

Transcript: University Debt Reveal: Organizing Against University Capital Debt

Featuring Joanna Gonsalves (JG), Eleni Schirmer (ES), Jason Wosniak (JW), Rich Levy (RL), Tyler Rysteen (TR), Gayathri Raja (GR), Cassidy O'Connor (CO), María del Mar Rosa Rodríguez (MMRR)

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Introduction

JG Hi, my name is Joanna Gonsalves and I'm a professor at Salem State University. Thank you for tuning in to today's podcast. On August 24th, 2022, President Joe Biden announced a historic plan under the authority of the Secretary of Education to provide \$10,000 in federal student loan forgiveness for millions of borrowers in up to 20,000 and loan forgiveness for those borrowers who qualified for Pell Grants. While not extensive enough, this actually represents a significant step in the right direction. In Biden's words, this means people can start to finally crawl out from under that mountain of debt to get on top of their rent and utilities, to finally think about buying a home or starting a family or a business. However, federal debt cancellation provides only temporary and retroactive relief. It doesn't address the root causes of why students are accruing so much debt in pursuit of higher education we're not attending at all. The reason is the steep rising cost of tuition and fees of college attendance. Even our public campuses are no longer affordable to most of those in our communities, due to decades of underfunding by our state and federal government. In this podcast, we examine the other college debt crisis. That's how university borrowing for capital projects has added thousands of dollars in fees to our students tuition bills, and subsequently to their student loan balances. Well, almost no one knows about university capital debt, the austere consequences are felt broadly and deeply by students, campus workers and surrounding communities. We begin with a Eleni Schirmer, a researcher, writer, an organizer on the problem with the university debt. In the fall of 2020, and expanding collective of campus workers, In the fall of 2020, and expanding collective of campus

JG workers, unionists scholars and students, all interested in the other college debt crisis, embarked on an organizing project to reveal how university debt undermines our campuses and our college missions. We begin with a Eleni Schirmer, a researcher, writer, an organizer on the problem with the university debt.

Conversation about Debt Organizing (12-16-2020)
(02:59)

ES about debt right now isn't just because debt servicing payments, which we'll get into in a little bit later, are usually large chunks of money on universities budgets. But because of the power relationship that debt and engenders. And that's why we're here tonight so that we know will always be the university's priority. That paying a university's creditors will always be the first budget item to comment on the budget and how much money is leftover for workers, how much tuition will cost that gets determined afterwards. We're also here to talk about debt as a power relationship because it's punishing, that is regressive. Meaning that the rules of credit make it such that those who have the least pay the most. And I think that's important to keep in mind, what we're here to do is that it's not just that we need to go after debt as a point of redistribution, as we're facing all of these and the debt, the amount of interest and fees that universities pay to creditors in order to reclaim that money. Although we do, it's also because we want to challenge the power relationships that debt financing has wrought for universities. We're here tonight to begin to talk about what it would take to reveal that invisible infrastructure. That's this really fundamental structuring force of all of our campuses. And revealing, we believe is a first but incomplete step towards dismantling the debt finance university. And then it will take very hard collective work of organizing in order to actually replace it with reparative, publicly funded, democratically governed university.

(04:46)

JW (...) that co-sponsored undertaking by few Labor Notes and the debt collective. And both organizations are currently building national networks and efforts to re-imagine, remake, rethink a higher education landscape. So few and this is a short intro, basically brings together the union and other types of labor organizers from AUD to talk about different issues that impact labor on college campuses and impact not just faculty, staff and community as well. And the debt collective is doing quite a bit, especially around student debt, but as of recently, is creating a first debtors union in the United States. One thing that the debt collective reminds us that I want to stress very much from the beginning.

JW How can we build alliances across different states, different institutions to push back? So that's a constant theme because no individual education can possibly take on Wall Street creditors, Moody's, and other credit rating agencies alone. We need a nationally networks movement that draws on various segments of society. That is also something. And I'm going to talk a little bit more about this later, perhaps inspired by an article on municipal debt by Saqib Bhatti from the Action Center on Race & the Economy ([ACRE](#)). I'm pretty positive that there's, folks are on this call, so that's fantastic. But in an article by Saqib, he does mention these possibilities of different municipalities bonding together in certain ways to push back on predatory Wall Street practices in terms of municipal debt, so part of this idea is motivated by that. I also speaking of ACRE, I want acknowledging the expertise and experience in this room or wherever we are. Our work builds on the work already being done by groups like ACRE, Bargaining for the Common Good and others. We've learned and hope to continue to learn a great deal from these groups, especially in the ways that we make our analysis, especially in the ways that we think of our aspirations and what is available to us and accessible to the general public. So I just wanted to say one thing about this is that part of their/our tasks that we plan is, how do we make much of the great work that's happening could happen accessible to the general public. How do we make, what can be a very wonky and very difficult topic to discuss and think about operational. In other words, how can we turn analysis into movement building? How can we build on the analysis in order to build power? These are questions that we want to continuously talking about. I also want to stress, like some are abolitionists colleagues who are here today, that given this nation's colonial, racist, patriarchal, and militaristic past and present. And the ways in which universities have always been complicit in these systems of oppression, we have to keep in our memories. But I think also transcend the days when the university of his head more public funding. But the public service was principally white, male and exclusionary. So in other words, as much as we want to push back against the current neoliberal policies and logics motivated in large part by debt. This isn't a call to go necessarily back to some glory day of Post New Deal funding that was obviously important but very limited in certain incentives, like who is being served and how is that happening? So we're really pushing to move towards this reparative public higher education that Eleni mentioned earlier. So again, as we take on creditors and their allies of extraction, what does it repair to University of free and public one that seeks to repair past and present wrongdoings look like. This is a question that way and make sure that we're also touching it. So this is the first meeting of many, one in which we will begin this conversation on what Eleni has called the invisible infrastructure, the university debt. This is the first meeting of what we think is a long-term process and campaign of educating, agitating, and organizing.

JW And part of our educating and organizing activities involves this long process of delegitimizing dominant debt logics, dominant that ethics and policies and replacing them with other ideological, economic, political, and educational framework. Just want to ask, Who are our obligations to? Since to making sure that the creditors get their cut are our obligations to the people that the universities are supposed to be serving. So with that, I just want to let Eleni say a couple of things about the influence of the credit rating agencies on some of this. What we're talking about here. And I think we'll come back to this over and over again, is that the debt collective always reminds us that alone or debts are a burden, but together they give us power and leverage. And so one of the questions, and this actually came up in some of the chat, the chat, but some of the pre-conference questions. How can we build a national network?

(10:09)

ES Yeah, absolutely. So when a university kind of takes on debt, there are a borrower, they have to get a billion dollars because they don't have the 10 billion that they need from the state to run. They'll look to creditors to get that money, which are generally banks and investors. And they will work through underwriters, which are other financial institutions to help get connected to that creditors. So this is just sort of like a really, really basic when we're talking about university debt, who some of the key players are. But one of the, really the most important players who's probably the most influential, least acknowledged, or the credit raters and the credit rating agencies, which are private firms, Moody's, S&P, and Fitch, are the big dogs. And what the credit rating agencies do is they basically evaluate the borrowers likelihood to default. Moody's bases, its credit rating scores on some factors such as university's ability to unilaterally raise tuition and fees. If a university has to go to a state legislature, for example, in order to change the tuition, that's going to really dig the credit rating of that university. Moody's cares, who sits on the University's Board of Directors. So they want to make sure that the board of directors are financial experts, folks that are gonna be able to read investment documents. If you go to university, your University's Board of Directors page, and we call them regions at UW Madison. You can see that there's a lot of corporate lawyers, finance experts, etc. Moody's cares about a universities ability to quote, "take decisive actions to preserve fiscal equilibrium." So when we came into this Zoom room a little while ago, some of the decisive people were listing the decisive actions that universities were taking an order to quote, "preserve equilibrium," making furloughs, furloughing workers, cutting workers pay, closing down whole programs in some cases, shutting down the colleges writ large. And then finally, of course, Moody's is concerned with the university's ability to manage unions and tenure.

ES The stronger the unions, the stronger the workers are organized at a university, the more protective the tenure process these are, the less inclined Moody's will be to rate that, that university highly with a high credit score. So I just bring this up because I think it's important to talk about. I know in my organizing circles it's really easy to see these, these austerity regimes as features of either bad administration, which very well may be the case. I'm not saying these things don't exist or bad political leadership at the state level, which also very well may be the case. But to a degree, both the administration and the political leadership in a state system are following the rules that are set up by the key players in the game by the credit rating agencies, in order to, here to these rules of credit and debt.

(13:06)

JG During the winter of 2021, our collective ran multiple workshops to help campus groups, mostly from public universities, uncover the university's total indebtedness, an annual debt service payments. But also to reveal the harm this debt obligation was causing to students, to their education and to campus employees. We developed a toolkit for conducting dead audits, for organizing our campuses and for generating publicity through social media and press releases. We stressed that the purpose was not to engage in a year long wonky research project, but rather to use this opportunity to pull together a campus team and gain enough information to be dangerous. That is, to educate and agitate one's peers, current and former students and the public about the growing debt crisis in higher education. On April 15th, 2021, tax day, we held our first University Debt Reveal Party. In the next segment, you'll see a snapshot of the publicity generated for that event. And you'll hear from revelers, including Rich Levy, a retired political science professor at Salem State, as he discusses some of the debt reveal findings and how teams conducted their audits.

Debt Reveal Party (04-15-2021)

(14:39)

RL Hey, folks, I'm Rich from Salem State University. I want to talk about the follow up. On April 15th, we had a debt revealed on which 26 universities have collected and shared data and basically a confirmed that universities, our campuses are really buried in a mountain of debt. Chart below doesn't show the amount of debt per se, but it shows the annual debt payments, the total debt for campuses right now across the US, there's \$151 billion dollars. And as you can see, in the biggest systems, California is 900 plus million dollars a year just in debt service payments. So this is really a significant factor. Dead Revealed Day also helped us revealed that

RL the average unweighted debt service, what campuses pay as a proportion of their annual budget for public universities is about 5%. And for very limited sample of private universities about 4%. [Can I get the next slide?] Just what that means in concrete numbers was in analysis is benign state universities in Massachusetts. This is what a full-time undergraduate pays on an average per year. When we started doing this and we found Salem State, the average is \$3,310, were totally blown away, we couldn't think we figured it was miscalculated, but it wasn't. And then we found out that we were only the third worst in the state. So people pay from 4300 down to 1600 per student per year. And that's an incredible amount. But what's really amazing is that getting all of this information –Tracy was talking about, it seems opaque and impossible. This took an average of less than two hours for groups of people who are not experts to do this. It's tool for self-empowerment, organized students, higher education workers. It makes it possible to do state analysis to bring campus together against austerity. And the other thing to look at is, like I was saying, the schools pay four to five as an average percent of their budget. What does this mean? We came up with the notion of instructional harm. [And if you go down to the next slide, we can see that as well.] This is the worksheets that we use. These could be done and we have links to all the sources and explanations and how to do it. It literally takes very little time. But for the University of Illinois, for example, or the ratio is only 2.1%. The debt service is enough to pay for all the cuts in instructional and student services. in 2018-2019 at the University of Wisconsin, it's 3%, which doesn't seem that big, but it's the equivalent of the entire budget for the School of Education at Salem State and the University of Colorado, it's 10%. At Salem State, that means a student is coming out with \$12 thousand in student debt just for debt service. Approximately a quarter of everything that students pay goes to debt service. And while Salem State faculty track, faculty has shrunk from 350 to 300, is now targeting 250. Using the funds that are now used to pay debt service would allow annual reductions, in tuition and maintenance and or hiring of a 145 tenure track faculty. So the institutional harm on this is higher tuition, restricted classes and all incredible amounts of damage that come across in the university as a result of this. In addition to which I want to reemphasize how much that you all translates directly into student debt. And then just to conclude briefly, this is not hard to do. This handy-dandy free do it yourself, worksheet is available, I'm not sure if the link is on here, but we'll provide it. There's a toolkit that gives you advice on how to do it, references and all of that. And what this means is that it allows you to develop a core of faculty and students who understand this stuff can speak publicly and help mobilize students. It's not an intellectual exercise, it's organizing your campus against campus debt. And the harm it causes an unweighted undermines public education itself. So understanding this debt really helps for stronger organizing and building power on campuses.

- (20:49)
- JG In the spring of 2022, we engaged in a pilot statewide debt reveal project in Massachusetts in an effort to scale up the 2021 debt reveal on a statewide basis. The goals were to build consciousness about the amount of debt on the 13th public university campuses across the Commonwealth, as well as the overt and covert cost to students, workers, and community members. But also to build the power we need to increase public spending. Working towards debt-free and eventually free: Public higher education. One that advances racial and social equity and prepares our students with the knowledge, skills, and values they need to be active citizens and community leaders. With the financial and political support of the Massachusetts Teachers Association, the largest union in New England. We tried in a very short time, just four months, to recruit and train 12 student organizers and team leaders to find the data. But also to demonstrate that this research is quite doable in his both transformative and empowering for those doing it. We develop job descriptions, held online interviews, then met with student organizers bi-weekly for training, check-ins and to provide assistance with the debt reveal worksheet we had developed. Then work with students to standardize the information they collected and to start outreach to campus members as well as their state legislators. We held and statewide April debt reveal, the results of which are posted on the Massachusetts Teachers Association website and are also featured in the September 7th issue of *The Nation*. The analysis and findings, so the Massachusetts pilot have increasingly influenced the Massachusetts Teacher's Associations political work, including our current campaign for millionaires tax. There'll be on the November ballot. If this passes, this will provide tremendous new funding for education and transportation.
- (23:05)
- TR Hi everyone, My name is Tyler Rysteen I'm a junior at Framingham State University majoring in sociology. This really struck me like this is a problem that is affecting the students. This is affecting me. This is affecting everybody I care about. We need to make a change. We need to do something. But that's really made me think about how the higher education system is funded, who funds it and why it's funded and why it needs more funding. Because something we'll talk about more in this presentation is about how the government isn't giving these schools the funding that they used to. And that is a large reason why students are paying this copious amount of debt every year to our colleges debt. It's not for our books, it's not for our classrooms. It's for their debt. I have just had been so happy to be a part of this and it's been really eye-opening. And I hope this presentation helps you guys see how big this problem really is.

- (24:12)
GR Gayathri, I'm a sophomore, in UMass Lowell, and I'm an economics major and finance minor. I found out about this project from just like an email that I received from my department head. When I found out about this project, I was completely unaware that campus debt even existed. And it was just so surprising to find out that that can exist on such a large level, especially in higher education, which is a system that you think is financially stable and build well, as an economics major, I was really excited to be able to delve into the financial reports and budgets and balances of all these colleges. But when I did so I realized that you didn't even need an extensive understanding of finances to see how bad the system currently was and how the debt that all of these colleges are in is directly affecting the amount of student loan debt that me and all my friends are currently going to continue experiencing. So in recent years, we know that the cost of attending Masters, it's public colleges, has massively increased. And as a result, campuses have needed to raise fees yearly in-state tuition and fees that you must have increased from about 5.5 k In 2001 to about 15.6 K in 2021. And this is part of a broader trend because in this two-year time period, average tuition and enrollment fees across Massachusetts public colleges have increased by around 6.5 K, even when adjusted for inflation. And this high cost of attendance is putting students in dead. Because despite it being a wealthy state, Massachusetts has the fastest-growing public college costs and the second fastest growth in student debt in the nation.
- (26:16)
JG Pittsburgh: the average student there is paying about \$1,700 a year in fees for the campuses capital debt. Now I just want to state that that students who live in the dorms pay more than students who don't. So let's say you're a commuter at Pittsburgh, you might have to pay some parking fees, and maybe there are some few \$100 and Betterment fees. All the campuses, even commuters, have between five hundred and eight hundred dollars in fees they're paying related to capital debt. Alright, At Framingham, the average student, and this is again across dorm students and commuters, is 2,400. Mass Art 4,200, the most. Mass Maritime, 3,700. So what does this mean when your fees are increased? Because campuses need to rely on fees to pay for capital improvements. How does this impact our students? I'm going to turn it over to Cass O'Connor to talk about from their perspective.
- (27:02)
CO Hi everybody. My name is Cass, I'm at Salem State University, as you can tell from the posters on this slide. So unfortunately, every student that I've ever talked to has a student debt story. They have a story about how they're struggling, about how many jobs they have to work,

CO about how they have to make a choice between missing work or missing classes. I got the opportunity to do a few presentations about student debt and a few classrooms. And through those conversations, students as well, we're talking about just how much they're struggling, how hard it is. Everything off of that is that they're unable to take a break from school for a semester or a year if they're struggling because their their loan payments will start and they'll have to start paying them off. And speaking of how student debt after you're out of college, I believe for Salem State, about 1 in 15 students default on their student loans and you're not allowed to declare bankruptcy on that. So it's very difficult.

Puerto Rico

(28:00)

JG Perhaps the clearest example of how campus debt is part of a wider anti-democratic austerity back attack comes from Puerto Rico. It's not just the University of Puerto Rico under attack, but the entire society at a systematic level, not yet seen elsewhere in the US. In the means for this over and anti-democratic attack is through various forms of debt. Puerto Rico struggles may be a harbinger of things to come in the US and elsewhere. But it's also a harbinger of the powerful University and society-wide organizing, which has achieved remarkable success, though far from complete.

(28:49)

MMRR The University of Puerto Rico, it has a small debt around \$450 million. But it was paying that debt. It was never an issue. We were not missing the payments or anything. Our problem with the depth is the depth of the country. Puerto Rico defaults on paying its debts to Wall Street does when Mr. Law is written and signed and that's when the federal oversight management board is sent. But we call them "La Junta" because you know that in Latin America, the groups that would leave the dictatorships were called La Junta. So that's the way we call it here as well. And it's composed of bankers of Wall Street. So what they do is they've been imposing austerity measures across the board. The University of Puerto Rico depends in part of its funding from the government. There is a law in 1966, law number two that says that the countries contribution to Puerto Rico is 9.6% of appropriation. And that is a law and we've always managed with that. And if the country has less appropriations, then what our budget is a little bit less or a little bit more. And also we receive federal funding, but for Pell grants that the university administers those grants with those, those goes directly to students. And I mentioned these two things because, because we depend on that 9.6% contribution from the government, when the country is under siege paying this very big depth, that it's mostly illegal and that has not been audited.

MMRR We knew that that was going to affect the university directly. We have a very big problem also with Middle States. The Middle States Association, because they are our creditors so they credit the university. And one of the things that they put us on show cause and 2017 the entire UPR system was because they didn't see a financial sustainability plan for the university. That's when everything started getting really, really intense because we were fighting our administrators saying you cannot keep saying that you are managing the budget cuts because we're going to lose accreditation. And if we lose accreditation, we lose Pell Grants and students cannot study here. So that is kind of our relationship to the debt sense. Since La Junta got here, our budget is being reduced every year. Like the fact that there is a law that it's there. It's like nobody's looking at it and they don't want to respect it because the Junta has power over that. That's part of our colonial status. So in 2017, the students went on strike. They went on strike for around three months. It was a very big strike. It was a student-led strike. And that is something different that I have to say that it's part of the political culture of the university. Since the origin of the university in 1903 and more so after the 1950s, the university has been the University of the masses is only one public university with 11 campuses. It is the best university in the country. So there is competition to get in. It is the one with the highest index of graduation as well. And it's where everybody that all the minds of Puerto Rican big minds or in the university one way or another, because in a place of scarcity and precarity and crisis that the university has become a hub of all those things. So the university, the students have always been leading many of the social movements in Puerto Rico and leading many of the protests. The claims that they were, the students were presenting transcended their own issues. One of the claims was no increase in tuition because they wanted to increase tuition so they could keep justifying lowering our our budget. The other thing they wanted, they wanted a citizen's audit of the debt because it's it's ridiculous. And La Junta that is supposed to be a financial oversight management board, has not been auditing to that, right? And we know that many of those bonds are also illegal bonds, so it's very problematic. That was one of the main claims. We have to say that that was a very tough strike, but it was successful strike as well. We got from there the first group to officially set down in an official meeting with La Junta where the students in protests, the students on strike of the UPR. So one of the things that the university student-led strike got the possibility to write a reformed from the base up and presented directly to the legislator without dealing with the university structure. And with that, this is not the only example of collaboration between the sectors we started having in 2000s after the, after the strike and after Hurricane María when we came back, we started having a lot of multi-sector town hall meetings to talk about how our specific issues, like specific issues from the students: like they couldn't

MMRR find classes on certain things, the tuition was getting higher. And for the professors was the salary freezes, the number of adjunct professors for the employees that health insurance, all of those things were linked to one thing, the debt and the budget cuts, right? Well, also the University of Puerto Rico is a political culture in it, like I said before, but there's always people that are on the fence everywhere and that's where I think it helps to talk about how to bring those people in because that way, we grow the movement people were really tired because austerity everywhere, not only in the university is the privatization of electricity, we have power outages every day. So maybe this conversation might get interrupted at some point. It's everything when people get too tired after two hurricanes, after up and then make people do not do not count. It's not that they don't want to, but sometimes they can't get too involved. So we started doing little things in campuses. Something that really works for us to politicize the people that are not very political yet are what we call "Sal pa'fuera", these are teach-outs. In these teach-outs, we have several levels of involvement. We say we have one now next week on the 14th, and where we say, everybody is going to wear black. So everybody has something black to wear students and professors, and we're going to teach out from 9:00 AM to 1:00 PM. All classes are going to be in the quad. What we do with this is that when we teach the classes in the quad, we take the time of our class to talk about the debt, this situation of the university. What can we do? How we sit linked to our individual worries? I'm worried about my health care, about my retirement plan. This has to do with the budget cuts. I'm worried that I have that as a student, I have to get three jobs because I can't pay the Pell Grant is not enough anymore. This is linked with the budget cuts. So there's definitely different degrees. Some professors don't come out, they don't feel comfortable, but they were black. And you see people wearing black and you say at least there's something there, there's some sort of support and they feel that they're doing something. Those little steps helped bring people in. We started organizing to visualize the fact that our main problem was the debt. We organize murals in all of the campuses. And it was interesting because the process of getting the murals approved. . . one of the chancellors would say no, and we said we were going to do it anyway. So you either give it to us in a good way or we're going to paint the wall anyways. What it also helps our teachers, they aren't professors will assign it with the students who would come at night, would oblige projector and do the lines and everything and then paint them in. And that is there in many of the campuses. We think that I think we need to do is starting to find creative ways of resisting. Resistance has become so overwhelming right now in this political crisis that we need to start breathing in the process, right? And trying to, there's a very nice, great quote from Žižek where he says, "Let's be happy while we're fighting for happiness. Let's be free while we're fighting for freedom." And I think we need to learn from that, but I know of 2019 to deal with this doubt again, right? And, and to start getting the energy to fight.

Final comments

(37:34)

- JG Fighting against campus debt can seem overwhelming. It is part of our larger scale system of increasing inequality in many ways. However, progress starts and small and varied ways. There's no predetermined route or method. Starting organizing can be very small scale. At Salem State, we started with just five faculty and one student. It took us about 25 hours in total. Two years later. The work we've done has influenced conversations within our union with campus leadership and state legislators about the structural debt problem that needs to be addressed with state funding. In Puerto Rico, It has played a critical role in mass organizing across society. In closing, we hope you'll utilize the resources we've provided here. If you would like some support and getting started, feel free to contact us. The debt collective and/or the Public Higher Education Workers Network (PHEW). But please take the first critical step: start something on your campus. Use whatever methods will work best there, from the most simple to the most outrageous and fun. And then once you've started contact your colleagues in peer institutions in your state, spread the word. As educators, let's use our academic skills to build power for change.

More Resources

- Debt Audit Tool Kit. <https://salemmscadocs.home.blog/debt-audit-tool-kit/>
- Gonsalves, J. (2021, April). Why should I care about my university's capital debt? MSCA Perspective.
https://www.aaup.org/sites/default/files/Schirmer_et_al.pdf
- Schirmer, E., Wozniak, J., Morrison, D., Gonsalves, J., & Levy, R. (2021). Making the invisible visible: Organizing against the instructionally harmful, anti-democratic effects of institutional debt. *Journal of Academic Freedom*, 12, AAUP.
<https://www.aaup.org/JAF12/making-invisible-visible-organizing-against-instructionally-harmful-antidemocratic-effects.YmnASS1h3UI>