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The Gates Effect

The Bill & Melinda Gates Foundation has spent \$472-million (so far) on higher education. Why many in academe are not writing thank-you notes.

By Marc Parry, Kelly Field, and Beckie Supiano



Leonardo Carrizo for The Chronicle

Terry Crosgrove, who works in an Ohio plant that makes Slim Jims, is studying for an associate degree through Southern New Hampshire U.'s competency-based program, which was begun with money from Gates.

In Bill and Melinda Gates's vision for higher education, more students will get a college experience similar to Terry Crosgrove's.

Each morning, Mr. Crosgrove clocks in for the 5:30 a.m. shift packaging Slim Jims at a ConAgra plant in Troy, Ohio. On days off, he chips away at an associate degree offered through an experimental online program at Southern New Hampshire University.

The low-cost, self-paced education lacks courses and traditional professors. Instead, students progress by showing mastery of 120 "competencies," such as "can use logic, reasoning, and analysis to address a business problem."

The program is an important guinea pig. The U.S. Department of Education recently allowed Southern New Hampshire to become the first university eligible to award federal aid for a program untethered from the credit hour, the time-based unit that underlies courses and degrees. The move, wrote one advocate, "could signal a new era for higher education."

The Bill & Melinda Gates Foundation, at \$36-billion the world's largest private grant-making foundation, has done much to orchestrate that new era. Its largess and sway helped get Southern New Hampshire's program off the ground, supported a key thinktank report that advocated moving beyond the credit hour, and helped persuade a risk-averse Education Department to open federal coffers to competency-based education.

The foundation wants nothing less than to overhaul higher education, changing how it is delivered, financed, and regulated. To that end, Gates has poured hundreds of millions of dollars into getting more students to and through college, in an effort to lift more Americans out of poverty.

Since 2006, Gates has spent \$472-million to remake U.S. higher education, according to a *Chronicle* analysis—\$343-million of that since January 2008, the year Gates announced a new focus on helping low-income young people earn credentials. The Lumina Foundation, another key player in the college-reform movement and the largest private foundation devoted solely to higher education, spent a little more than half that amount over the same period on a similar agenda.

Five years into an ambitious postsecondary program that is expected to last two decades, the avalanche of Gates cash has elevated the Seattle-based foundation to a central role in the national debate about reforming college, raising questions about the extent of its influence.

Gates's rise occurs as an unusual consensus has formed among the Obama White House, other private foundations, state lawmakers, and a range of policy advocates, all of whom have coalesced around the goal of graduating more students, more quickly, and at

a lower cost, with little discussion of the alternatives. Gates hasn't just jumped on the bandwagon; it has worked to build that bandwagon, in ways that are not always obvious. To keep its reform goals on the national agenda, Gates has also supported news-media organizations that cover higher education. (Disclosure: *The Chronicle* has received money from the Gates foundation.)

The effect is an echo chamber of like-minded ideas, arising from research commissioned by Gates and advocated by staff members who move between the government and the foundation world.

Higher-education analysts who aren't on board, forced to compete with the din of Gates-financed advocacy and journalism, find themselves shut out of the conversation. Academic researchers who have spent years studying higher education see their expertise bypassed as Gates moves aggressively to develop strategies for reform.

Some experts have complained that the Gates foundation approaches higher education as an engineering problem to be solved.

Most important, some leaders and analysts are uneasy about the future that Gates is buying: a system of education designed for maximum measurability, delivered increasingly through technology, and—these critics say—narrowly focused on equipping students for short-term employability.

Private foundations have shaped academe for decades. But Gates and its philanthropic partners, the Lumina and Kresge Foundations, are pioneering an activist approach to higher-education reform, one that emphasizes systemic change and demands quick, measurable results. This new approach has earned praise from some observers, who maintain that strategic, focused grant making is exactly what foundations should be doing.

But what if the focus is misguided? "College completion may be the wrong goal," says Stanley N. Katz, who directs the Center for Arts and Cultural Policy Studies at Princeton University and has written critically about foundations.

"There is too much emphasis on getting people through the system, processing them," he says. "That needs to be seen in relation to what students are in fact learning. It's a big problem, and it's getting very little discussion."

The tactics of these foundations reflect broader trends that have transformed philanthropy in recent years. Since the 1990s, much of the foundation world has adopted elements of the "venture" or "catalytic" philanthropy model. The playbook? Be strategic. Tie everything to an overarching plan. Assess results rigorously. Cut losses quickly after failures.

And even the biggest of the foundations have come to feel, especially since the brutal recession, that the best way to make a difference is to tap into, or "leverage," government money, through federal and state advocacy. They have the ears of lawmakers and regulators, but they answer to neither voters nor shareholders.

"In a democracy, these are arguably the least democratic of institutions," says Scott L. Thomas, a scholar of higher education at Claremont Graduate University who has studied Gates and Lumina. "And they're having an outsized influence on education policy."

That influence has yielded its biggest payoff at the state level. As states make deep cuts in higher-education budgets, Gates and Lumina have helped to rechannel the public dollars that states do spend into efforts to raise college completion. The hidden hand of these foundations, felt indirectly through grantees like Complete College America and Jobs for the Future, is pushing new state efforts to tie colleges' budgets to metrics like graduation rates. These efforts have been criticized for bypassing colleges and imposing top-down solutions.

In the nation's capital, the flow of Gates money indicates a desire to reroute another economic artery of higher education: federal financial aid. The foundation has paid millions to an array of groups that argue that the \$188-billion-a-year federal aid system is broken, that it should accommodate experimental programs like

Southern New Hampshire's, and—most controversially—that it should be restructured to foster college completion.

The Gates foundation is so big that anything it does will be controversial, says Michael S. McPherson, president of the Spencer Foundation, which supports research about education. "I've sometimes said they're the only foundation you can see from space," he says.

The roots of the Gates foundation's higher-education reform effort go back to 2006, when a \$31-billion pledge from Warren Buffett doubled the size of the foundation and allowed it to expand its programs. The foundation hired Hilary Pennington, who had cofounded Jobs for the Future, to identify the most effective lever for increasing social mobility. She was struck by research that showed two things: (1) the upward mobility of children is affected by their parents' level of education; and (2) if a poor person fails to get a college degree by his mid-20s, his chance of ever getting one plummets.

Gates came up with a strategy to break the intergenerational cycle of poverty by doubling the number of low-income students who earn degrees or credentials with labor-market value by the age of 26. Ms. Pennington would lead it. Success would require an annual increase of some 250,000 graduates.

Anthony P. Carnevale, a Georgetown University scholar whose research on the work force has informed the foundation, says education posed one major advantage over other ways to fight poverty, such as strengthening the social safety net: Increasing college completion was politically feasible.

Bill Gates, a Harvard dropout who became the richest man in the world, believes that foundations can step in where markets fail. Higher education should cost less, produce more graduates, and better serve low-income students, the Gates thinking goes. Colleges cannot count on more public money to fix their problems. Instead, better data and openness are part of the solution, to do things like measure the "value" added by each institution. So is technology: Among the foundation's investments are projects to

test how massive open online courses, or MOOCs, could change introductory and remedial classes.

"The education we're currently providing, or the way we're providing it, just isn't sustainable," Mr. Gates told the Association of Public and Land-Grant Universities last year. "Instead we have to ask, 'How can we use technology as a tool to recreate the entire college experience? How can we provide a better education to more people for less money?"

But as Gates's higher-education activism grows, so does anxiety over the consequences.

Critics fear that the focus on quickly pumping more students through the system could encourage colleges to water down requirements or turn away applicants who might struggle. Already some feel it has prompted community colleges to churn out too many graduates with short-term certificates that polish the colleges' completion numbers but offer dubious long-term value to students. Eventually, critics worry, the foundation's efforts to promote access and completion could actually increase social divisions by creating separate and unequal programs.

If philanthropic efforts like Gates's create public colleges that are just teaching to the job interview, the result could be "a better on-ramp for jobs but a worse one for real social mobility," says Robin Rogers, an associate professor of sociology at Queens College and the Graduate Center of the City University of New York, in an e-mail. Ms. Rogers, who is working on a book about the role of billionaire philanthropy in public policy, says "the leadership class of the United States could become one that students had to be born into or selected to be in"—through scholarships—"by the existing elite."

Gates also comes under attack for what critics describe as an overly prescriptive agenda.

"They start with the assumption that something is broken," says Patricia A. McGuire, president of Trinity Washington University, which serves low-income women in the District of Columbia.

"Then they take the next step of deciding what the fix is before they

really understand the problem." Skeptics say such confidence is dangerous when dealing with complex social phenomena like education.

What's striking about these concerns is how rarely they are voiced in public. In elementary and secondary education, where Gates has a longer track record, the foundation's activities generate growing criticism. It comes from liberals (who say Gates is trying to privatize education and is attacking unions) as well as conservatives (who say Gates and President Obama are in cahoots to federalize education through the Common Core learning standards).

In higher education, many leaders and faculty members voice concerns about the Gates foundation's growing and disproportionate impact. Many private-college presidents, in particular, feel shut out of discussions about reform. Yet few of those critics speak out in public, and some higher-education leaders, researchers, and lobbyists were reluctant to talk on the record for this article. The reason? They didn't want to scotch their chances of winning Gates grants.

The silence extends to research. Mr. Thomas edits *The Journal of Higher Education*, one of the field's leading periodicals. During his two years as editor, he has yet to receive a well-developed manuscript on the role of philanthropy in academe—even as Gates and its allies wager enormous sums to alter the fundamentals of higher education.

For their part, foundation leaders bristle at the suggestion that they seek to shape public policy. In an interview, Daniel Greenstein, who now heads Gates's postsecondary program, emphasized that the foundation's role is to inform the legislative process, not to drive it.

Yet both Gates and Lumina have been candid about their plans to use their money and influence to push for policy change. In a 2008 speech at a Gates education forum, Mr. Greenstein's predecessor, Ms. Pennington, told the audience that the foundation would use

its "strong and persuasive voice" and "join you in advocating for policy changes and investments proven to get results."

Rhetoric aside, one way to judge the criticisms of Gates is to take a closer look at how the foundation used its full playbook to help elevate a marginal movement—competency-based education—to the top of the country's education docket.

ad ConAgra not presented Mr. Crosgrove the chance to study in Southern New Hampshire's new, flexible online program, a venture called College for America, the financially struggling 54-year-old would not be pursuing a degree today. Mr. Crosgrove, who goes to college while working full time and raising a family, says he studies largely for personal fulfillment.

But the prospect of a degree also has him dreaming of new possibilities, such as becoming a teacher of woodworking or geography. "Factory work is not the most exciting work you will find in your life," he says. "I feel like I'm using my brain again."

The Southern New Hampshire program that gave Mr. Crosgrove that opportunity got off the ground with help from a \$1-million grant from Next Generation Learning Challenges, an ambitious technology program that Gates established in collaboration with Educause, a higher-education-technology association, and other partners. In this grant round, the program sought innovators to take on a very specific challenge: delivering a college degree priced at no more than \$5,000 a year.

MOOCs have hogged much of the public conversation about remaking college. But the competency-based model of College for America may represent a more radical reform. It is education rethought from the ground up, designed to control costs by using computers where possible and humans where necessary.

Mr. Crosgrove and his classmates study clusters of curated online materials, such as the free "Smarthistory" videos presented by Khan Academy. They let students show mastery of competencies by completing "tasks." One task, for example, asks them to research potential works of art for a museum exhibit and to create a PowerPoint on their findings. The completed tasks are shipped

out for evaluation to a pool of part-time adjunct professors, who assess the work and explain to students what they should do to improve.

A coach helps Mr. Crosgrove set goals, navigate materials, and handle problems. The faculty role in College for America involves curating the content for students and assessing tasks.

"The notion of the faculty member as the deliverer of learning—that's the piece that we pull out," says Paul J. LeBlanc, Southern New Hampshire's president.

In promoting this brand of education, Gates money went beyond seeding College for America. The competency campaign of Gates and its allies resembled a well-executed product rollout. And, as with many Gates ventures, one element of that rollout was the deployment of research that shaped how public officials and ordinary people viewed the issue.

Competency-based education, which has been around for years, gained fresh momentum from a report published in 2012 by the New America Foundation and Education Sector, two Washington-based think tanks. The Gates- and Lumina-financed paper, called "Cracking the Credit Hour," fingered the time-based credit hour as "the root of many problems plaguing America's higher-education system." It mapped various paths that would allow policy makers to experiment with awarding financial aid "based on learning rather than time," such as the Southern New Hampshire model.

Since 2006, Gates and Lumina have invested nearly \$4-million in New America's higher-education programs. Under the leadership of Kevin Carey, a prominent critic of academe in *The Chronicle* and elsewhere, the think tank's education-policy shop cultivates an environment hospitable to innovations like competency-based education.

The driving force behind New America's credit-hour work is Amy Laitinen, a former higher-education-policy adviser in the Department of Education and the White House, who now serves as the organization's deputy director for higher education. It was Ms. Laitinen who spread the word about an obscure provision in the

Higher Education Act that allows colleges to award aid based on the "direct assessment" of student learning rather than on seat time. She's how Mr. LeBlanc realized that there was a path to obtain federal funds for a program not tied to the credit hour.

The Southern New Hampshire president submitted an application to the Education Department in October and met with agency leaders for a status check in early January. Two days later, representatives of Gates and Lumina met with the department to talk about competency-based education.

On March 19, the department issued a "Dear Colleague" letter inviting colleges to apply for student aid for competency-based programs. The following month, in Washington, Gates and Lumina held an invitation-only "convening"—foundation-speak for a meeting—of the department, colleges, accreditors, and state agencies. The competency-focused event was closed to the press, and a skeletal, draft agenda said "Do not share" at the top.

David Bergeron, the top official who drafted the "Dear Colleague" letter for the department, hesitates to give foundations too much credit for the policy shift. But he acknowledges that foundations helped the department see the promise in competency-based education, not just the peril.

The closed convening allowed colleges and accreditors to have a "very frank and open conversation about the barriers to innovation that the institutions perceive accreditors are putting in place," adds Mr. Bergeron, a 35-year department veteran who joined the Center for American Progress this year. "That's an awkward conversation to have with press in the room."

Convenings, which can be open or closed to the public, have become a popular tool of foundations. A spokeswoman for Lumina, which hired a director of convening strategy in 2010, says they can provide a "safe space" for lawmakers and stakeholders to discuss ideas.

But the secrecy and exclusivity surrounding the convening on competency-based programs ruffled some feathers. At the Council for Higher Education Accreditation's annual meeting, in late anuar an riis the association s lobb ist grumbled that foundations were ha ing pri ate meetings with the department. He pointed out that s. aitinen s credit-hour report had been financed b foundations and he urged the audience of accreditors to not be left out of the coming con ening. The weren t.

Still his comments reflect the deep suspicion that traditional college lobb ists hold toward megafoundations li e Gates. ost wouldn't comment on the record about Gates perhaps because nearl all of the ma or college associations have received grants from the foundation. ut privatel some complain that the reform -minded foundations and their allies are excluding establishment groups from the conversation.

ne lobb ist a member of the ig Si college associations that education reformers dismiss as the blob sa s Gates and other foundations ha e created a new blob.

call it the impenetrable cluster sa s the lobb ist. The e loc ed out practitioners in fa or of those with no hands-on e perience or responsibilit to students.

Gates defenders counter that the college lobb is more interested in preser ing the status uo than pursuing meaningful change.

hat has emerged from all this new ad ocac is a highereducation discussion colored some sas ewed be the
Gates foundation seast wealth. Si a aidh anathan chair of the
media-studies department at the nitersity of irginia is a
frequent combatant in debates about reforming college. sees it Gates holds such a powerful megaphone that it drowns out
real education researchers.

hen we have public debates about the needs of higher education—the future of higher education—not coincidentall the trac with the agendas and recommendations set forth b—the Gates foundation b—c—inse & Compan—b—the—ew—merica—oundation—he sa—s. These are considered independent resources—but basicall—the—reputting out PowerPoint presentations—and the rest of us have to scuttle to react to their pronouncements.—nd so what we re not having in this countr—is

serious scholarl deliberation about these issues because there s so much mone flowing at the punditr about higher education.

Two Gates-bac ed financial-aid pro ects illustrate what critics see as a flawed research strateg that b passes uni ersit -based scholars in fa or of outside groups with different methods and incenti es.

n the first pro ect called Reimagining id esign and eli er or R the Gates foundation paid 1 thin tan s associations and other groups to produce white papers floating ideas for reform. The mone appro imatel 3.5-million for that first round focused on a specific change: using aid as a le er to impro e student success. second round of the R pro ect is under wa.

The project showcases the foundation's power to create a consensus be enlisting a ariet of organiations some well nown to release reports that all begin from the same predetermined position.

n R Gates ta es as a gi en two premises that are far from settled among financial-aid e perts. The first is that the federal financial-aid s stem is in need of reform. ew would argue that the current s stem couldn t be impro ed. ut not e er one thin s it should be o erhauled especiall at a time when Congress might be tempted to see an program change as an opportunit to sa e mone.

The second assumption is that student aid should be restructured to promote timel completion b creating incenti es that nudge students toward a diploma or reward colleges for graduating them. This could mean for e ample that a student is awarded a larger Pell Grant if she signs up for additional credits be ond the minimum she must ta e to ualif as a full-time student. r on the college side the le el of support for campus-based aid programs li e federal wor -stud could be pegged to how well those colleges do at graduating students.

ast une ill Gates challenged colleges to go be ond as ing the go ernment for more mone. id should be structured to pro ide

incenti es for institutions and students to raise collegecompletion rates r. Gates said in his speech to the ssociation of Public and and-Grant ni ersities. His bottom line: e cannot be agnostic about whether aid subsidi es failure or success.

ut ar antrowit a financial-aid e pert and publisher of Ed isors worries that as ing students to do more to earn their aid will hinder the s stem s historic mission of pro iding college access to those who cannot otherwise pa.

s. cGuire of Trinit ashington raises similar concerns. The assumptions that dri e the con ersation are elitist—she sa s. This is not about a lac of smarts—the foundations has e some of the smartest people. The problem is the li e in a bubble. The cannot imagine a student who has to decide between bu ing boo s and bu ing dinner and the pressures that force them to ta e time off. The institutions that are being labeled wrongl—as failures—are the er—ones that ta e the ris—to enroll such students.

Colleges ha e two eas was to raise graduation rates. The can ma e passing so eas that no one will fail. If the can restrict admission to those who are unlied to fail. If aid is tied to success critics worr that ma preclude institutions from giving a chance to marginal students who might benefit from college and fare uite well. Those misgings are familiar to r. Gates whose call for lining aid to completion included this proviso: without creaming the most-prepared students and without sacrificing ualit.

nother concern: R aims to improe as stem that is little understood in its present form. ndrew P. ell a research fellow at the merican Enterprise nstitute who helped with one R grantees proect wrote a *Chronicle* commentar pointing out that current research doesn tanswer basic uestions about how changes in financial-aid programs would affect student beha ior.

n the second Gates-bac ed aid pro ect researchers are testing the possibilit of hastening degree progress b pa inge tra scholarship mone directl to students on top of their other aid so long as the ta e a certain number of credits and earn passing grades. These performance-based scholarship studies are being done b RC a nonprofit research group nown for its wor on welfare issues. RC had begun the financial-aid effort in a pilot program and got 15.3-million from Gates the largest supporter to scale it up.

i e academic researchers RC see s grant support but it operates rather differentl. The research shop see s to build a recepti e audience for its wor setting up meetings with go ernment officials e ad ocac groups and Congressional staff to fill them in e en before results are a ailable. These meetings raise awareness about RC s research sa s Robert . r a senior ice president and also ensure that its wor is rele ant. ust doing high ualit research r. r sa s is not enough to change the s stem.

So far based on short-term results RC describes the Gatesbac ed performance-based scholarships as ha ing modest but positi e effects.

ut Sara Goldric -Rab a member of a team contracted b the epartment of Education to re iew one of the RC studies sa s the research group cherr -pic ed which findings to highlight in its report and o erstates its results in public discussions. That worries her all the more because polic ma ers might be inclined to see the

RC wor as an argument for ma ing the Pell Grant the federal go ernment s biggest grant for need students performance-based.

The Gates foundation is following a model of decision maing that feels a bit impetuous sass. Goldric-Rab an associate professor of educational-polic studies and sociolog at the ni ersit of isconsinat adison who has obsered Gates from the inside as one of its grantees. The reacting lie an adolescent.

ut man people ha e told them to act li e an adult she sa s.
o our research. a e careful considered in estments. nd for
God s sa e be patient. e don t ma e good positi e changes
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t RC r. r dismisses the idea that his group s scholarship wor is ultimatel about the Pell Grant. fter all he sa s the e periments test a different wa of distributing additional aid not e isting aid. RC he adds has earned a reputation for being independent and ob ecti e.

aniel Greenstein the postsecondar leader at Gates re ects the notion that his foundation brings precoo ed theses to problems li e financial aid. He describes R as soliciting e sta eholders who ha e a real interest and e pertise in this area and as ing hat are some ideas that ou would bring to the table?

r. Greenstein points out that Gates also supports deep long-term academic research. He cites de elopmental-education studies b the Communit College Research Center at Columbia ni ersit s Teachers College for e ample.

thers agree. Gates has supported some of the most cutting edge wor done in higher-education economics and financial aid sa s the Spencer oundation s r. cPherson. E amples include an e periment that tested the effect of ha ing ta -preparation wor ers at H&R loc help families appl for financial aid as well as research on wh high-achie ing low-income students do not attend the same inds of colleges that their wealthier peers do.

nd where r. aidh anathan sees an education debate distorted b Gates r. Care of ew merica sees a le el pla ing field.

fthe public con ersation around higher education in an wa reflects our iews and ideas he sa s that se idence that our ideas are persuasi e and compelling not an thing else.

or those who worr about Gates s influence the concern isn t ust about the foundation s ideas. t s the feeling that Gates operates as a de facto lobb ing group one with a direct pipeline to the epartment of Education.

n part that perception reflects the fact that more emplo ees ha e been mo ing between foundations and the federal go ernment in recent ears. The new education counsel on the Senate education committee came directly from Gates, and Lumina recently recruited a pair of top Democratic higher-education aides to lead its new Washington office.

Ethics rules issued under President Obama prohibit all political appointees from working on matters affecting their former employer. But the rules contain a waiver for employees focused on "public interest" issues, such as national security and the economy. At least two former Gates employees—Margot Rogers, former senior counselor to the secretary of education, and James H. Shelton III, assistant deputy secretary for innovation and improvement at the Education Department—were granted such waivers, allowing them to work with the foundation.

The influx of foundation veterans and their grantees has led to increased collaboration between foundations and the Obama administration, says Daniel T. Madzelan, who retired in 2012 after more than 30 years at the Education Department. "Before the current administration came on board, none of us thought about foundations," he says.

Obama and the foundations share some objectives. Like Lumina, the president has set a goal for leading the world in college completion; like many Gates grantees, he supports the expansion of state data systems for tracking student progress. The president has also toyed with performance-based financing for colleges, suggesting in several budgets that some campus-based aid go to institutions that provide "good value" and serve low-income students effectively. He has even appeared to embrace competency-based learning, calling on Congress to consider creating "a new alternative system of accreditation" that would allow colleges to receive aid "based on performance and results."

Even so, foundations and the department aren't always in agreement. In 2011 the Gates foundation sent a letter to the secretary of education warning that a proposed rule defining the "credit hour" would discourage its grantees' experiments with competency-based learning. The department never responded, and the rule took effect last year. Still, the department did later

agree to award student aid based on measured "competencies," not just credit hours.

While tax law bars foundations from engaging in campaign and other political activity, a foundation can conduct some "issue" lobbying, so long as that does not constitute a "substantial part" of its work. But foundations face an excise tax so large "that it generally acts as a lobbying prohibition," according to the IRS Web site. The lobbying limitations don't apply to meetings with agencies and the White House.

Gates and Lumina leave advocacy mostly to their grantees.

Congressional aides say they rarely hear from the foundations but are in frequent contact with grantees like New America, Education Trust, and the Institute for College Access and Success.

New America holds regular background briefings for Capitol Hill aides, bringing in experts to discuss higher-education topics through its Gates-financed Postsecondary National Policy Institute, which is headed by two former Senate aides.

In the RADD project, the foundation made clear that it expected grantees to do more than just issue reports. Its grant to the Alliance for Excellent Education lists as its purpose "to employ its network of education stakeholders to make the case that the nation's federal student-aid system is in urgent need of reform." The Institute for Higher Education Policy, another grantee, was "to build a coalition of voices calling for broader student-aid reform." The Institute for a Competitive Workforce, at the U.S. Chamber of Commerce, was expected to "engage the business community ... and build a larger constituency for reform."

The foundations themselves tend to play down the impact they are having in Washington.

Ms. Pennington, the first leader of Gates's postsecondary-success program, scoffs at the idea that foundations can "shape public policy."

"When you put all their resources together, they're a rounding error," she says. "There's a huge amount of money at federal and

college levels—foundations' budgets are pretty small in the context of that."

Still, she adds, "I think foundations have an ability to set an agenda, to help clarify an agenda and rally momentum around an agenda."

And Gates is just getting started, with 15 years to go on its investment in higher education. One former program officer says Gates has deliberately gone slow at the start of its postsecondary push, to avoid repeating mistakes it made at the elementary and secondary level.

"They didn't want to develop a policy agenda without understanding the nuances of the space, because that's where you can do damage," the former officer says.

The first five years, the officer says, were about learning. It's the next five that will be the most telling.

en Gose oshua Hatch atherine angan and ennifer Ruar contributed to this article.



How Gates Shapes State Policy

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Gates May Widen Class Divide

Interactive Data



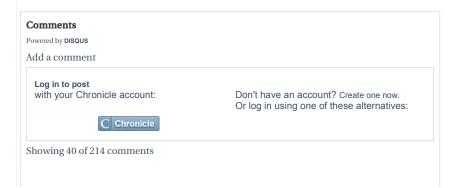
The Gates Foundation's Higher-Education Footprint, 2006-11

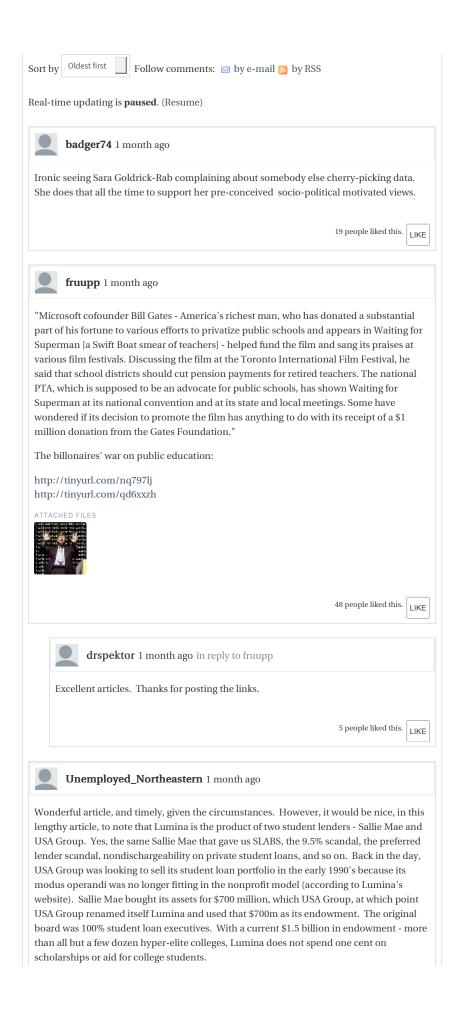
Explore the breadth and quantity of money granted by the Bill & Melinda Gates Foundation to higher-education projects compared with the next two largest supporters of reform: the Lumina Foundation and the Kresge Foundation.

Table: Browse Gates, Lumina, and Kresge Higher-Education Grants, 2006-11

Disclosure

The Chronicle has received Gates Foundation money to support two Web sites. Read More.





Instead, its goal is to create an America in 2025 wherein 60% of the adult population has college degrees, up from 32% or so today. That sounds noble enough, except... the market has been telling us for years now that we have a massive surfeit of college graduates, that student loans are a massive bubble. that white-collar jobs are increasingly scarce thanks to automation, outsourcing, or productivity gains, and we increasingly participate in a zerosum global hiring pool where nearly every other nation can outcompete us on salaries. And please not that a doubling of college graduates over the next dozen years just so happens to represent a windfall for Sallie Mae, who still earns a healthy business administering federal loans, collecting federal and private loans (their collection business does nearly \$1 billion/year), issuing new SLABS (their latest offering had 15x more buyers than available products), and originating new private loans for folk like MBA students.

"Gates and Lumina leave advocacy mostly to their grantees."

Perhaps this is why reading two studies about the outcomes for recent college graduates one funded by Lumina, the other not, is to behold an extreme study in contrasts.

Lumina-funded article: dire college grad shortage! Salary premium has never been higher! Salaries will rise if everyone has college degrees! There is no such thing as a student loan crisis, because student loans are "good debt!" In the case of Carnevale/Georgetown's studies, there is frequently hackish methodology and assumption-making. For instance, deriving the career earnings of a new college degree based on the outcomes of college graduates from the 1970's, even though the average price of college has increased nearly 1000% over inflation since 1978 while the median salary has only increased about 125% over inflation. Or that a college degree has never had the wage premium over a high school degree that it does today, which is technically true but neglects to mention that entry-level college wages have fallen 10% since 2000, even as the average individual student loan balance has increased 70% since 2004 and the aggregate balance has increased nearly 600% since 2000 (from \$200B to nearly \$1.2T).

Non-Lumina-funded article: 50% (at best) legitimate employment rate for college grads going back as far as the class of 2003; 31% delinquency on student loans that have entered repayment, crises in nearly every graduate and professional discipline; family formation, mortgages and car loans now less likely to be held by 25-34 year old student debt holders than 25-34 year old non-student loan holders. Also, the housing market is being directly impacted by the student loan bubble, and family formations are at historic lows.

Try as one might, it is impossible to get Lumina's perspective on student debt, delinquency and default rates, the retributive nature of default, the law school crisis, the veterinary school crisis, the myth of the STEM shortage, the dearth of entry-level jobs and the elimination of training programs in the private sector, etc et al. I wonder if the \$700m Sallie gave them (and the inevitable former Sallie execs who site on Lumina's board) have anything to do with these omissions.

71 people liked this. LIKE



cragie 1 month ago in reply to Unemployed_Northeastern

"Try as one might, it is impossible to get Lumina's perspective."

Um... it is because their source was student loan profits that they don't feel they should ever perform analyses of student loan issues . . .

If they started pumping out student loan studies, you would say they are biased, and you would be correct.

7 people liked this. LIKE



11167997 1 month ago in reply to Unemployed_Northeastern

Lumina is not saying "college degrees" any more because it knows you won't get to 50%, let alone 60%, that way. So it says "credentials," allowing certificates to be counted (though it's unclear whether these are pre-degree or post-degree), and certificates from non-accredited organizations. An accounting problem with all that is that the international counting system does not classify "certificates" as higher education, so if we're looking to "catch up" with Norway, we are not going to do it this way.

12 people liked this. LIKE



Unemployed_Northeastern 1 month ago in reply to 11167997

That's true, they are looking to count certifications and whatnot as college degrees. And as the article itself states, the DOE is looking into providing student loan eligibility for competency-based courses. And the article notes that "more employees have been moving between foundations and the federal government in recent years." Hmmm...

6 people liked this. LIKE



jffoster 1 month ago in reply to Unemployed_Northeastern

Thank you, U_N for coming in here. I've read, I think, all these articles in this series and if there is any mention of Lumina's ties to the student loan industry, then I missed it. But I don't recall ever having seen a CHE article point that relationship out, though it has been done by commenters, most particularly by you. I find CHE's silence on this puzzling.

9 people liked this. LIKE



Unemployed_Northeastern 1 month ago in reply to jffoster

Inside Higher Ed has never made the connection either. Very peculiar. Perhaps there are a few board members in common between CHE & Lumina or IHE & Lumina.

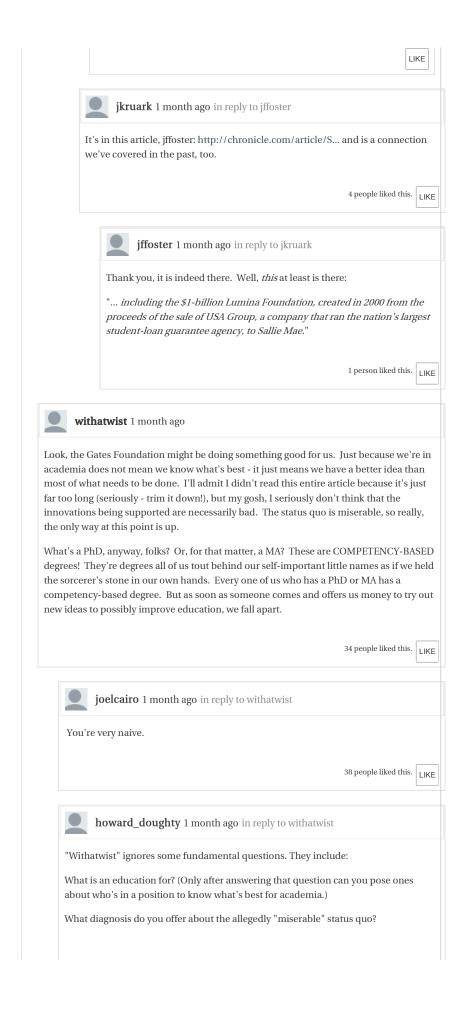
9 people liked this.



99Luftballons 4 weeks ago in reply to Unemployed_Northeastern

U_N, I used SAT as an example of one of the ETS products. My claim was organizational, not product specific. The College Board via Brigham already had SAT at the time of the creation of ETS. Another Carnegie charitable organization the Carnegie Institution Department of Genetics played a key role in Eugenics including the Eugenics Record Office and its base the Cold Spring Harbor Laboratory.

[posted here because my Reply is failing down thread]



More importantly, what are the precise benefits being offered by therapies including technologically mediated education, the commodificiation of curriculum, the transfer of teaching to "contingent" faculty, the forced commercialization of research, the assault on public and the support for private for-profit institutions, the orgy of enthusiasm for MOOCs, PLAR and unending abbreviated learning experiences?)

How is the new "universal" education model going to be funded, other than by unsustainable student debt and further cut-backs in faculty (after all, with computer generated content, computer graded multiple-choice tests and even computerassessed essays and research projects, it is already possible to acquire a certification of sorts without ever sitting in a room with a bona fide smart guy.

Who is going to be empowered to define the finite/infinite list of "competencies" and what specific human interests will they serve? (My bet is that they will fit nicely into the overarching corporate economic and political agendas; i.e., Bill Gates isn't interested in people who cherish education for its emancipatory potential.

Who are the ultimate beneficiaries of the innovations being proffered by Arne Duncan, Bill Gates et al. Or, as the Romans put it: Cui bono? Or, as Deep Throat advised: "Follow the money?"

As well, here are some contingent questions:

Is Bill Gates a philanthropist or is he just using Gillette's old trick of giving away computers/safety razors to solidify a permanent market for his software/razor blades?

How come you can't read a "long" article?

50 people liked this. \mid LIKE



pooksocket 1 month ago in reply to withatwist

How troubling that someone claiming to be an academic (1) cannot make it all the way through a clearly written 5000 word article, yet still (2) feels competent to comment on its contents while (3) strategically insulting his or her predicted respondents with their "self-important little names."

The "status quo is miserable"? No, it's not.

27 people liked this. LIKE





Reythia 3 weeks ago in reply to pooksocket

I agree that he should have read the whole article (I did). But what, precisely, about the "status quo" are you so defensive of? Yes, American universities are great -- if you are prepared for them from your K-12 education and can afford to go to them. The latter two caveats mean that an awful lot of reasonably bright, reasonably hard-working people don't get the chance. Whether you want to call that "miserable" or merely "unacceptable" is a wording choice... but in any case, it's clear that there ARE problems with our education system. And while Gates et al are surely not doing everything right, I fail to see how ignoring the problem entirely will result in any better a solution.

In short, if you don't like what Gates is doing, then step up with your own plan.

3 people liked this. LIKE



pols437 3 weeks ago in reply to Reythia

The problem is that Gates has 36 billion dollars at his disposal. As the old saying goes, money talks and B.S. walks. He has a monopoly on the debate. No one else has a chance to speak, no less implement their own plan.

Let's not pretend that any citizen can get in the Foundation game. It is the domain of billionaires. Increasingly, all public policy is being driven by these privately funded organizations and reflect the views and interests of those who contribute to them. This isn't democratic.

4 people liked this. LIKE



Reythia 3 weeks ago in reply to pols437

While there's certainly some truth in what you wrote about money making the world go 'round, unfortunately, it hasn't been my experience that there were a lot of ideas offered up, and Gates' was picked because of money. I'm living in the Tampa area now, where some of the Gates' money (and ideas) got to. The fact is, pre-Gates, there was no particular effort to improve schools or teachers. I mean, it's not like the local school district had a plan and they got overridden by Gates, you know?

I've been paying attention to the local news on this subject, and frankly, the response of the teachers disgusts me. Basically, anything that Gates suggests, they claim is unneeded and won't possibly work. Now, let's assume they're right. In that case, they should (a) have evidence to support their position and/or (b) have a counter-plan to correct whatever problem Gates is trying to solve, right? In that case, yeah, I'd agree with you that it was just money winning out. But the simple fact is, the teachers and education community in the area is screaming a lot about what's wrong with the new ideas, without providing either evidence that they're right or other ideas that might work better.

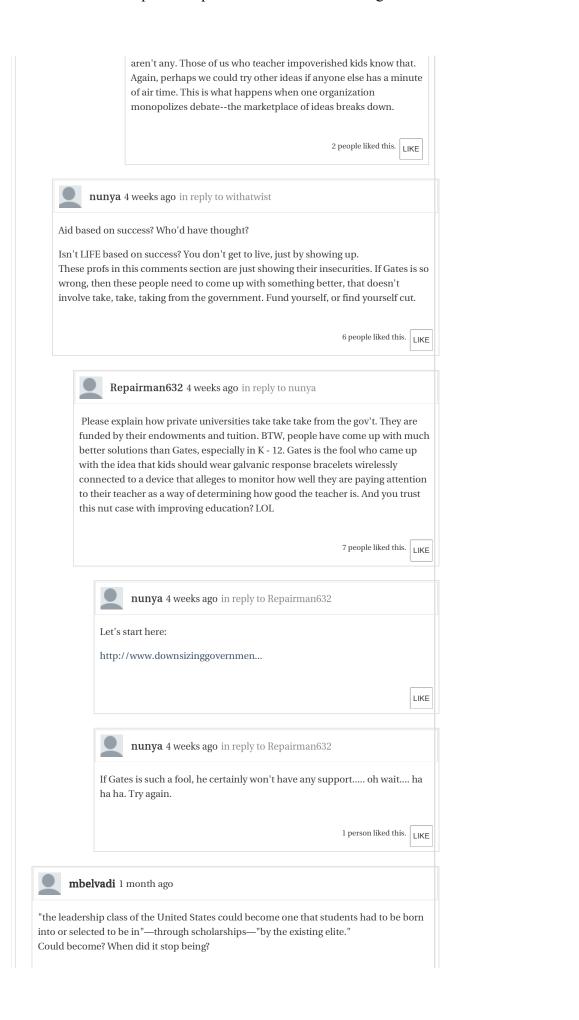
When you come down to it, I'd be more likely to believe a group of teachers on education issues than Gates. But if those teachers don't do anything... well, then I'm stuck with only one option (Gates). Or I just have to accept that the significant problems we have with the education system can't be fixed -- and I won't believe that. I can't, since I've seen individual excellent teachers do things so much better -- I KNOW things can be improved, if not totally "fixed". If the teachers won't do the job -- and by in large, they're NOT -- then I'll give Gates a chance. If nothing else, at least we'll learn what not to do, when the ed community actually gets off its butt and decides that the status quo is not acceptable.

3 people liked this. LIKE



pols437 3 weeks ago in reply to Reythia

Give me a break. Teachers won't do the jobs, teachers aren't fixing things, blah blah, blah. Based on what? Your impressions? One unfortunate side effect of Gates' foray into education is his demonization of teachers. There is plenty of evidence that Gates' tech. fixes don't work. Last fall, the NY Times ran a series of articles saying as much--that we have spent tens of billions of dollars on technology and there is zero evidence that it has improved learning. It is simply not a magic bullet--there probably







Unemployed_Northeastern 1 month ago in reply to mbelvadi

See, inter alia, Northwestern professor Lauren Rivera's article "Ivies, Extracurriculars, and Exclusion: How Elite Employers View Educational Credentials" in the journal Research in Social Stratification and Mobility. The Chronicle of Higher Education covered the research in a Percolator post entitled "Brown and Cornell Are Second-Tier." Or look up the Cravath Method of Hiring (sometimes called the Cravath System). Or simply look at the college recruiting list for, say, Goldman Sachs, Google, Boston Consulting Group, the Department of Justice, the Broad Institute, the Gates Foundation, etc etc.

10 people liked this. LIKE



Reythia 3 weeks ago in reply to mbelvadi

Precisely. In my opinion, this is the BEST reason to enact some sort of changes in education policy: because right now, most reasonably smart upper-middle-class teens finish college at a decent school, while most equally smart poor kids either go to the local CC or straight off to work. It's got nothing to do with brains and everything to do with cash reserves. Whether or not you agree with the details of what Gates et al are trying to do, it's pretty obvious that this is a problem that needs to be solved or at least improved upon.

1 person liked this. LIKE



tr8913 1 month ago

Overall, these articles are interesting and somewhat fair. However, in an effort to make a story, they have all missed the real stories: lots of students attempt college and never complete and leave with debt; more students and families are borrowing to pay for college and with tuition dollars be used to fund aid programs for poor students, middle class families are incurring debt to support poor students; regular complaints about the lack of quality data and inadequacy of the GRS, and most of these initiatives are about data.

This also smells as CYA by the Chronicle for criticisms for having taken money from Gates. I guess they should have thought about that when they took the money for both projects. And I guess Chronicle feels it has been manipulated by Gates to cover the stories and subjects the foundation cares about. That's too bad, but the editors do the same to its readers by choices it makes in what to cover - especially when they choose to write about funded projects or press releases instead of doing original research by asking what individual states are doing.

Selingo is enjoying a lot of success with his book, College (un)Bound. Would it have been impossible without his regular invitations/attendance at Gates-funded meetings (such as AEI higher ed forums) which gave him awareness and direct exposure to the people doing the work that he wrote about? Maybe it should be billed as an implicitly Gates-funded book?

Gates, Lumina, and Kresge have become effective in pushing an agenda. If one has problem with this, don't take their money.

Journalists should look and report on things being done without foundation money, write stories that don't start with press releases.

17 people liked this. LIKE



mbelvadi 1 month ago

I'm not thrilled with unaccountable foundations "leveraging" their vast wealth to direct much larger sums of taxpayer money towards their agendas. However, I'm also not thrilled with the current system of accreditation.

In my twenty years as an academic librarian, I've seen the utter incompetence of accrediting bodies to understand and adapt their rigid rules to the profound changes happening in scholarly publishing, which resulted in enormous drags on the ability of libraries to provide the best collections and services that their budgets could provide. The very statistics they've asked us for demonstrate that lack of understanding. I haven't forgotten in the mid-late 90s how the accreditors were still insisting on only counting print journal subscriptions while we were in the middle of the online journal revolution that has enormously increased researcher access to academic literature. And we're fighting that fight all over again with ebooks, with ownership versus just-in-time delivery services (like DDA programs), etc.

If I can see that much just in the tiny portion of the accreditation process that I understand well, I shudder to imagine what they're doing to innovation and creative problem-solving in the rest of academe.

Bottom line: I don't trust the Gates Foundation, but I certainly don't trust the establishment accreditation system to be the legitimate voice of objection to the Gates Foundation's agenda either. Where to turn?

26 people liked this. LIKE



Andy Howe 1 month ago

In many ways, this article is precisely why foundations like Gates are now attempting to influence higher education. The tone of this article borders on arrogance at worst and defensive at best. Much of what Gates and Lumina fund are ideas from the higher education community. Without this money, many ideas and alternative programs would not exist. Frankly, we need more pathways for students to get credentialed. We know that. There should be little disagreement there. We in higher education have little resources and motivation to create these pathways. If we did, we would have created them long ago. The models that Gates and Lumina are funding and testing (which is largely done at the local level -- not at the funding level) will give us in higher education a platform to build upon and adapt. With increased federal and state accountability and decreased state funding, what will be the consequences if we are too arrogant or resistant to consider what institutions and programs that are funded by Gates are learning? Status quo? I for one hope not. I have never received money from Gates, but I am a big supporter of any group that can force higher education to reflect on itself.

16 people liked this. LIKE



22081781 1 month ago in reply to Andy Howe

"Frankly, we need more pathways for students to get credentialed. We know that. There should be little disagreement there."

Sorry, there is disagreement there. We're in what seems to be a permanent recession in that an increasingly larger percentage of Americans will be unemployed or underemployed -- indefinitely. We don't have jobs for more credentialed people, save for a few more plumbers. More credentialed people will simply lower wages for everyone except corporate leaders (of course).

Futhermore, there's the issue of the quality of graduates we'll churn out on. Gates insists we increase college completion "without creaming the most-prepared students and without sacrificing quality." Well, you can't have both. We've already lowered the standards for four-year and masters degrees because of the shaky quality of students we get.

51 people liked this. LIKE



Andy Howe 1 month ago in reply to 22081781

Although alternative credentials hold promise for current skills gaps, don't forget about the future job market needs. Alternative credentials also hold promise to engage students to go deeper into the curriculum and demonstrate competencies as well as learning outcomes. I'm not going to get into the promises of credentials since that's not the purpose of this post. Finally, we can't blame Gates or any other foundations for the quality of our graduates. We need to take ownership on that. I also believe we can have both -graduating students more quickly and with outstanding quality. I worry about those in higher education who think we can't have both. Those folks are part of the problem.

4 people liked this. LIKE



Unemployed_Northeastern 1 month ago in reply to Andy Howe

The future labor market will not be enough to employ the generation boom (Millennials or Echo Boomers) that have wound up un/underemployed college graduates, masters/doctoral grads, lawyers, MBAs, etc. That is, if it ever deigns to consider them in the future - the long-term unemployed have profound structural challenges in getting back to work.

And what future are we talking about? The one where, say, work done by attorneys is done by predictive algorithms or paralegals in Bangalore? The one where research centers and tech jobs are sent abroad? The future where China and India alone are planning to produce north of ten million college graduates per year each, who will outcompete us on labor costs? How about the present where nearly half of our H1B visas are granted to tech outsourcing providers like Cognizance, iGate Patni, Infosys, and so forth? The one where Boomers can't retire because the last ten years have gutted their assets, and so stay in jobs that would otherwise be occupied by Gen X and Millennials?

For my part, I think we have finally reached the point where the Luddite Fallacy has become the Fallacy of the Luddite Fallacy. The creative destruction of technology has finally outpaced the growth of jobs that comes from its innovation, and we compete in an increasingly global and zero-sum hiring market where our salaries are too high and our worker protections (though far less encompassing than those in Europe) are too many. It will not end well.

26 people liked this. LIKE



Andy Howe 1 month ago in reply to Unemployed_Northeastern

Let's say the future you just described is true. How does an individual survive in that future? No longer will a standard degree and job experience be enough. It seems to me that one would need to continually improve on existing skills and learn new skills. Do you go back to get another degree? Maybe that's the pathway that works for you. What if, however, you could get training in a short-term, demonstrate competencies, and get a digital certificate to put in an eportfolio or linkedin that clearly shows the competencies to possible employers. That is one pathway...but keep going. When one certificate is done, you work on another. You continually stack these certificates while demonstrating competency to get a job or promotion. Although this is happening in pockets, it isn't at a large scale. That's the benefit of some of Gates and Lumina's work. Testing these different models. You talk about long-term unemployed. Maybe, this is a way to work around the systemic issues that won't be resolved anytime soon.

10 people liked this. LIKE



judithryan43 1 month ago

Terry Crosgrove's educational program sounds a little sad. At first, we hear that he engages in academic learning on "days off," but then we discover that he's actually working full time, so that days off must largely be weekends. He's in much the same situation as many people who are working full time and taking evening classes on top of that, except that he doesn't seem to have much contact with other students, as people in evening courses do. The lucky chance he has is that Southern New Hampshire provides him with a coach (an advisor of sorts) who helps steer him in the right direction and keep him focused. I don't want to look askance at that very sensible provision.

A better model might be the German apprenticeship system. For all its faults, this system does incorporate genuine days off for more academic study, and that study is not done alone. Apprentices work several days per week at a job that is understood as a gateway to future employment (I'm not sure if packaging Slim Jims in a factory is quite on a par with that, but let's suppose that Terry Crosgrove is learning how to work with and perhaps do basic repairs on complex machines), and then they have one or two days a week when they attend classes at a tertiary institution that provides a more theoretical background in their field of work while also improving their abilities in basic subjects like language and math. In certain cases, some online learning can be used to gain additional qualifications.

25 people liked this. LIKE



pols437 4 weeks ago in reply to judithryan43

Well put. Let's also keep in mind that Gates' inspiration was to get impoverished people degrees by the time they are 25. What is the great success story? A 54 year old factory worker seeking enrichment because his job is too boring. What problem is being solved for this gentleman that requires that we re-make (and dumb-down) the finest higher education system in the world?

9 people liked this. LIKE



dougflor1955 1 month ago



