

## #59 University Inc.: Capitalism, Philanthropy and Higher Education

**Jennifer Berkshire:** Welcome to Have You Heard. I'm Jennifer Berkshire.

**Jack Schneider:** And I'm Jack Schneider.

**Berkshire:** And as our regular listeners know, gentleman who come with immense fortunes have not fared particularly well on this program of late.

**Schneider:** They would fare well if they came and sat next to us and asked us what we needed in order to support the podcast.

**Berkshire:** That's probably true. Well, I'm afraid we're going to be keeping with that tradition today. We're talking about a certain gentlemen with immense means. That would be Phil Knight, the CEO of Nike, and an unusual relationship that he is formed with the University of Oregon. We're going to be talking to Joshua Hunt. He's the author of a terrific new book called *University of Nike: How Corporate Cash Bought American Higher Education*.

**Schneider:** One of the things that we'll be talking about as we're talking about Phil Knight and the book that explores his relationship with the University of Oregon is the way in which that relationship really stands in for a more common relationship between donors, whether it be individuals, corporations, the federal government and educational institutions. Most often higher education, but at the same is true of k 12 schools that, you know, there are these relationships between sources of funding and schools and looking at those relationships really raises a number of questions that I think are important to ask.

**Berkshire:** Well this story centers on what has happened at the University of Oregon, but I'm guessing that it'll strike a chord with anybody who lives in a state where investment in public higher education has been slashed, which means pretty much everybody these days. I don't know if you saw, Jack, but there was a big study that came out recently about just how many kids on campuses are food insecure now. And a big reason for that is that tuition and fees have both been jacked way up as states have pulled back on their higher ed funding. You know, people think about Massachusetts in terms of its elite private schools like Harvard, but the state schools where most students actually go are now really expensive.

**Schneider:** And Massachusetts is not alone there. This is a national phenomenon where as the cost of higher education has been passed on to the consumer, and I use that word intentionally because that's the language that is being used, right? The framing of this is not that we all benefit from higher education in the state in which we reside, therefore we should all contribute towards it. Graduates tend to remain in state and become more socially, civically, economically productive as a result of that.

Instead, the discussion has really been reoriented towards the student as a consumer of education and as the lone beneficiary of it. Well, if that's the case, then of course it makes sense for that individual consumer to bear the cost of it, him or herself. That often is impossible for individuals who then end up taking on debt, working while in school, or just giving up things in some cases, food, in order to pay their bills, all of which it's worth noting have detrimental effects on student learning and on the likelihood that that student will graduate.

**Berkshire:** Well, we're really pleased to be joined now by Joshua Hunt. He's the author of a new book called the *University of Nike*. Josh, your book describes how the University of Oregon sold its soul to Nike and what that means for the future of our public institutions. But I'm hoping that you'll start by walking us through why Oregon's flagship school had to sell its soul in the first place.

**Joshua Hunt:** In 1990 Oregon taxpayers narrowly passed this piece of legislation called Ballot Measure Five, which slashed property taxes, which up until that point had provided the lion share of public funding for the state's public universities. This had a disastrous effect on the budgets of schools like the University of Oregon, and it forced them to go looking for handouts from corporations and billionaires like Phil Knight.

Oregon was early to this game. But within a few years, Montana was following suit, Colorado was following suit. And since then every state in the union has followed suit. I mean it's a nationwide phenomenon now. It's nothing less than a tax revolt that's been really spearheaded by conservative activists all across the country.

And, you know, someone once asked me what's the answer to this? And I said, well, it's a tough. It's a tough question. It's a big ask. But we need to see ourselves once again as citizens rather than just taxpayers. And we need to take responsibility for supporting our public institutions again and recognizing their worth. And I think the first step in that process should be to make sure that our corporations are paying their fair share of taxes so that if Nike needs to support the University of Oregon or Amazon needs to support the University of Washington, they could do it with their tax dollars.

**Berkshire:** Much of your book documents what happened next. That the University of Oregon found a powerful patron in Phil Knight, the CEO of Nike. Just give us a glimpse of how much power Knight actually has.

**Hunt:** University of Oregon presidents come and go. But Phil has been holding sway over the university for some 25 years and in that time he's demonstrated the ability to do everything from quashing student protests and movements to getting coaches hired and fired and more.

**Schneider:** I know I have my opinions about this question so I don't ask it naively, but I'm really curious about what you think. So the question is why does this matter? Like who cares if Phil

Knight has this kind of relationship with the University of Oregon. Why should that be something that we're concerned about?

**Hunt:** Well, for one thing, it plays into this myth, you know, there's this myth, and it's very much a conservative myth, the idea that if only these big lumbering public institutions were run like businesses, everything would be more streamlined. Everything would be more efficient. Well, take one look at the Trump Administration and what's going on our country right now and you see a pretty good example of what happens when business people are handed the reigns at public institutions and in government. They don't know what they're doing. They don't care to learn how to do the job because they're used to running these huge corporations that have ups and downs according to market cycles and they're used to winning some and losing some and then taking their golden parachute and moving onto the next CEO gig at the end of the day. It almost doesn't matter how poorly a CEO does in American business. There's always another job waiting for them it seems.

**Berkshire:** Part of what makes *University of Nike* such a compelling read is that you really let us see all the baggage that comes with these quote unquote gifts. That there are shoe strings attached. In the case of Phil Knight—I know I can't help myself—and that the details of all these dealings are really hidden from public view.

**Hunt:** If it was all above board and totally transparent, totally without strings, there would be far fewer problems than there are now. But that's not the way these so-called philanthropists like to operate. I mean, for one thing, it's almost a misnomer to call it philanthropy. It's usually much more like an investment than then philanthropy. I mean, first of all, you know, billionaires giving out money, a lot of it tends to be tax deductible for one thing. For another thing, a lot of the gifts that Phil Knight has given to the University of Oregon over the years and to the University of Oregon President's private interests, in the form of gifts given to a nonprofit organization run by former university of Oregon, President Dave Frommeyer, those kinds of gifts are usually shrouded in secrecy and shielded from the public and the university goes to great lengths to conceal not only the nature of those gifts, but the kind of strings that come attached with them. So first and foremost, any kind of corporate, you know, public, private relationship at university, that should be completely transparent.

**Berkshire:** Some of the most infuriating parts of the University of Nike have to do with really seeing Knight's influence on campus and how students who aren't athletes end up paying the price for this arrangement.

**Hunt:** One of the great myths of big money college athletics is that it's all self sustaining and that it's all really profitable. It only works when schools find creative ways of sort of cooking the books, so to speak. At the University of Oregon, for example, there are all these big gleaming expensive buildings that Phil Knight has helped pay for and they're used only by student athletes and yet they're subsidized by tuition dollars from students who can't use them. From non-student athletes, from ordinary students, whose tuition dollars are rising each year. And

some of them resent very much that, you know, for example, four or \$500,000 a year that comes out of their tuition dollars directly and goes towards the facilities maintenance for a study center that's used only by student athletes that they have no access to.

**Berkshire:** We're talking to Joshua Hunt. He's the author of the new book, *University of Nike: How Corporate Cash Bought American Higher Education*. Josh, you started out our conversation by telling us about how state disinvestment prompted the University of Oregon to sell it sold to the highest bidder. But I really had no idea how college athletics fits into this bigger picture of disinvestment.

**Hunt:** A lot of what people think of as a big money press, a big money making machine, the big money making machine of college athletics is actually more like giving an irresponsible teenager a credit card with a really high limit and saying 'do what you will with it,' you know, 'spend beyond your means.' Because the strategy of using big time college football, big time college basketball for schools like the University of Oregon, the strategy is really focused on attracting more out of state students who pay higher tuition than instate students, more international students who pay higher tuition.

It builds the school into a big athletic brand. It attracts more of these out of state students and international students who pay higher tuition and then it raises tuition as high as it can go. And so what happens then is class rises, class sizes balloon, and the same number of faculty and professors have to deal with, you know, these larger class sizes, which undoubtedly has a negative impact on the academics of the institution and the academic reputation of the institution.

But, again, the core problem isn't really addressed at all at the end of the day: it's tuition dollars. It's just whereas states, whereas the state of Oregon and taxpayers used to pay for the majority of a degree that someone earned at the University of Oregon, now student tuition dollars pay for the majority of that degree and Phil Knight's money really does little more than build up these athletic programs that serve as expensive advertisements in a way.

It's not too different from the Nike model of doing business, which is to spend as little as possible on the manufacturing, on the actual, you know, making of the product and then spend everything on advertising.

**Schneider:** It would be really easy to dismiss this as a kind of one off, right? Nike is a pretty unique company. Phil Knight is the founder of it and continues to be CEO. He's a graduate of the University of Oregon. He maintains a very close relationship with the university for a variety of reasons. But Phil Knight is not alone and there are others. They are not the CEOs of sneaker companies for the most part, although in some cases they are. But I'm wondering if you can talk about the other Phil Knights who are out there, uh, you know, whatever resemblance they may bear.

**Berkshire:** Well, I have one. I know I'm not the author of the book, but I'm sure everybody heard about the huge gift quote unquote gift that Michael Bloomberg gave to Johns Hopkins of \$1.8 billion. He got a lot of very positive ink about that and just this week a story surfaced that one of the strings that he's attached to that is that he would very much like a private armed security force to patrol Johns Hopkins. So that's I think, a pretty interesting example. Josh, back to you. Are there other Phil Knight-like characters out there who were being courted by university administrators?

**Hunt:** University of Washington has stuff going on with Amazon. The University of Maryland has Kevin Plank, the founder and CEO of Under Armour, a big Nike competitor. Plank is an alumnus of Maryland and has aggressively taken on a very Phil Knight role there. In Oklahoma there's T. Boone Pickens, who again has sort of molded himself after Phil Knight's giving and has really focused on building up the football program in Oklahoma.

So again, this disinvestment in higher education spending is happening everywhere in America. The reason why I chose to focus on Oregon is because I call Oregon a canary in a coal mine because Oregon's taxpayers were the first basically in the US to disinvest so heavily from higher education back in 1990 with the passage of this truly ruinous piece of state legislation called Ballot Measure Five, which cut property taxes, which up until that point had paid for the lion's share of state investment in public education, both K through 12 and higher education.

And so state universities like the University of Oregon were pitted against K-12 schools in Oregon in terms of fighting for a shrinking share of the pie from the state's general funds and higher education, I mean, everyone lost truly, but higher education got the especially short end of the stick.

And so in 1994 when Dave Frommeyer took over as president of the University of Oregon, he went looking for outside money. He went looking for more private donations and he went looking in the one place where he knew he was most likely to get big recurring gifts, which was to go to Nike and to Phil Knight, the school's most prominent alumnus.

**Schneider:** Historians of education will be well aware of the fact that, you know, it's been a century since the federal government first began plowing money into higher education in the form of defense contracting. And I'm wondering, is this any different, right? Is this just the same old story where we see universities acting in an entrepreneurial fashion in order to increase the revenues that they have available to them and doing so by acting like, you know, private industry. Or is there something different about this kind of relationship with a mega donor?

**Hunt:** One of the advantages to governments dealings with public universities, even when you're talking about defense spending, is that there's still a chance for greater transparency. Because in basically anything that has to do with a public institute at the university, for instance, emails sent by administrators and so forth, paperwork generated, anything that won't violate a

student's privacy or their or their medical records or something like that, is subject to freedom of information act laws, you know, state and federal public records laws.

So we as citizens and me as a journalist, we can get our hands on all kinds of records and documents created by public universities. Similarly, we have a lot of rights to public records generated by government institutions as well, even institutions as secretive as the Department of Defense. But when you get into the realm of private companies and even if it's private military contractors or private pharmaceutical companies or something like that, all the sudden these protections start to weaken in the case of pharmaceutical companies.

For instance, in Oregon, at least, there are loopholes in the Oregon public records laws that would allow them to keep secret, for instance, emails between an administrator at the school or a researcher at the school and someone in a pharmaceutical company if they could just claim that some kind of trade secret might be violated by revealing the contents of that email. And so that gives a tremendous amount of leeway to keep secret things that maybe the public ought to know about research that's going on that's being funded by tax dollars at the University of Oregon.

In fact one thing that I found in my book, one thing that I documented very thoroughly in my book, was that the school was even willing to break public records laws, quite frankly, quite flagrantly. The school, the University of Oregon broke public records laws in order to keep secrets some of its dealings with Nike.

**Berkshire:** Josh, your book is also filled with lots of great history about college athletics. I didn't know any of this and I was particularly amused by the fact that we can blame schools like Harvard for the mess we're in today.

**Hunt:** Ironically, it was really the Ivy League where college football first became a particularly big deal. And so, you know, this never ending question of should college athletes get paid? The reason why college athletes do not get paid is because the Ivy League schools back in 1898 had this meeting and decided, you know, it was ungentlemanly of college athletes to be paid and immediately a year later there's a huge cheating scandal because Columbia University, one of these vaunted Ivy League schools, hired as ringers, like 30 year old guys, 30 year old bruisers and puts them out there on the field just because they so badly wanted to beat Yale.

And this gets at a key reason for why college athletics has always been huge and why it will always be huge. And it's basically because it gives, uh, administrators and institutions a really immediate and visceral way of demonstrating some kind of excellence. I mean, it's very much in the lexicon of university administrators these days to talk about excellence, whatever that even means this, this vague term that they throw around. But the truth is, there's often very little to show, you know, why this university is better than that university, especially these days when so many schools are facing these budget cuts that mean they're producing, you know, less

research. That means they're paying their faculty less. That mean the class sizes are ballooning and academics are suffering.

I mean, what's a way to demonstrate some kind of excellence? Well, you hire a professional, a university president who comes in and gets a billionaire to build a stadium or some kind of other impressive athletics facility and then have their name associated with it.

**Berkshire:** There was a great story recently by a writer named Neil Swidey who we've had on this show before. He was writing about how the president of UMass Amherst, which is the flagship school where Jack and I are, is trying to shrug off its old reputation as Zoo Mass in favor of a more elite brand and the university's strategic plan is called "be revolutionary." Swidey pointed out that the truly revolutionary thing to do would be to junk the athletic programs at UMass and make the school affordable for everyone who wants to go there. But of course that will never happen.

**Hunt:** These days you have these professional administrators and their thinking is very short term. It really is pretty limited to, 'okay, well the problems that our school is facing are very complicated. And so because I can't possibly, you know, pay my faculty better and keep tuition under control and bring down class sizes and, you know, do something about this tuition that's, that's going up,' you know, all these really tough problems that are facing university administrators. They don't want to deal with those problems.

They'd much rather just build something that helps them improve their athletics programs. So if you build a nice, impressive building and you use that to attract top recruits in high school football or basketball, and then you build up that athletic program so that it becomes something competitive and it gets on TV and it gets you deals with companies like adidas or Nike that, that seems from the outside very impressive.

You know, the campus starts looking like a better fancier place. I mean if you, if you went to the University of Oregon and looked at all these gleaming facades and these spectacular stadiums and facilities, I mean, it looks wonderful. It looks like a Nike commercial. You would never guess that this is a school that is contributing tremendously to the student debt crisis. You would never guess that this is a school where faculty are struggling to get paid a fair wage. You wouldn't guess this is a school where academics are really slipping. You wouldn't guess that this was a school with problems.

But it is. And it's down to that very short term thinking and until we as a society find some other way out of these problems or until we force university administrators to actually grapple with some of these problems, or even attempt to grapple with some of these complex problems, they're going to keep going for the short term easy fix so that they can get their big paycheck and get out of there and get onto the next school.

**Berkshire:** That was Joshua Hunt. He's the author of the University of Nike. How corporate cash bought American Higher Education and Jack and I'll be right back for our post game show.

**Schneider:** You know, we spent a lot of time in this episode talking about the financial aspects of the relationship between the University of Oregon and Phil Knight, right? Where sure Phil Knight is the CEO of a corporation and the corporation makes sports apparel, therefore the interests he has in the University of Oregon are primarily around the athletic program there. But really we spent time talking about the reason that a university might engage in a kind of relationship like that and also the kind of striking parallels that exist well beyond Nike and the University of Oregon, extending to relationships between the federal government and other universities.

But before we conclude on a kind of financial note, I also want to make a couple notes about sports here because I think they're really interesting and one of them is the fact that if you go around the world, right? You go to, I don't know, the University of Sydney, where I've been or to Cambridge or Oxford, if you go to Beijing University where I visited, you don't see massive stadiums that can accommodate 100,000 spectators.

You see universities, right? And that's something really weird and funny about American higher education and because it's a part of the water we swim in, right? Because we expect to see that. We tend not to question it, but there is this really weird relationship between sports and higher education that extends to things like, you know, why do we offer scholarships to athletes? I was a college athlete. Why did I benefit in the admissions process? Why was the school any better off for having me than, let's say, a chess player?

These are really interesting questions that I think are worth paying attention to and they extend well back into the past, including, you know, the origins of college football where you have people like Teddy Roosevelt talking about how important and manly this is, which introduces this weird sort of gendered component to the whole thing. Um, and I, and I just would encourage listeners to dig into some of the history of sports in higher education because it continues to be a kind of fascinating field that I think really tells us a lot about who we are as Americans

**Berkshire:** Is the water that we swim in an Olympic-sized pool in the new aquatic center on campus?

**Schneider:** It may be, but if it's not, it may be a part of the Lazy River that is attracting students to our unnamed college or university.

**Berkshire:** And who knew that my podcast cohost was a college athlete. In what sport, pray tell?

**Schneider:** I was a baseball player because I was cut from both the roller skating and table tennis teams.

**Berkshire:** Well, I have to say that I absolutely loved this book. It's a gripping read and while I initially had some reservations thinking that it was going to be a sports book, I have to say that it couldn't be more timely and it's a really fascinating way to get a deep understanding of the dynamics that are rapidly reshaping higher education in this country.

**Schneider:** So, Jennifer, as we're wrapping up this episode, I want to remind people that it is 2019 and we have the 2019 Have You Heard challenge going on. Some people have already completed their entries, and by that what I mean is that they have engaged with our Twitter handle and shown us proof that they have pestered six friends to listen to the show. As our regular listeners know, I am big on trying to promote the show without bankrupting our audience. If you can show us that you have made inroads with six friends or strangers with regard to listening to Have You Heard, you will be entered into a raffle which has some sort of prize associated with it. I can't remember what the price is, right.

**Berkshire:** Remember, you promised to leave a voicemail message on somebody's outgoing voicemail recording and I warn people to expect a very long message.

**Schneider:** I am revealing myself, I guess, as a big Karl Cassell Fan, and if people don't get that reference, then I invite them to tune into the archives of Wait, Wait, Don't Tell Me.

**Berkshire:** And I am here as always to try to lure listeners over the paywall. We rely on your support to keep the podcast going and to pay our outstanding producer. We do that on Patreon.com, and if you go to Patreon and search for Have You Heard podcast, you'll find us and you'll find the various little goodies that you can get. It's great. We love having you and every episode we take some of those listeners with us for an extended play version that we call In the Weeds. This time we are going to be talking about the corporate influence on K-12.

**Schneider:** If you're not joining us In the Weeds, remember that you can always do the bare minimum and go on and give us some sort of friendly rating wherever you get your podcasts. You can tweet our show out. The handle for the podcast is @HaveYouHeardPod, and you can always shoot us some ideas for future episodes.

**Berkshire:** Until next time, I'm Jennifer Berkshire.

**Schneider:** And I'm Jack Schneider.

**Berkshire:** This is Have You Heard.