

Revealing Massachusetts Campus Debt



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Executive Summary

When public colleges were first established in Massachusetts, the Commonwealth paid all major building costs across campuses. As a result of the long-term defunding of public higher education, campuses must borrow money for capital improvements, and the debt financing costs are passed onto students in the form of additional fees.

This activist project brought together faculty, staff and students across Massachusetts public colleges to raise awareness about campus capital debt and its negative consequences to public education. The goal is to mobilize campus and community members to demand that the Commonwealth fully fund the construction and maintenance of campus buildings on its 29 Massachusetts public colleges. Through collaborative research during the spring 2022 semester, campus teams exposed the magnitude of this capital debt problem and shared what they learned at the April 14th *Campus Debt Reveal*. Some key findings include:

- The Umass System has \$3 billion in outstanding capital debt.
- Mass State Colleges have \$1.2 billion in outstanding capital debt.
- Mass Community Colleges have over a billion in unaddressed deferred maintenance.
- On average, students at Massachusetts state colleges and UMass pay over \$2500 in fees *annually*, just for their university's building debt.
- Campus capital debt fees increase student loan debt by about 25%.
- Despite being a wealthy state, Massachusetts has the fastest-growing public college costs and the second-fastest growth in student debt in the nation.

Also revealed were the consequences of college capital debt:

- For students, the extra financial burden placed on them forces them to work more and take on more student debt. It steals students' time for studying and campus engagement and contributes to food and housing insecurity.
- The high annual debt payments that colleges must make carve into operational budgets and create a perpetual state of austerity. They mean cuts to faculty and staff, and fewer sections of classes available per year.
- The high cost of enrollment fees and campus housing exacerbates inequities in college access for many, particularly students of color and first generation college students.
- Capital debt changes priorities on campus; this debt must be paid before other educational costs, even during a pandemic. Maintaining a good bond rating takes priority over educational quality in campus decision-making. Thus, the power dynamics are in the creditors' favor, undermining the nature of public higher education as a public good.

We also examined solutions to end the stranglehold of campus debt including passage of the Fair Share amendment (on the November 14, 2022 ballot) and the Cherish Act and Debt Free College Act, and federal Student Debt Cancellation.

Revealing Massachusetts Campus Debt

Ten years ago, the [Debt Collective](#) called for the cancellation of student debt, exposing the many ways it undermines public higher education as a public good. They were told debt cancellation was utopian and unrealistic. But since then, billions in student debt has been canceled and student debt cancellation is now being seriously considered on the national stage. This project demonstrates how the “other college debt” -campus borrowing for capital projects as a result of reduced public funding- undermines public higher education by increasing student debt and reducing course offerings, services, affordability, and campus diversity while undermining both unions and democratic governance. This project aims to 1) build consciousness about the amount of campus debt on various campuses across the Commonwealth and the overt & covert costs to students, faculty, librarians and community members and 2) build power to transform and increase public spending for public higher education in Massachusetts that advances racial and social equity and prepares students with the skills, knowledge and values needed to be active citizens, community leaders and contributors to a society and economy and that advance racial and social equity.

What is College Capital Debt?

While the burden of student loan debt has been on the public’s radar, almost no one knows about college capital debt nor how it impacts students. Across the nation, capital debt at public colleges and universities grew significantly in the past decades in response to decreasing levels of state funding ([The Atlantic, 2017](#)). Cash-strapped colleges took on massive debt in order to fund campus building repairs, to modernize learning and research facilities, and to build new residence halls. In the case of the latter, for many colleges this was a strategy to address budget shortfalls by attracting more residential students and the revenue they bring (especially higher paying out-of-state students). While campus borrowing may have been justified, at least within the dominant paradigm, the consequences of this capital debt are critical for students, for higher ed workers, and for the future of public higher education.

History of Public College Financing

The very first public college in the nation was the Framingham Normal School (now Framingham State University) which was established in 1839 by the Commonwealth of Massachusetts ([Framingham State Archives](#), n.d.). In the mid-to-late 1800s, dozens of public technical and agricultural colleges were established in the United States under the [Federal Morrill Act](#), as well public teachers colleges (normal schools) through acts of state legislation. In the post WWII era, hundreds more public colleges were created to address workforce needs and to accommodate the surge of students taking advantage of newly established federal student grants (GI Bill grants and Pell Grants) and new student loan programs ([Lumina Foundation](#),

[2017](#)). State governments managed and paid for the construction of these public campuses and passed little or nothing of construction costs onto the students attending them.

A review of the Commonwealth audits from the 1920-1940 shows that annual appropriations were made routinely for campus construction and repairs, including the “boarding halls” (eg. see the [1920 Massachusetts State Audit](#), pgs. 31-32). However, state support for public colleges started to wane in the mid-1960s, and colleges began borrowing from quasi-public authorities for the construction and renovation of “auxiliary buildings” (aka non-instructional buildings that generate revenue, such as residence and dining halls, parking structures, and recreational facilities). The Massachusetts state legislature established a handful of authorities to help non-profits and state agencies finance their capital projects with revenue bonds; for college campuses the revenue sources backing the loans were student fees charged for dorming, dining plans, event tickets, and parking access. While capital borrowing was initially minimal, the concept that students, not the state, are responsible for the cost of student auxiliary services, including related capital debt payments, had taken root.

Sources of Debt Financing for Massachusetts Public Campuses: The quasi-public building authorities for auxiliary construction and maintenance are described below.

A. The University of Massachusetts Building Authority (UMBA): [Early records](#) show a state college building authority was created in 1939 to construct “dormitories and commons” in Amherst at the State College of Massachusetts (which would later become the University of Massachusetts). In 1960, to address the pressing need for more dormitories, dining halls and parking at UMass Amherst, the state legislature established the [UMBA](#). In the following decade, additional residences for 5000+ students were financed and constructed by the UMBA, including the massive Southwest complex, as well as Orchard Hill. The [enabling act](#) gave UMBA the power to build, finance and accumulate capital assets, and “to charge and collect rates, fees, rentals and other charges for the use of any building, structure, other property or portion thereof under its control”. In other words, UMBA is a major property owner of campus structures and the Authority charges student/user fees to pay for the operation and debt incurred for these assets.

In 1995, the scope of the UMBA grew significantly with the merger of Southeastern Massachusetts University and the University of Lowell within the UMass system. At that time, three decades of underfunding by the Commonwealth for its capital needs left the UMass system with a billion dollars in deferred maintenance. In response, in 1996, the UMBA took out its first bond focused just on repair and renovation of existing auxiliary buildings (for \$120 million), and has done so many more times since ([History of the UMBA](#)). Thus, UMass students have been bearing the cost of not only the construction of UMass dorms and other service facilities, but also the cost of their upkeep. This move in 1996 took the Commonwealth off the hook for millions of dollars annually in capital maintenance costs and shifted that burden to students in the form of

fees. Today the UMBA has accumulated a staggering \$3.7 billion in capital assets across the UMass campuses and has \$3.2 billion in debt obligations ([FY 2021 UMBA Financial Statement](#)).

B. The Massachusetts State College Building Authority (MSCBA): The [MSCBA](#) was created in 1963 to finance residence halls on the nine state college campuses. Today it owns 42 residential complexes on land rented from the state that houses about one-half of the state colleges full-time undergraduate students ([MSCBA, 2016](#)). Like the UMBA, the MSCBA sets students' housing fees which pay for the capital debt payments, housing operations and debt administration. In 1998, the MSCBA expanded its financing to auxiliary services more broadly to “feeding, medical care, parking, athletics, cultural and extracurricular and other student life activities” ([MGL acts of 1998, Chapter 290](#)). Since then the nine state colleges have borrowed \$1.2 billion from the MSCBA, and owe much more than that in total financing costs ([Moody's Investment Service, 2022](#)).

C. Health and Educational Facilities Authority (HEFA): [HEFA](#) was established in 1968 and provided loans to public and private colleges and hospitals across the state. It has since merged with [MassDevelopment](#). The amounts financed were modest, relatively speaking, but follow a dangerous trend of campus borrowing to deal with inadequate state funding. For example the UMass system took on a million in debt with a series of four HEFA bonds when Governor Jane Swift imposed cuts to the campus' state appropriation and vetoed the legislator's line-item for emergency deferred maintenance ([Session log, Mass.Gov, 1998](#)). Framingham State's HEFA borrowing included \$6.2 million in 1998 for an Athletics facility (backed by the promise of future student fees) because the state's Division of Capital Assets Management and Maintenance (DCAMM) was unwilling to step up ([FSU Financial Statement](#)). Despite low revenue streams, even the community colleges were forced to borrow from HEFA. For instance, Bunker Hill CC took on \$6 million for a new Health and Wellness Center in 2006 when DCAMM would only pitch in about half of the construction costs for the project ([Massachusetts Board of Education, 2006](#)). Until it morphed into [MassDevelopment](#), HEFA was an additional financing source for campuses in the face of austerity.

Collateral for Campus Capital Debt Loans: Securing a campus capital loan is tricky because the property itself can't be used as collateral for the loan: while the building authorities possess the building assets they manage, most of these structures lie on land owned by the Commonwealth. In the establishment of the building authorities, the legislature made clear that an Authority may pledge future student/user revenues, “but shall not convey or mortgage any property of the Authority.” (Mass Archive, [Acts of 1960](#)). To establish bond-worthiness, at the onset authorities were given control over rents and the ability to create debt-service reserve accounts from bond proceeds and student/user fees. In addition, most of these loans were in the form of general obligation bonds; in other words, there was a pledge from the Commonwealth to cover debt service in the event that revenues & debt reserves were insufficient to cover debt payments. For the UMBA, the Commonwealth built in a limit to its overall bonds guarantee:

only up to \$200 million for “notes payable” can be pledged by the state for UMass loans ([UMBA Enabling Act](#)).

For the MSCBA, there was initially a sector-wide cap on borrowing imposed by the state [until 2008](#), but no cap on the state’s guarantee of payment should there be a campus insufficiency. In 1998, the state legislature statutorily diminished the Commonwealth’s pledge to a “parity obligation”, meaning the state guarantees payment to the Authority not from the Commonwealth’s general coffers but from a state college’s annual state appropriation (MGL, [Acts of 1998](#), Chapter 290). All MSCBA bonds issued since 1998 have an intercept clause to this effect ([MSCBA, 2020](#)). This change has put the Massachusetts state colleges in a precarious position: should student revenues and reserves from auxiliary services dry up (e.g. due to lower occupancy in the dorms or temporary closure of campus service facilities during a pandemic), state appropriations for educational operations could be intercepted to pay for outstanding building debt service. To boost the MSCBA’s credit rating in 2011, the legislation amended the intercept clause to make the aggregate nine colleges’ state appropriation available to cover debt service if any one state college has insufficient funds to make payments ([MCSBA Debt Policy, 2018](#)). In effect, the Commonwealth has completely walked away from its financial responsibility to pay for student residence halls, dining facilities and other auxiliary services and is now using state appropriations (essentially campus employee salaries) as collateral for capital bonds.

Community Colleges Capital Financing: It should be mentioned that the community colleges have very little debt relative to the state colleges and UMass. HEFA had partially financed a handful of community college campus projects between 1970-2010 (HEFA Annual Reports, e.g., [2008](#)), and the MSCBA only financed two community college projects (in [2014 and 2017](#)). It is notable that Mass General Law [159A Section 12](#) provides a parachute should there be a need: the Commonwealth will provide “for the payment of indebtedness incurred in connection with any project financed by HEFA on behalf of any community college”. Given that community colleges do not have liquid assets nor the ability to easily raise student fees, this language pleases the bond holders: should there be a financial exigency the Commonwealth must pay the HEFA debt.

The state’s support has its limits though. Massachusetts community colleges are reliant on the state to deal with their deferred maintenance and modernization needs. Since most of the campus buildings were [built between 1950 and 1990 with lower quality construction](#), there is a backlog of deferred maintenance that is proportionally greater than peer institutions nationally. For Massachusetts community colleges, construction projects take years to be approved, and many building needs just don’t get addressed at all.

DCAMM Capital Project Funding for Academic and Administrative Buildings

The forgoing discussion has focused on the debt financing of campus auxiliary buildings, such as dormitories. Who foots the bill for the construction and maintenance of academic and administrative buildings across the 29 public campuses?

Before the 1970s, the Commonwealth and the federal government provided the funding to build college campuses with grants, and these capital projects were managed locally. The State allotted annual appropriations for new campus projects and maintenance that “averaged \$3.6 million per year from 1953 to 1960, \$8.2 million from 1961 to 1965, and an incredible \$50.6 million from 1965 to 1970” ([Bastedo, 2005](#)). However in the next decade, following a national trend, Massachusetts public campuses were starved of capital funding while also facing cuts to state appropriations under Governor Dukakis. Due to economic crises, political machinations and scandals at UMass, Beacon Hill’s support for public higher education was quickly declining.

In 1980, the Commonwealth’s Department of Capital Assets Management Maintenance (DCAMM) was established and allotted state appropriations and bonding authority to manage “capital planning, public building construction, facilities management, and real estate services for the Commonwealth” ([Mass.Gov, 2022](#)). DCAMM’s oversight includes the physical plant of the state colleges and universities except the auxiliary facilities under the control of the building authorities. In the 1990’s, Governor Weld imposed a cap of \$50 million on annual state appropriations for campus projects ([BHE, 1997](#)) which was woefully inadequate to meet the needs of 29 campuses. With new DCAMM bureaucracy and declining state funds for higher education, campus construction and maintenance projects slowed to a crawl. The financial situation was so dire under Governor Weld’s administration that there was discussion of closing or consolidating 4-5 public campuses ([Bastedo, 2005](#)).

In 2008, with a strong economy (just prior to the great recession), Governor Deval Patrick recognized that public colleges are critical for “the Commonwealth’s future, and in the future of our students” and signed off on a [\\$2.2 billion bond bill](#) for construction projects on every one of the 29 state campuses. A review of DCCAM records show that the state’s commitment for these projects approached 100% of the total construction costs. This support for campus modernization was a bright spot for Massachusetts public higher education, but still it did not fully address all the significant capital needs, nor did it stop the auxiliary capital debt schemes that campuses were enmeshed in. For instance, at UMass Boston, the 2008 bond bill funded the new Integrated Science Center. However, that campus’ capital improvement plan included 12 projects totaling nearly a billion dollars. Subsequent use of cash reserves and borrowing to complete the projects destabilized UMass Boston’s finances ([Argyres, Quarles, Ramsey, Hinckle, O’Connell, & Bears, 2017](#)).

Today, under Governor Baker’s administration, campus borrowing is getting worse. Not only is the Commonwealth not taking responsibility for auxiliary building costs, now the

Commonwealth expects campuses to pay a significantly higher portion of its academic building construction costs too. In 2003, DCAMM's practice under the guidance of the Mass Board of Higher Education was to pay 75% of academic facility costs (Klein, Eva & Associates, 2003) and under Governor Patrick it approached 100%. In March 2022, Governor Baker announced support for STEM facilities on four campuses that provides only about 50% of the projects' funding ([Mass.Gov, 2022](#)). Financially stressed campuses need to cover remaining costs via borrowing, raising student fees, and using limited reserves. Salem State, for instance, was awarded funding for Project Bold, consisting of a health and human services program facility and a wet-labs addition for Meier Hall. DCAMM is providing only \$30 million of this \$80 million project. The remainder is on Salem State and is slated to come from some combination of the sale of land, campus reserves, borrowing, and fundraising. Underfunding of Project Bold could very well result in increased student fees.

The 2022 Massachusetts Debt Reveal Project

Members of the Massachusetts Teachers Association (MTA), including the two faculty authors of this report, received a MTA Public Relations and Organizing grant in the winter of 2022 to conduct a multi-campus debt reveal and examine its consequences across the nine state colleges and three of the four UMass campuses (the medical school was omitted as its revenue portfolio includes significant patient care sources).

This project builds on union-student research about Salem State University debt that was conducted in 2020 ([Levy & Gonsalves, 2020](#)) and subsequent work undertaken as part of the [National University Debt Reveal in 2021](#). The goal of the current Massachusetts project was to 1) build consciousness about the amount of public campus debt across the Commonwealth and the overt & covert costs to students, faculty, staff, librarians and community members in order to 2) build union power to push for increases in public spending for public higher education and 3) help clarify for the voters of Massachusetts the importance of protecting and expanding public higher education as a public good.

Working with two student project coordinators (the two student authors of this report) and nine student leaders, we engaged teams of faculty, librarians, union leaders, and students on different campuses. These teams completed campus debt audits, relying on college financial statements, audits and budget reports from fiscal year (FY) 2020. The FY 2020 statements, when available, were not used because all the campuses had refinanced their capital debt during FY2021 to mitigate the loss of residential student revenue due to the Covid pandemic. Many campuses offered students singles in rooms designed for double occupancy both because of lower housing demand and as a covid safety precaution. Refinancing allowed the campuses to delay debt service payments during FY2021 and/or make smaller debt payments for some period of time. Thus the FY2020 audits provided a more valid window for examining campus debt. In addition Fall 2020 data was pulled from the federal government's Integrated Postsecondary Education

Data System (IPEDS) and the FY2020 MSCA and UMBA Financial Statements. Very little HEFA debt remains on the books and we were unable to find comprehensive information about debt service payments or refunding activities with HEFA loans, so this debt was excluded from the reveal analysis.

We developed with other colleagues a [Debit Audit Tool Kit](#) for the 2020 national debt reveal that guided the work of the teams in this Massachusetts project. The kit included a [reveal worksheet](#) that instructed teams on finding and recording the following key data for each of the 13 campuses for FY2020:

- Campus annual operating revenue
- Campus revenue from tuition, enrollment fees and auxiliary revenue
- Campus annual debt service payment to MSCBA or UMBA
- Total indebtedness to building authority(s)
- Total full time equivalent undergraduate students
- Average federal undergraduate student loan awarded
- Average faculty annual salary and course load

This data was used to calculate a campus' debt ratio, the average FTE undergrad student debt service fee, percentage of student total college payments that are applied to debt service and the average impact of debt service on student loan totals. Teams also looked at instructional harm - how much campus' debt payments are drawing away funds for instruction (number of full-time faculty lines and numbers of course offerings). This was a demonstrative possible-world exercise: What if campuses weren't servicing debt to banks. How could freed up funds be used?

Individual campus spreadsheets were compiled into a master sheet and the results were presented in graphical form at the [April 14, 2022 Massachusetts Campus Debt Reveal](#). This remote event was attended by over 120 faculty, staff, students and state legislators.

Campus Debt Reveal Findings

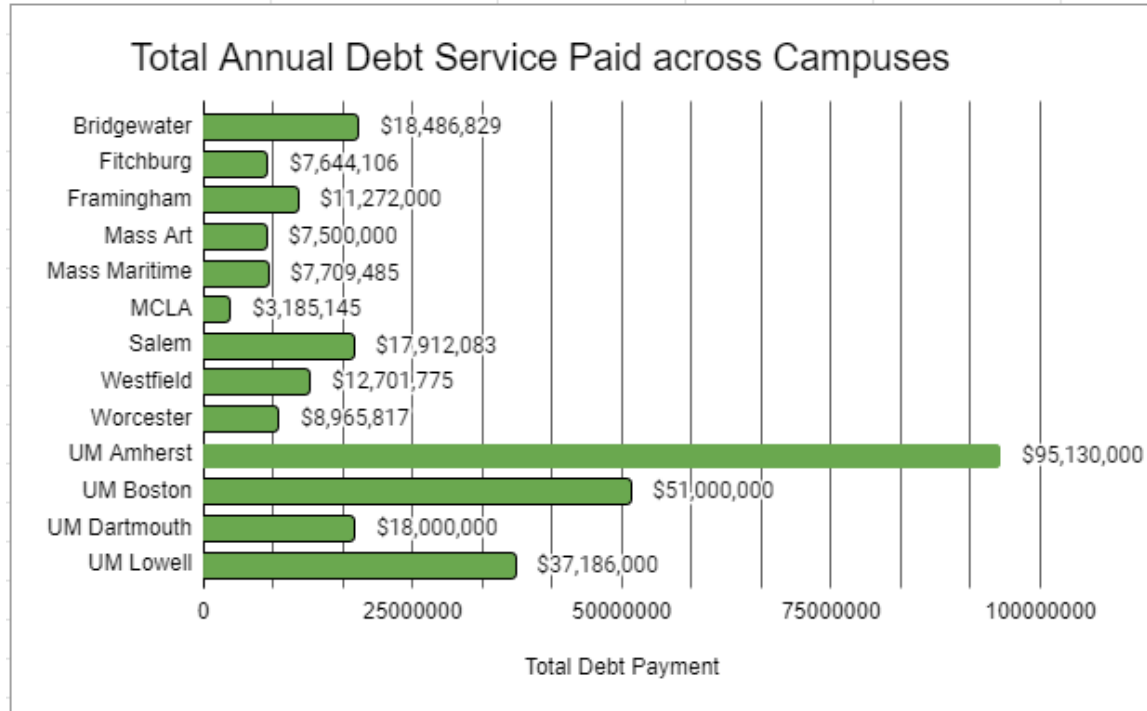
As indicated above, the two purposes of this project were to increase public awareness (including the awareness of MTA members) of the extent and consequences of campus debt and to build the power needed to oppose austerity with a strong local, statewide and national movement. After the collection of data on the debt and finances of all of the state colleges, the data was compiled to examine aggregate debt and make a number of cross-campus comparisons.

Revealing Debt Amounts

The total amount of debt held with the MSCBA for the state nine state colleges is \$1.2 billion, and the UMass system owes \$3.2 Billion via the UMBA. Figure 1 provides the annual debt service payments made in FY2020 to the building authorities broken down by campus. Among

the UMass system, Amherst pays the largest debt service, at almost \$1 billion every year. For the state colleges, Bridgewater State pays the largest amount, about \$18.5 million per year.

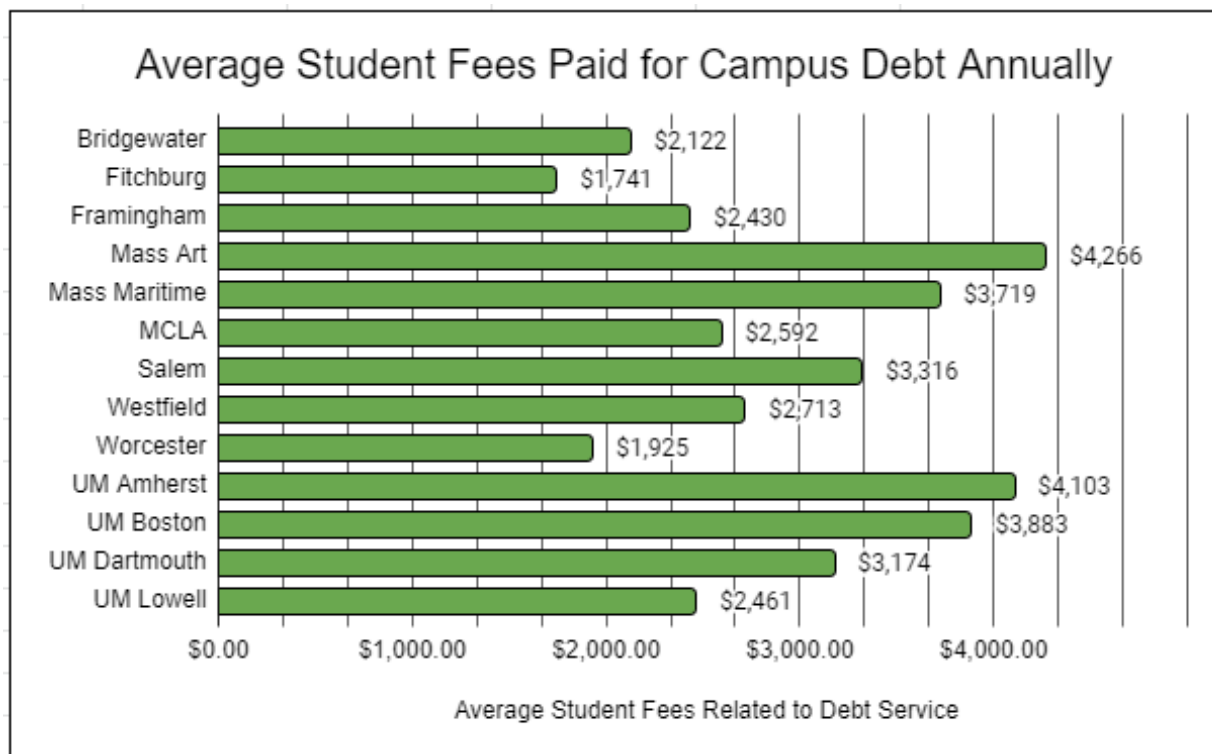
Figure 1.



The amount of revenue calculated from annual tuition and fee were also compared to the debt service payments to understand the amount of fees collected from students that goes towards debt service. Figure 2 displays the average student fees that are used for debt service payments across the state colleges and UMass campuses. These average debt-service-fees per-student ranged from a low (but not low for students) of \$1,741 at Fitchburg State to two campuses reaching over \$4000 (Mass Art and UMass Amherst). These fees are not going towards students' books, course instructors, services or dorm operations, but to the numerous bond holders that the Massachusetts public colleges owe billions of dollars.

The average amount of student fees that goes toward debt service is a mean while the actual amounts paid are bimodal. That is, students in dorms pay considerably more than students not living in dorms. Thus the mean reflects the percentage of students in dorms, the rates charged for dorms and the proportion of dorm fees dedicated to pay off capital debt for dorms. Based on calculations using data from Salem State, dorm students tend to pay in the range of double the mean and nondorm students tend to pay in the range of 1/3 of the mean. Other debt-service fees that are distributed differentially across students are those for dining, fitness and parking.

Figure 2.



How do students react when they learn about debt service fees? Vanessa, a recent graduate at Salem State, said they weren't aware they had paid/ borrowed about \$17000 for campus debt service, exclaiming "That should be something you are told up front. That's nearly 50% of my undergrad student loan debt!!". They added, "I worked two mindless jobs, junior and senior year and lost out on social opportunities. After classes I went straight to work. After work I crammed for tests and did assignments... I was overextended. But without a college degree your options are limited so you have to pick up odd jobs like that. I didn't get a chance to meet people and do all things on campus."

Revealing Debt Impacts

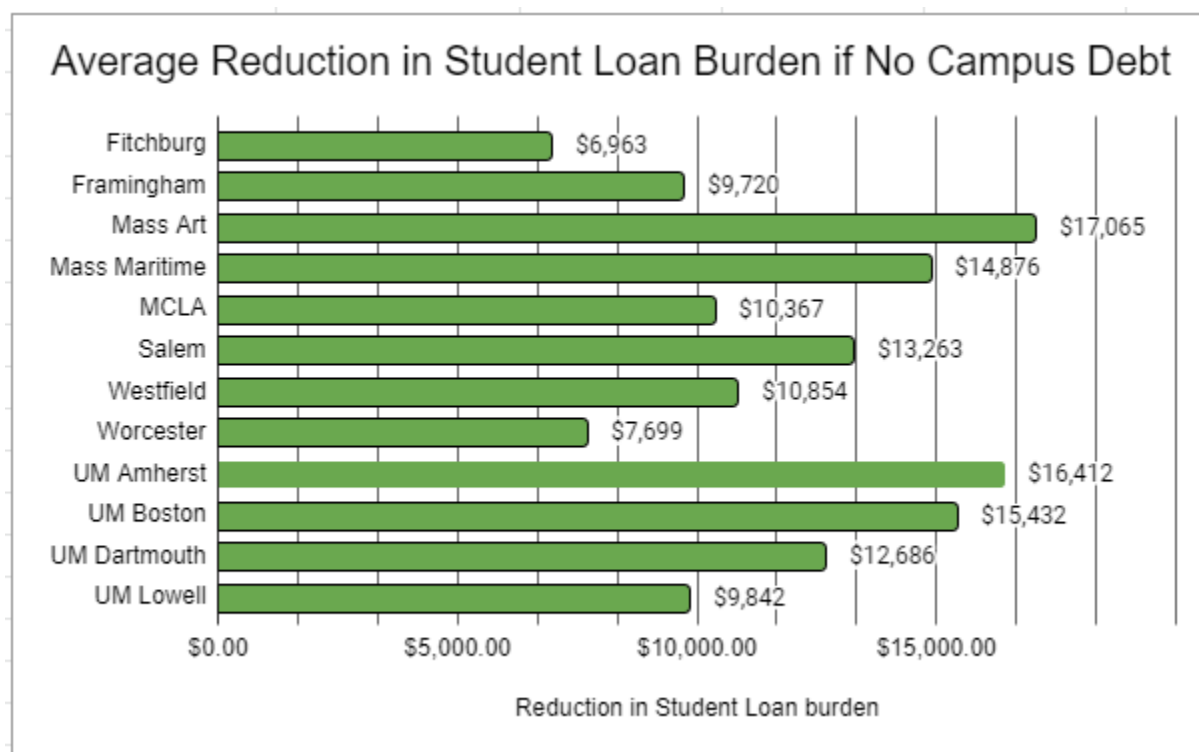
In the next set of analyses, we exposed the hidden impact that these debt service payments have on the quality of education offered at these institutions. We posed the hypothetical question, "What if campuses didn't have to make annual debt payments? What could the budget savings be used for?"

First, we considered how much student borrowing would be reduced if there wasn't the burden of campus debt and students weren't charged fees to cover the financing costs. For illustration, we

multiplied the average annual student fee related to debt service by four (4 years of full-time enrollment). Figure 3 shows that average student loan indebtedness could be slashed by \$7,000 to \$17,000. This would be something indeed given that the average student borrower within Mass public colleges has \$31,821 in federal student loans (US Department of Education, 2020-2021 IPEDS data).

Annual debt service is undeniably a large factor in the overwhelming loan burden born by Massachusetts college students. A rising senior from Framingham State University stated that he is “in what feels like insurmountable debt”. This feeling of immense debt can be traced back to the annual debt service fee that students are forced to pay. Figure 3 shows that this Framingham State student would receive a reduction of \$9,720 in his total college cost if his university had no campus debt. As for now, this student, as well as thousands more in the Massachusetts public higher education system, will be forced to take out more loans to cover the substantial amount of debt that their universities hold.

Figure 3.

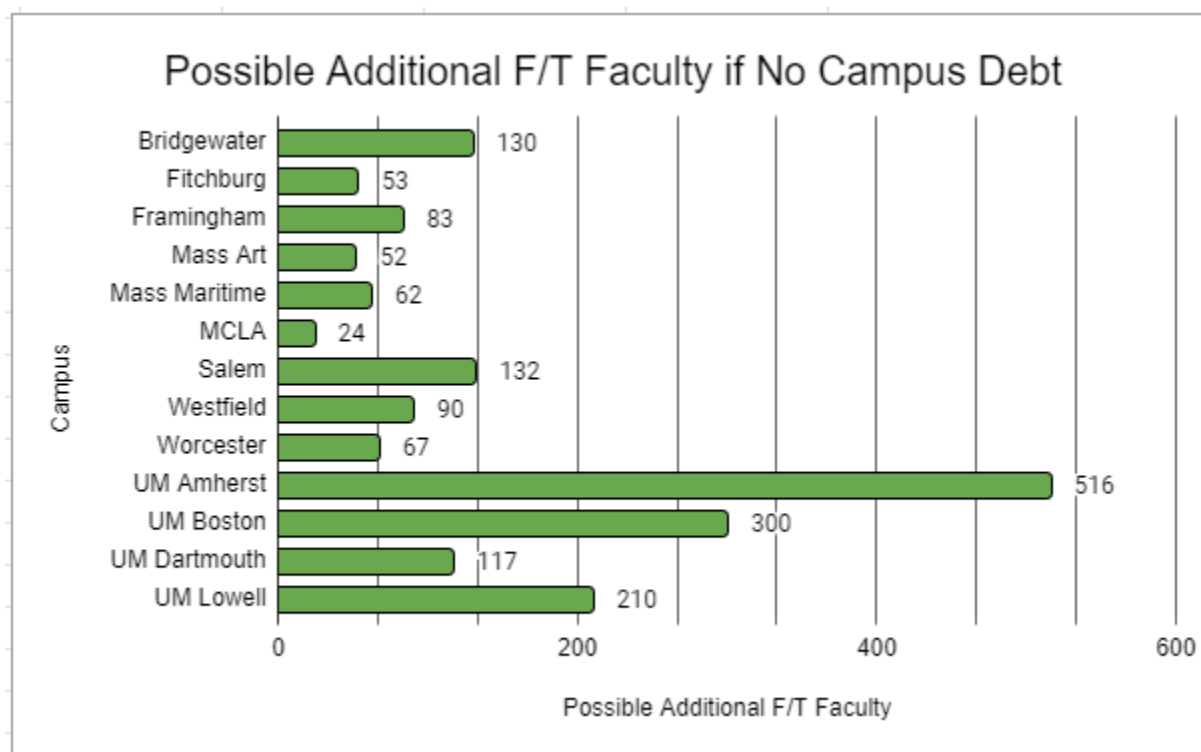


Our Salem State alum quoted earlier explains the consequences of their debt: “Student loan debt is super stressful. Now I have a salaried job, but my loan payments are \$500/month which takes a lot out of my paycheck and really decreases your options for an apartment, for a car which I need to get to work and for feeding yourself every week. It really just limits your capacities in

deciding things about your life everyday – it determines where you live, what you do and even what you eat. I had to make an excel sheet just to map out payments for loans in the context of all my other expenses”.

Next we ask, if debt service didn't have to be paid, how could the savings be used for instructional expenses? For this calculation we divided each campus' debt service by the average full-time faculty salary for that campus + a national fringe rate. The results shown in Figure 4 represent how many more full time faculty could be hired to support instructional needs (see Figure 4).

Figure 4.



The austerity imposed on campus education budgets has a drastic effect on students' academic lives. UMass Amherst could theoretically hire up to 516 more full-time faculty members if their school had no campus debt (Figure 4). This would mean more course offerings to accommodate student schedules and interests, improved mentoring relationships and student-faculty ratios, diverse voices and opinions, and resources for students on campus. In every meeting or conversation during this campus debt reveal, our students, alumni, and faculty were quick to share horror stories of overfilled classrooms and diminishing course offering. Our Framingham State student above stated that they had a strong interest in “a plethora of art, history, and science classes [that they] would have loved to take”, but every semester these classes are either not offered or they fill up on the first day of registration. If the Massachusetts campuses devoted

more money within their education budgets to hiring full time faculty, students would have some choice in what they are studying and have a greater chance at timely degree completion.

Additional full time positions would help reverse the trend towards more contingent faculty labor. This not only means better working conditions and pay for the college instructors but that students are taught by faculty who are less overloaded and exploited. After all, faculty working conditions are student learning conditions. Funding freed up for faculty hiring also affects the viability of key programs and centers across our state colleges, such as ethnic studies, gender studies, Africana studies, and other programs that are critical to realizing the social justice potential of Massachusetts higher education but tend to be the first on the chopping block.

Without a doubt, many other scenarios could be imagined for freed up monies if there were no campus debt. Campuses would possess the means to do a combination of things like hire more faculty & lower student fees, as well as offer more benefits to staff, maintain buildings more regularly, offer more classes, and provide more resources for students. Asking students and educators how they think freed up monies could be used is a great way to imagine a brighter future for public education and to build our collective power to fight for this future.

Consequences of Campus Debt

Campus capital debt in such manifestations as those revealed by the Campus Debt Reveal above is part and parcel of a wider (neoliberal) policy of austerity. Austerity includes, among other things, what economic sociologist Wolfgang Streeck refers to as “the transition from tax-states to debt-states, whereby public services are no longer financed through tax revenues but through debt.” ([Schirmer, Woznak et. al.](#) p. 1) Thus, public goods are privatized and costs shifted (directly and indirectly in the form of “fees” and taxes) from the wealthy to the less wealthy.¹ As such, austerity includes the general disinvestment in public higher education which contributes to privatization of higher education as students are forced to take on more costs as individuals and as more and more services are delivered through generally lower paid, unbenefited part-time faculty, staff, and non-union contractors, even as parts of public institutions are privatized.

Consequences of Campus Debt for Students’ Education: Decreases in government infrastructure spending and subsequent capital borrowing have placed huge burdens on campus budgets that can cut into monies available for educational expenses. Capital debt must be paid per the bond agreements, whether or not the pledged student fee revenues are actualized. The situation is exacerbated by overall state disinvestment in public higher ed despite Massachusetts

¹ The impact of capital debt for Massachusetts’ students is also experienced by users of public transportation and roads. Taxes to individuals (via fares, tolls, and gas taxes) go to the commonwealth’s two transportation funds to pay not just for operations, but infrastructure costs including MBTA and MassDot debt service payments ([MassBudget, 2017](#)). Debt service payments totaled 1.78 billion in 2017 and is certainly a factor in rising fare, toll and gas taxes.

being a wealthy state.² Though there haven't been cuts in Massachusetts campus annual appropriations in recent years, level funding or minor increases is frequently less than meets the eye as other costs which were historically the responsibility of state, i.e., deferred maintenance and fringe benefits, are increasingly shifted to individual universities. Thus when universities become responsible for additional costs, level funding means less spending on core educational needs.

Less educational spending “generates what philosopher of education John Dewey called miseducative experiences...(and) accelerates the austerity policies that hollow out university infrastructure, reduces the quality of educational interactions on college campuses, and harms instruction.” ([Schirmer, Woznak et. al.](#) p. 10). Less educational spending means fewer majors and programs for students to choose from, resulting in an increasingly two-tiered system in which well-funded private universities offer a wide range of majors and programs and public universities far fewer. It means larger classes, which means speed ups for instructors and less individual attention for students. It means fewer class offerings so students frequently have to attend and pay for extra semesters in order to get the courses they need to graduate at times they can attend while also working. It means fewer support services (and fewer educational support staff) to provide the services that are increasingly being shown to be critical in helping students to stay in school despite the pressures of work, family, commuting and higher costs. And it means further limiting the ability of public universities to make the changes necessary to support increased diversity with the student body and higher education workers, which means reversing the *de facto* trend in which government investment in public education has declined as the student population has become less white ([The Atlantic, 2018](#); [Center on Budget and Policies Priorities, 2019](#)).

Consequences of Campus Debt for Student Debt: Student fees that are raised to service campus debt force students to borrow even more to pay for the cost of college attendance than generations prior. The average public university student today borrows \$32,880 to attain a bachelor's degree ([Education Data Initiative, 2022](#)). Student loan debt is preventing people from owning homes ([Homeownership & the Student Debt Crisis, 2021](#)), getting married ([Lendkey, 2020](#)), and having children ([Student Loan Planner, 2021](#)). Federal student loan debt comes with great risk as it is one of the few forms of debt that is virtually non-dischargeable through bankruptcy thus fueling the cycle of students being subjected to profit-making organizations which manage federal student loans and those that make private loans to students.

² According to the National Science Foundation, Science and Engineering State Indicators, Massachusetts [ranks 43rd in terms of Appropriations of State Tax Funds for Higher Education as a Percentage of Gross Domestic Product](#) and 28th in financial aid. According to SHEO's 2022 [State Higher Education Finance Report](#), Massachusetts ranked 19th in Public Higher Education (State and Local Funding - Ed.) Appropriations per FTE by State, FY 2021 (Adjusted) and 28th in Financial Aid per FTE.

Costs for Educators: Campus austerity has impacted the working conditions of faculty and staff. For example, at Salem State University in 2020 at the start of the Covid pandemic, the burden of campus debt, which composed nearly 10% of the University's overall budget, led to administration proposals to cut education spending. Specifically, this resulted in discussions of delaying tenure and promotions of faculty and librarians as too expensive and "laying off 25 percent of adjunct teachers, reducing the number of classes offered, increasing class size (particularly in online classes), cutting 'unprofitable' programs, and proposing five week unpaid furloughs for all faculty and staff" ([Levy & Gonsalves, 2020](#)). It also led to the creation of a "retrenchment list" targeting some 10% of tenured and tenure-track faculty for dismissal. However, as a result of a combination an organized faculty, librarian and student fight back - with students arguing that furloughs undermine the quality of their education - and a reduced deficit, resulting in large part from a refinancing of capital debt –the five-week furlough plan was reduced to two weeks of furloughs.

In the longer term, less educational spending means constantly spiraling workloads leading to educator demoralization and burnout. As faculty, librarians and staff take early retirement or leave for other opportunities, many positions are not replaced or are replaced with temporary positions. This further increases the workload of those who remain and reduces student opportunities for learning. As state funding declines and rate of return on investment is increasingly stressed, the number of tenure track positions is further reduced and the number of non-tenured track, un-benefited and low paying adjunct teaching positions increasingly replace full time tenure track positions.

Campus Capital Debt Undermines the Public Good: Public higher education institutions are forced to follow practices which increase their credit rating and return on investment frequently at the expense of their mission as institutions of higher learning helping students develop as critically thinking citizens. The composition of University Boards of Trustees and decision making schema and criteria are strongly influenced by powerful credit rating agencies rather than educational needs ([Schirmer, Woznak et. al.](#) pp. 5ff). Creditors must generally be paid before all other expenses. In Massachusetts, as mentioned above, creditors for the state colleges can "intercept" state appropriations to guarantee payment of debt service and the lending authority, not the university itself "sets and assesses rents and fees sufficient to provide for the payment of all costs of its facilities." ([MSCBA Financial Statement](#), 2018-2019) Thus, students are frequently subjected to increasing fees to cover debt service.

When Massachusetts residents are making their choice about whether or not they can pursue a college degree, the public universities are seen as the more affordable options, as they should be. This is no longer the case. As long as students are the ones responsible for paying their university's debt, the universities will continue to become increasingly unaffordable and unaccessible.

Addressing the Campus Capital Debt Problem

While knowledge and understanding of the problem is critical, knowledge alone is not power. Power is power. Addressing the campus debt problems requires both knowledge and organizing for power from the bottom up. Although less has been written about campus capital debt, multiple government and private studies have highlighted the decline and shortfall in government funding for public higher education. Thus the goals of the Campus Debt Reveal Project are first to increase awareness and knowledge of the issue in order to facilitate the organizing for power necessary to make the government act.

Any solution must address the long-term, multifaceted, individual and structural effects of austerity which hurt both students, public higher education and other public goods. In short, it must be both retroactive as well as forward looking. Retroactive means eliminating pre-existing student and campus loan debt. Forward looking means that, by reducing campus borrowing and capital debt, the likelihood of generating further student loan debt for any and all public higher education students is vastly reduced. This then creates a precondition for moving towards free public higher education - like free public K-12 education - and then debt-free public higher education³

Addressing the Damage Already Done

Student Debt Cancellation: Action is needed to address the incredible damage that has already been caused to past and present students and their families because of campus debt and the resulting inflated student fees students were charged annually. Retroactively, this can best be addressed by student loan debt cancellation. Although the crisis around student loan debt and its consequences has been long known, it has only been through long-term organizing by the [Debt Collective](#) and other organizations that billions in student loan debt have been canceled and President Biden has been forced to address the issue of student loan cancellation, in August 2022 putting forward a plan for partial student loan debt cancellation. This will require continued movement-building to pressure the government to cancel student loan debt. The fact that so much progress has been made at the Federal level should serve as an inspiration to organizing at the state level. But this only addresses the issue retroactively.

Campus Capital Debt Cancellation: There are numerous examples of what happens when campus capital debt is canceled. The most recent occurred when, under the Coronavirus Response and Relief Supplemental Appropriations Act, 13 public and 32 private Historically

³ Free public higher education essentially eliminates tuition and fees but leaves students covering transportation, food, housing, childcare, books etc. These latter costs frequently prevent many students of color, low income students and non-traditional students from attending public higher education. Debt-free education refers to “the ability for a student to attend classes and meet basic needs such as food and housing without taking on any type of debt.” ([Mass Budget: Choosing Equity](#), p. 7)

Black Colleges & Universities had \$1.6 billion in Federal capital-financing debt canceled. ([US Department of Education](#)) At one of these, Morehouse College, “this worked out to an immediate cancellation of about \$56 million in capital debt, or \$5 million in annual debt service—precisely the amount of our recurring deficit.... Since that institutional debt was discharged, and notwithstanding the lingering effects of the pandemic, the campus community is pulling out of austerity mode.”([Douglas, 2022](#)).

Thus, since campus debt cancellation both reduces future student debt for ALL students and increases spending on core educational needs, it provides a better method of resolving the underlying issue than do more short-term in-system proposals such as increasing grants and loans which students use to pay ever increasing tuition and fees. While these proposals can help to pave the way forward and may relieve the short-term burden of some students who meet certain, usually income-based, conditions and are able to work through certain bureaucratic and frequently opaque and burdensome procedures, they do not resolve the root causes of the problem(s).

Moving Forward in Massachusetts: Organizing and Policy-Making

Going forward it is necessary to make sure that, despite limited resources, those advocating to increase funding in Massachusetts for long under-resourced public services and public goods, (i.e., Pre-K, K-12, public higher education, roads and bridges, public transportation) should work together for increased funding rather than allowing themselves to be set against one another.

In the short term, this means organizing through unions, community groups and personal networks for funding reform: There are a docket of bills/amendments that could be passed this year:

- The [Fair Share Amendment](#) (on the November 2022 ballot) is a change to the Massachusetts state constitution that would generate about \$2 billion in yearly support for transportation and public education. The revenue would come from an additional tax on households with very high incomes—that’s why it’s also known as a “millionaire’s tax.” (learn more at [Massachusetts Teachers Association, 2022](#))
- [An Act To Guarantee Debt-free Public Higher Education](#) (Lead Sponsors: Senator Eldridge & Representative Higgins) would create a grant program to pay the tuition and mandatory fees for eligible students at any MA public college or university, or certificate, vocational, or training program at a public institution without affecting the eligibility for other grants, including Pell Grants. Pell-eligible students would receive additional grants to cover the additional costs of attendance, i.e., room and board, books and supplies, transportation and personal expenses.
- The [Cherish Act](#) (Lead Sponsors: Senator Comerford, Reps Garballey & Mark) would provide \$500+ million in additional annual state appropriations for public higher ed to

achieve funding levels in effect twenty years ago, as adjusted for inflation. It also freezes tuition and fees for five years, pending state appropriation.

- [H 4807 An Act financing the general governmental infrastructure of the Commonwealth](#) is a \$750M public higher ed capital spending bond bill. While inadequate to meet the total needs, it is a small step in the right direction and, given Governor Baker's support, it is likely to pass.

If any of these legislative solutions are passed, it will be necessary to continue to organize to ensure that that money is spent in a timely and educationally sound manner, serving the largest number and most diverse range of people in Massachusetts with quality services. However, even if a combination of acts are adopted, it *will not resolve the problems described above. They are intermediate financial steps.* To go further, it will be critical to build on whatever victories there are in increasing funding to demonstrate how that improves the lives of those in Massachusetts. And that requires continuing organizing.

Building Power for Change

To move towards these goals of reducing campus capital debt as part and parcel of moving towards free public higher education as a public good, be it in Massachusetts or elsewhere, a powerful movement, including but not limited to strong, democratic and socially conscious unions, must be built because it is organized and well targeted power, rather than cogent arguments alone, that leads to change.

First, people, including students, the families, public higher education workers and community members must be aware of the existence of campus capital debt and its enormous negative effects. Truth-in-lending legislation, which would require public higher education institutions to detail what the fees students are being charged are used for, including debt service, would be a significant step in this direction. Above, we have laid out ways to begin this process in campuses around the country and to build out from there. Such a process not only provides critical knowledge about campus debt and its consequences, but, perhaps even more importantly, it allows educators, students and community members to empower themselves by working through what might otherwise be seen as impenetrable documents to get critical information which they can master. Feeling in control of such information allows people to more easily share it and use it for organizing others. This process of participatory learning through their own experience also allows people to better understand the structure of public higher education and to challenge authorities if and when they provide incomplete, inaccurate or misleading information.

Second, we must build power horizontally by organizing students, families, public higher education workers and community members to understand both their shared dilemmas and the source(s) of those problems. This power has multiple functions. It can be brought to bear

vertically by pressuring university, state (and Federal) power holders and authorities to make a start to fund public higher education capital construction adequately - and thus reduce future student loan debt -, to use funding in a timely and educationally sound fashion and then to address the wider issues of free and debt-free public higher education. Although what they could do would be limited by the larger austerity structures already in place, working towards putting more community-based, education-oriented Trustees in place could help move the process of centering the public good, rather than return on investment, in campus decisions..

These longer term goals are not utopian. Ten years ago, the Debt Collective's call for student loan debt cancellation was seen as utopian. Now, though far from complete, as a result of long term bottom up organizing, hundreds of billions have been cancelled.

These goals are achievable :

- Advocating for the Federal or more likely state governments to at least pick up or pay off, if not cancel, existing campus capital debt which would both increase the capacity of public higher education institutions to spend on education needs AND significantly reduce student fees and student loan debt.
- The cost of free public higher education for Massachusetts has been estimated to be between [\\$1 billion](#) and [\\$1.6 billion per year](#). Debt-free public higher education has been estimated to cost an additional [\\$2.12 Billion per year](#). However increased public higher education spending also leads to increased tax revenues and savings in state spending programs so the long term net cost is less than the full figures above. ([An Economic Analysis of Investment in Public Higher Education in Massachusetts](#))
- [New Mexico passed historic legislation that offers free college tuition and fees for state residents and bordering Native American tribes](#)
- [California, a far larger state than Massachusetts has begun implementing a debt-free college program.](#)
- Close to forty countries, including Austria, Belgium, The Czech Republic, Denmark, Finland, France, Germany, Greece, Luxembourg, Norway, Poland and Sweden, [have tuition free or very low cost public higher education.](#)

Conclusions

Disinvestment in public higher education is frequently overt, i.e., absolute reductions in government appropriations. But it is also frequently nearly invisible and opaque. Campus capital debt is virtually unknown and thus rarely recognized as an important issue. The Massachusetts Campus Debt Reveal provides a window into the problem that capital debt creates for students and workers and colleges' ability to fulfill their missions. State and Federal lawmakers can act now to fix unstable capital debt financing schemes that are putting both our campuses and

students into debt. The voters of Massachusetts can take a stand in November and pass the Fair Share Amendment.

Increased government spending on campus building construction would allow universities to undertake the necessary spending on core educational needs. More affordable public higher education would provide access to and support to a more diverse student population and higher ed workers. Combined with student loan debt relief, this will allow more young people as well as non-traditional students to reclaim control over their time. This will allow more time for students to be involved more fully in their studies and co-curricular opportunities, to better understand and participate in the democratic elements of our society, to find jobs they choose and contribute to a better society and economy, to afford housing and transporting (not to mention food and clothing) and to have children when they desire. More affordable public higher education (and better funded Pre-K -12 public education) will allow our public education system to better address its stated but increasingly distant ideal of being an avenue of social, economic and political mobility and begin to undermine, rather than reinforce, the growing inequities in society.

In this project, we have laid out ways to begin the process of systematically revealing campus debt around the country and to build out campus community and union power for change. Such a process not only provides critical knowledge about campus debt and its consequences, but, perhaps even more importantly, it allows educators, students and community members to empower themselves by working through what might otherwise be seen as impenetrable documents to get critical information which they can master. Feeling in control of such information allows people to more easily share it and use it for organizing others. This process of participatory learning through their own experience also allows people to better understand the structure of public higher education and to challenge authorities if and when they provide incomplete, inaccurate or misleading information.

An important issue not addressed in this project that should not be lost as we move forward concerns the troubling origins and history of public campuses in Massachusetts. That fact that most public universities sit on land stolen by the state from indigenous populations to serve predominantly white middle class residents raises the question of who owes who what.

Revealing the debt financing history of our public colleges must expose the continuing underlying racial capitalism at play, whereby profit is extracted more deeply from minoritized student groups - Native Americans, African Americans and other ethnic minorities - that leads to a lifetime of indebtedness and widens the wealth gap in the Commonwealth. Public higher education in Massachusetts is failing its promise set out in our state's constitution to provide:

“wisdom and knowledge, as well as virtue, diffused generally among the body of the people, being necessary for the preservation of their rights and liberties; and as these depend on spreading the opportunities and advantages of education in the various parts of the country, and among the different orders of the people, it shall be the duty of legislatures and magistrates, in all future periods of this commonwealth, to cherish the interests of literature and the sciences, and all seminaries of them; especially the universities, public schools and grammar schools in the towns; to encourage private societies and public institutions, rewards and immunities, for the promotion of agriculture, arts, sciences, commerce, trades, manufactures, and a natural history of the country; to countenance and inculcate the principles of humanity and general benevolence, public and private charity, industry and frugality, honesty and punctuality in their dealings; sincerity, good humor, and all social affections, and generous sentiments, among the people.” Massachusetts Constitution of 1780, CH. 5, SEC. 2

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