legislature, to allow regular but modest increases in tuition, to continue funding our capital needs, and to increase the State allocation well in excess of 4.5% of the base, so as to cover as well the escalating cost of maintaining the pension fund. This will be a continuing and difficult political challenge. Hopefully, the appointment of a politician (Janet Napolitano), rather than an educator, as the next president of the UC system will lead to a renegotiation of the State's financial relationship to its premier system of higher education.

³ Recall that the State allocation is now (2013) ~14% of our total expenditures; so a 4.5% increase in that allocation is less than 1 percent of our total expenditures.

THE QUESTION OF PRIVATIZATION

Let me now argue, however, that despite all these adaptations to fiscal austerity, UC Berkeley has not, in fact, "privatized." The accusation of privatization is based on a stylized depiction of the private sources of many of our funds. Yet, as Carla Hesse, UC Berkeley's Dean of Social Sciences has cogently argued, the definition of "public" versus "private" should be based, not on where the money comes from (students, philanthropists, research-funding agencies, and non-matriculated "customers," rather than the State) but on how it is spent.

Consider the question: "who benefits" from a UC education? I would argue that, with respect to the population it serves, UC Berkeley is vastly more "public" today than it was in the 1960s. At that time, the undergraduate student body was *very* largely white, male, and middle or upper class. Today, 53% of the undergraduates are female, 40 % of the California-resident students come from low-income households, 45% of the California-resident students are Asian-American, 20% are African-American (~4%) or Hispanic (~16%), and only 35% are Caucasian. This is a revolutionary transformation in the demographics of the undergraduate student body---and one that would have been impossible to realize had UC Berkeley adopted the strategy of "legacy admissions" (i.e., priority admission for children of alumni and donors) that is so common at leading private universities.

The striking socio-economic diversity is a direct product of a highly redistributive financial-aid policy, which ensures that students coming from low-income households have all their tuition and more than half their living expenses covered by grants, with the remainder of their living expenses---currently about \$8,600/yr---covered through low-interest loans and on-campus, part-time employment. Middle-class students coming from households earning less than \$80,000 pay no tuition. And students coming from households earning between \$80,000 and \$140,000 have a corresponding portion of their tuition defrayed. This strategy of inter-class cross-subsidization did not just happen. It was a product of a commitment on the part of the campus leadership to craft a student body recruited from the best and brightest among all strata of California's population. We return 33% of resident tuition dollars to financial aid for low-income and middle-income students. In this respect, the University remains very much a public good, the "good" in this case being broad access to UC Berkeley, regardless of ability to pay.

Put differently, the ~25% of our ~20,000 California-resident undergraduates who come from wealthy families, and the 20% of our undergraduates (~5,000 students) who are non-Californians and who pay nonresident tuition, make it possible for students from less financially fortunate, primarily Californian households to accept UC Berkeley's offer of admission. This is an explicit strategy of inter-class cross-subsidization, but it remains noteworthy that California students from wealthy households pay far less for a UC Berkeley education than they would pay at an equally prestigious private university. The great irony---which is difficult to "sell" politically---is that a freeze on tuition is a subsidy for the upper classes at the expense of low-income students---for we would not have additional revenues to transfer to low-income students to protect them from inflationary increases in living costs.

The University's financial aid policy is only part of the equation. The US federal government also spends tens of billions of dollars a year on so-called Pell Grants, which provide ~ \$5,000 per low-income student to help cover their living expenses. And the State of California spends billions of dollars a year on so-called Cal Grants, which provide ~\$13,000 a year to cover the tuition of low-income students. Note that both Pell Grants and Cal Grants come from *public* sources: the federal and state governments.⁴ Note also that, despite its disinvestment from the operating costs of the University, the State has *not* disinvested from the financial aid that it provides directly to the individual, low-income student.

The result of this tripartite (University, State, Federal) coverage of financial aid is that the debt-load of our graduating students is low by national standards. Only some 40 percent of our California undergraduates finish their studies with any debt. And the average debt-load for that 40 percent is currently (2013) about \$18,000 (the national figure is about \$25,000).⁵

Thus, the current model of a public university, as represented by UC Berkeley, retains one important feature of the 1960s model: the enrollment of very large numbers of students, including transfer students from community colleges. What has been lost from that model is the State's funding of most costs (and all operating costs), and all students' receipt of a tuition-free education. And yet, the student body today is far more diverse---socio-economically and by race, ethnicity, and gender---than it was in the 1960s, which can only add to the "public" character and definition of the university. Thus, the ideal of an *affordable* education has been retained, while a much broader swath of the "public," in terms of demographic groups, has gained access to the university as students.⁶

⁴ Students at private universities are also eligible for Pell Grants from the federal government, if they come from low-income households. But UC Berkeley enrolls as many Pell Grant recipients as all eight Ivy League (private) universities combined.

⁵ This figure pertains to those undergraduates who entered as freshmen. A larger percentage of our transfer students (48%) borrow money, but they also enter as juniors and therefore graduate with a lower UC debt-load than do their classmates who entered as freshmen.

⁶ Let me qualify this strong claim by noting that the demographic composition of the State of California has changed dramatically since the 1960s, becoming far more diversified, racially and socio-economically. Similarly, a much larger proportion of young women now seek college

Perhaps the university is less public, and more private, because of the emphasis on *private* fund-raising that has sought funds to substitute for lost public funds. This is a more formidable argument that the University has privatized, if only because it seems true by definition: private funds replace lost public funds. But if we again invoke Dean Carla Hesse's dictum about the uses, rather than just the sources, of funds, we paint a different picture. For what have funds been raised? The bulk of the \$3 billion raised in the recent capital campaign (as also in the earlier campaigns) has gone to fund endowed chairs for faculty, the construction of new buildings, academic programs, scholarships for undergraduate students, and fellowships for graduate students. There are strict rules in place to guard against conflicts of interest or donor skewing of research priorities or institutional values or the student-admissions process.

While it is always true, even in funding from governmental and foundation sources, that some (perhaps many) researchers will adjust their research agendas to the thematic priorities of funders, there is no evidence to suggest that this phenomenon is greater at UC Berkeley as a result of the need for increased private fund-raising and vigorous efforts to expand the grants and contracts portfolio. Even in the 1960s model, the research priorities of faculty members who sought funding from governmental agencies and foundations were subject to some shaping by the changing thematic priorities of those public sources.

The debate over whether the University is privatizing contains an additional dimension. The doubling of high-tuition-paying nonresidents of California (roughly, from ~2,500 to ~5,000 out of ~25,000 undergraduates) has elicited criticism from those who invoke "California patriotism." Taxes paid by citizens of the State of California helped to build the University of California and to support it to greater or lesser degrees throughout its history. Hence, the University is said to owe a special allegiance to the *California public* to ensure their access to a Berkeley education. This is surely a legitimate argument, though only if taken in isolation and framed categorically.

By contrast, if one asks how those incremental \$60 million from nonresident tuition are spent, one can argue that the 80% of the undergraduate student body who hail from California benefit from a superior education and credential (because the funds are used to maintain UC Berkeley's excellence and competitiveness) as well as from enhanced access for low-income students among the 80% (because some of the funds are also used to support financial aid for Californians). The only categorical "losers" are those ~2,500 Californians who will have been displaced from admissions to UC Berkeley by the additional national and international students---assuming we do not consciously admit a student body that is much larger than we can service adequately.⁷

REMAINING A PUBLIC GOOD

UC Berkeley also remains as "public" as ever in its *governance structure*. Unusually, the University of California is constitutionally autonomous from formal State intrusion into the academic enterprise. This was written into the State constitution already in the 1800's. Formally at least, the State legislative and executive branches cannot dictate policy to the University. That right resides with the Board of Regents of the UC system, composed of some 20 individuals who meet 6 times a year. And yet, political influence, though not formal control, is always an ominous presence. For one thing, the Governor appoints the Regents; for another, the Governor is an ex-officio member of the Board of Regents, and has the ability to influence the proceedings of Regental meetings. In addition, because the UC *system* remains dependent on the State for about ~\$2.5 billion per year in discretionary dollars (out of total expenditures throughout the system of ~\$22.5 billion), UC leaders cannot turn their backs on the State. Were they to defy openly the Governor's demand that tuition remain frozen for four years, he could reduce the State's direct allocation to the University commensurately.

Finally, there remains the ever-present threat that the leaders of the executive and legislative branches could sponsor a referendum to amend the State Constitution---for example, to revoke UC's constitutional autonomy or to freeze tuition or to limit the number of non-Californians in the UC student body. In recent years, State leaders have variously threatened to do precisely these things, and the California referendum process has historically been receptive to retributive populist initiatives.

In short, rather than reinvesting very greatly in the University, California politicians have sought to increase their public-political control to prevent the University from adapting to budget cuts by means that violate the politicians' definitions of the University's public mission and responsibilities. This may be undesirable---indeed, I have co-authored a proposal for formally reducing

admission. This diversification of the applicant pool has been a "driver" of diversification of the student body. Nonetheless, the University's admissions strategy has made it possible for the Statewide demographic changes to be reflected in the composition of the student body.

⁷ Also, a significant percentage of those nonresident students will likely settle in California after graduation, contributing to the State as producers, consumers, tax-payers, and citizens.

Regental and State control of the university--but recent trends actually constitute an affirmation and intensification of the university's formal accountability to the "public."

The University is often referred to as a "public good," by which is meant that it serves the broad, public interest. That concept extends beyond matters of access, the quality of research and education, and political accountability, to the "public service" functions performed by the university. In this realm, the university is more public than ever before. About 8,000 UC Berkeley students annually engage in community service of some kind. We have several heavily enrolled programs that send students overseas to help alleviate global poverty. We send more of our graduates to "Teach for America" (teaching in primary and secondary schools in disadvantaged neighborhoods) than does any other university in the country. More than 3,600 of our graduates have entered the Peace Corps since its inception, the largest number of any university in the country. Moreover, public discourse, campus literature, and leaders' speeches continuously celebrate grass-roots public service of these kinds. "Public service" is widely viewed as integral to the UC Berkeley ethic of responsibility of students, faculty, and staff. The latest emphases are "service learning," community engagement, and "engaged scholarship." None of these themes have changed as a result of the financial crunch of the past decade. And the sheer quantity of "public service" is far greater than had been the case in the 1960s.

The University also contributes to the public good through the large number of companies that its graduates found, and the economic impact of its inventions and discoveries. The University of California as a whole is often referred to as both an engine of social mobility and a locomotive of economic growth in the State. On this score as well, UC Berkeley is significantly more of a contributor to the public good than it was in the 1960s.

But some things are changing as a result of recent, determined efforts to increase revenues and cut costs. Traditionally, the ideal of the public university (never realized fully in practice) invoked a sharp division between the sphere of education and the sphere of commerce. That ideal was easier to invoke when the State underwrote most of the costs of public higher education. As that support faded, the sphere of commerce intruded increasingly into the sphere of education, which made it easy for critics to claim that the university was privatizing.

However, rather than call these changes "privatization," I see them as side-effects of commercialization practices, efficiency imperatives, and the corporate discourse embraced to justify these. They are also products of changes in the technological environment of higher education. Thus, as the demand for high-quality services increases, and the complexity of the systems and staffing required to deliver those services does too, more of the work has to be done by well-paid specialists both within and outside the university. This leads to an inevitable encroachment on the ideal of the university as a cottage industry. We now recruit high-priced staff in administration and finance from the private sector (some of them on short-term contracts), and we ask them to design programs that will cut costs, improve strategic planning, and rationalize our finances. We could never have hoped to launch our large-scale programs of administrative rationalization (which we call "Operational Excellence") without the assistance of these outside consultants. At the same time, their efforts, and the rhetoric that justifies those efforts, are replacing or corroding the practices and ethos that had been characteristic of the university in the 1960s. These trends have to be watched carefully. Some elements are necessary and desirable; others are neither, and need to be contained or reversed.

Thus, when campus officials incorporate into their public discourse the language that is prevalent in the corporate sector---e.g., calling education an "industry" (better: "enterprise"); or referring to faculty and students as "customers" (better: "users" or "members of our community"); or referring to UC Berkeley's "brand" (better: "reputation"), it is jarring to the academic ear and legitimately triggers fears that those who are steering the university are not prioritizing either academic values or the image of a university as an intellectual community that seeks to advance many values, not all of which are consistent with a financial "bottom line."

Or when the urge to generate new revenues led Samsung and Macy's to briefly set up stalls on central campus to sell their wares to students, staff, and faculty, it triggered legitimate fears that the university was unnecessarily and visibly endorsing consumerism as a core value. Similarly, when all academic departments are asked to think of ways that their professors might generate revenues for the department through ancillary private pursuits like executive education, some faculty members legitimately wonder what has become of the ideal of the university as a place in which faculty concentrate on their research, teaching, and public service, confident that the university is taking care of their basic infrastructural needs. They also wonder where all this is headed: will some proportion of academic freedom be sacrificed to the demands of commerce?

When the naming of new buildings no longer honors past presidents and academic luminaries of the university's history, but now instead honors present-day philanthropists, this too alters the ethos of the campus. Similarly, when departments within the

College of Letters and Science begin to be named after donors who gave large sums for the right, this too raises legitimate concerns among some faculty members about ethos and organizational "character."⁸

The next frontier in this regard may be UC Berkeley's long-standing prohibition on naming of departments, colleges, schools, or buildings after corporations. We recently turned down two prospective gifts---each in the \$20-\$30 million range---that we were soliciting from corporations, because the *quid pro quo* was that the building be named after the corporation. This restriction may be relaxed or abolished within the next decade, but only if the State's unwillingness to help pay for new buildings requires the University to search for large corporate sponsors of much-needed new construction. Will the necessary replacement of a crumbling building, currently named after an academic luminary in the history of chemical research, lead to a new building named for Dow Chemical? And what would be the impact of such a change on the perception of prospective restrictions on academic freedom? Here the tension between maintaining academic excellence and maintaining a sharp boundary between the sphere of public education and the sphere of commerce comes into sharpest relief.

When the desperate need for new revenues leads to the re-construction of the football stadium to provide high-priced, luxury, shaded seats for large donors, directly across from masses of students in less comfortable seats located directly in the sun, this creates an understandable sense among critics that stratification within what was once a fairly egalitarian university community is proceeding inexorably in the pursuit of dollars to substitute for lost State funding.⁹

The need to cut administrative costs has also led to accusations of corporatization or privatization with respect to the terms of employment for staff. With respect to staff, a situation obtained for decades that was common to most state universities: perverse incentives, balkanization of information flows, and over-staffing. These features often blunted the best efforts of thousands of highly talented and dedicated employees. But rather than fix the situation, the campus for decades allowed administrative drift to prevail. An ethos developed that made a virtue of the situation: it was said that work at public universities, ostensibly for lesser pay than one could receive in the private sector, should be rewarded with excellent pensions and few lay-offs. Hence, when we began to lay off large numbers of staff after losing the State funding required to pay them, we were accused of taking a ruthlessly "corporate" approach and of violating a tacit social compact---that we were sacrificing community to efficiency considerations. This is a valid indicator of "privatization" only if one assumes that the more-lax model of the "public university" required that the university sacrifice efficiency to community.

An interesting attempted redefinition of the University's obligations to the public has arisen in the context of the international "Occupy" movement. This political movement has sought to occupy public spaces (squares, parks) and unused private spaces (boarded-up buildings; unoccupied houses and land) as a means of dramatizing growing levels of inequality in US society (and elsewhere). At UC Berkeley, the movement has attempted to set up tent cities on the main plazas of the central campus and also to occupy farmland owned by the University. The justification for the occupations is that the University is a public good and the land on which it sits is therefore owned by, or owed to, "the public." The debate is basically about property rights: does the University have the right to expel occupiers from the land it owns? Or does its obligation as a public entity require it to share property rights with squatters? At UC Berkeley we have chosen to defend our property rights on behalf of our educational and research missions, but this is no different from the 1960's model of the public university, which also sought to defend its property rights against occupiers.¹⁰

CONCLUSION

To sum up, Berkeley in the 1960s educated large numbers of students for nominal fees and was largely funded by the State government. The student body was highly homogeneous by race, gender, and socio-economic status. Faculty members spent their time on research, teaching, and personal pursuits. Deans and most administrators, when not dealing with student protests (Berkeley in the 1960s was not a quiet place), were involved largely in deskwork at a relaxed pace---and were paid accordingly. Staff employees worked in fairly relaxed work environments and could hope to spend decades at the institution, assuming their performance was not manifestly poor.

Berkeley today retains many features in common with the public university model that Berkeley represented in the 1960's. We still educate very large numbers of students, raise large amounts of research funds from public agencies and foundations while

⁸ Full disclosure: when serving as dean, I advocated forcefully for accepting the gift that was conditioned on naming the department (Political Science) after the donors.

⁹ In fairness, I should note that those students are seated in sections that enjoy the best views of the football game; the seats are also priced far below what they could have been sold for on an open market.

¹⁰ Not always successfully, though. So-called "People's Park," a small parcel of land that is owned by the University, was occupied in 1969 and has largely been left as an open space ever since. No Chancellor has wanted to do battle with community activists who would mobilize to thwart any effort to develop the property for other uses.

receiving only a small amount (11%-12%) of our research funding from corporations, and remain more true than ever to a commitment to community public service. We have managed to do this without sacrificing our commitment to recruiting top-quality faculty and students. (See chart)

TWO VERSIONS OF UC BERKELEY AS A PUBLIC UNIVERSITY		
INDICATORS	Mid-Late 1960s Public Model	2012 Hybrid Model
POINTS OF CONTINUITY		
# of California UG students	Large (~17,000)	Large (~20,000)
Level of corporate funding of research	Low (% unknown)	Low (11%-12%)
Naming of schools and buildings by corporations?	No	No
Governance structure	Regental/State	Regental/State
Transfer students as % of UG student body	~33%	~33%
Defense of U's property rights?	Yes, with exceptions	Yes, with exceptions
POINTS OF DISCONTINUITY - Drivers of Revenues and Costs		
Level of State funding	~70% of expenditures;	~12% of expenditures
Intensity of competition for faculty and grad students by peer institutions	Low	Very high
Private fund-raising (philanthropy)	Very low	Very high
% of UGs non-resident	<10%	~20%
Unit-level commercialization and entrepreneurialism	Low	Medium and growing
Cost-cutting as priority	Low	High
Level of Cal student tuition	<\$300/year	~\$13,000/year
Level of nonresident tuition	~\$1,200/yr	~\$35,000/yr
UCB financial aid allocated	Low	High
State and federal financial aid allocated	Medium	High
IMPACT ON STUDENTS, STAFF, CAMPUS ETHOS AND PUBLIC GOOD		
Level of student debt on graduation	Very low	Moderate (~\$18,000)
Demographics of Cal UGs	Overwhelmingly white, male and middle/upper classes	53% female 35% white 45% Asian-American 16% Hispanic 4% African-American
Public service as ideal and practice	Medium	high
Corporate discourse	Low	Medium and growing
Staff work environment	Relaxed	Apprehensive
Contribution to State's economy	Medium	Very high

But other things have changed. Today, tuition is high and State funding is low. The student body is now highly heterogeneous by race, gender, and socio-economic status. Faculty members are now encouraged to work with deans and administrators to seek opportunities for private fund-raising and revenue-generation. Deans and administrators are required to be energetic entrepreneurs who both raise new revenues and cut administrative costs. Staff members now work in tense environments ("will I lose my job in the next budget cut or performance review?"), with metrics for success and annual performance evaluations informed by a declarative commitment to "continuous improvement." Commercialization and entrepreneurialism better describe the new directions of practice and discourse than does "privatization."

And yet, those processes have begun to alter the ethos of the campus and to challenge the traditional boundary between the sphere of education and the sphere of commerce, with potential implications for academic freedom and the ideal of dispassionate inquiry. Some of these alterations are containable or reversible through changes in discourse and vigilant attention to the boundaries of the permissible. Others are with us to stay, given the financial pressures. UC Berkeley remains very much a public university, though new features suggest movement toward a hybrid form.