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# Our Universities: Principles and Pragmatics

Walter V. Wendler

*Southern Illinois University Carbondale*, [wendler@siu.edu](mailto:wendler@siu.edu)

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## Our Universities: Principles and Pragmatics

Student loan default rates are three times higher at for-profit institutions than at public universities. Those borrowing the most, default the most. Disturbingly, non-traditional college goes based on race, gender, or age, subsidize higher education through bogus loan programs in the greatest numbers. This is a slow motion crime/disaster, and neither regulation nor policy can stop it.

*"They (college dropouts) have the economic burden of the debt but they do not get the benefit of higher income and higher levels of employment that one gets with a college degree. Access and success are not linking up."*

Jack Remondi, Sallie Mae

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Illinois Attorney General Lisa Madigan posted Op Eds in Illinois papers this week regarding the "horror stories" that result from "deceptive and predatory lending practices" of some for-profit schools. Madigan says veterans are victimized by various for-profit universities. She counsels students to be wary of educators at for-profits who promise unimaginable outcomes. Noting usuriously high interest rates -- 18% at Westwood College -- buried in recruiting doubletalk, false hope and promises, the Attorney General seems to wring her hands.

She's right on every count.

But, that isn't all. Unfortunately, many public institutions are falling into the same competitive, we're-selling-a-product-that-you-can't-live-without, commoditization snare that has for-profits and those paying their tabs in neck deep water.

The National Consumer Law Center, in the July 2012 study *"The Student Loan Default Trap,"* provides a deeper and more troubling analysis. Borrowers were polled. Here are NCLC's findings: 80% are unemployed. 85% receive public assistance. Nearly 65% attended one or more for-profit schools. Less than half ever complete their education. In 7 of 10 cases neither of the defaulting borrower's parents completed any form of higher education. Sadly, these college students are not "kids." Their average age was 43 and more than 55% had at least one child. Remarkably, 15% had no high school diploma or GED when they signed up. Never graduated high school but borrowed money for college?

In Madigan's exposition and the NCLC study, some for-profit universities warrant the criticism. They are cavalier about admitting students who have borrowed extravagantly, prepared or not. These universities are driven to turn a profit and little else.

But, public universities likewise contribute to the high student loan default rates shamefully.

In 1965 President Lyndon Johnson said while signing the Higher Education Act, *"This act means that a high school senior anywhere in this great land of ours can apply to any college or any University in any of the 50 states and not be turned away because his family is poor."* A noble gesture to be sure. President Richard Nixon echoed the same righteous message: *"No qualified student who wants to go to college should be barred by lack of money."*

Access to universities for those shackled by poverty is an inarguably good idea. Education *may* help break the fetters. However it is not an inalienable right. Rather, like a driver's license, the opportunity to serve in the military or the chance to buy a home or a car, educational opportunity is a privilege to be earned by performance, not a constitutional guarantee or political trinket of citizenship.

If Johnson and Nixon could see what has happened to higher education, and its distortion based on ubiquitous access blossoming in the late 20<sup>th</sup> century, they would twist in agony.

Withholding higher education opportunity due to family poverty is wrong.

Restricting access to universities when a student performs poorly is right.

In both cases principle prevails: Ability to learn, not the ability to pay should drive the machine.

The crime in for-profit universities that attract students, get their loan money, and turn a profit is that students are lied to without regard to long-term implications. In public institutions it has less to do with profit and more to do with the pragmatics of building enrollment at all costs and the sympathies of employees. Hope for the future on the one hand, and job security and benefits on the other.

Of these two evils, lying to make a profit is pernicious; but knowingly pilfering student and family is an insidious and foreboding deception paid for by multiple generations with the most sacred currency of all, the public trust in public enterprise.

When universities have to be regulated because institutional operation is pragmatically directed towards profit or populism, rather than principles of learning and its inherent value, something is broken.

Our universities, public and private, deserve honest academic leadership, not sleight of hand for personal gain, profit, or power.