

U.S. Colleges Are Both Victimizers and Victims of Mass Immigration

By GENE NELSON, Ph.D.

Abstract: Colleges are unique in that they are both the victims of excess immigration and simultaneously victimize American citizens in a variety of ways.

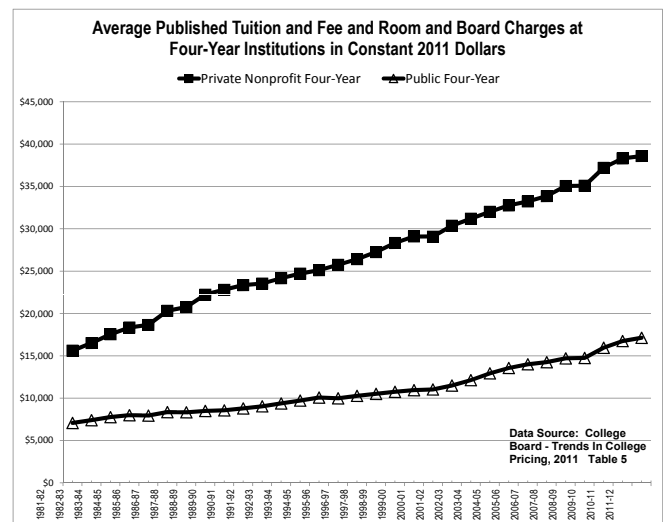
College education is expensive, in terms of both direct costs and opportunity costs. For American middle-class families, college costs are the second highest cost to the family, with the purchase of a home being the most expensive. For a typical middle-class American student pursuing graduate education, the opportunity cost may be higher than the direct cost, between \$100,000 and \$500,000. (If the American student is attending full time, the opportunity cost is the lost wages during the time the student is attending graduate school.)

In accordance with the economic law of supply and demand, high levels of immigration via student visas (which results in an immigration benefit for many students from the developing world) increase the total demand for college education, driving direct costs for Americans ever higher. Colleges use sophisticated public relations techniques to increase demand so that most American students believe they require a college education, despite the reality that there are far more graduates than there are new jobs. Lowell and Salzman found three times as many science and technology graduates as available openings in 2007.¹ As a consequence of the current economic depression, the hiring situation in 2012 is likely worse.

A unique situation exists in that college administrators set tuition and fee price levels. A key driver for these increased direct costs is the increasing cost of college administration. A specific example regarding administration costs at a college where the author taught science

courses from 1992–1993 appears later in this article.

Direct cost trends for college are shown in this College Board publication.² (There are many other relevant data points regarding college subsidy levels and the declining percentage of full-time professors shown in this publication.)



Inflation-corrected public college tuition and fees have increased 368 percent while private college tuition and fees have risen 281 percent (per Figure 5 in Reference 2), which uses 1981 as the base line.

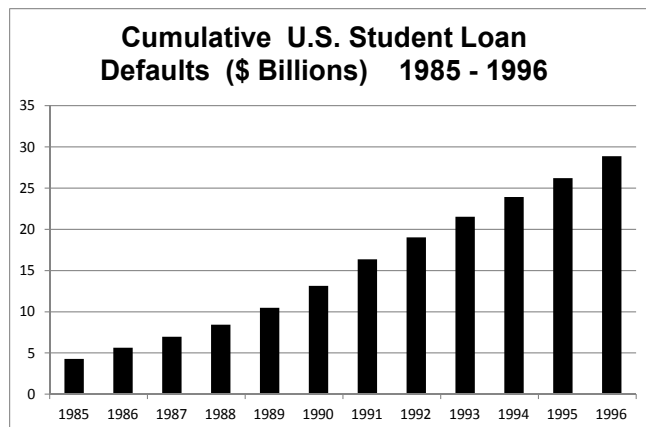
Student loans and the “dirty secret” of student loan defaults

With declining proportions of public and private sector grant support to defray the cost of college education, a far greater fraction of college students are forced to turn to college loans. I included student loan default trends to 1996 in my background files for my 1999 U.S. House of Representatives testimony regarding the harms of the H-1B Visa program.³

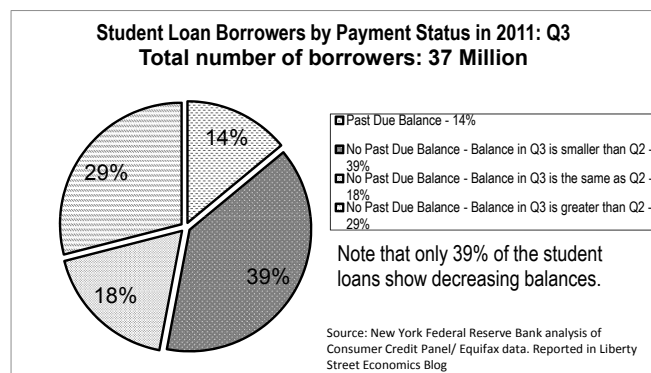
Consumer Reports identified the college student debt crisis as significant in a featured article in the May 2012 issue.⁴ According to the New York Federal Reserve

Gene Nelson, a contributor to The Social Contract, has testified twice in the U.S. House of Representatives and twice to the National Academy of Sciences (NAS) on the controversial H-1B Visa program.

Bank (NY Fed), total outstanding college student loans recently outstripped credit card debt.⁵ The statistics in this NY Fed presentation are important and closely tied to the change to highly skilled immigration policies that began to be liberalized in 1976 with the passage of the “Eilberg Amendment.”^{6, 8, 10}

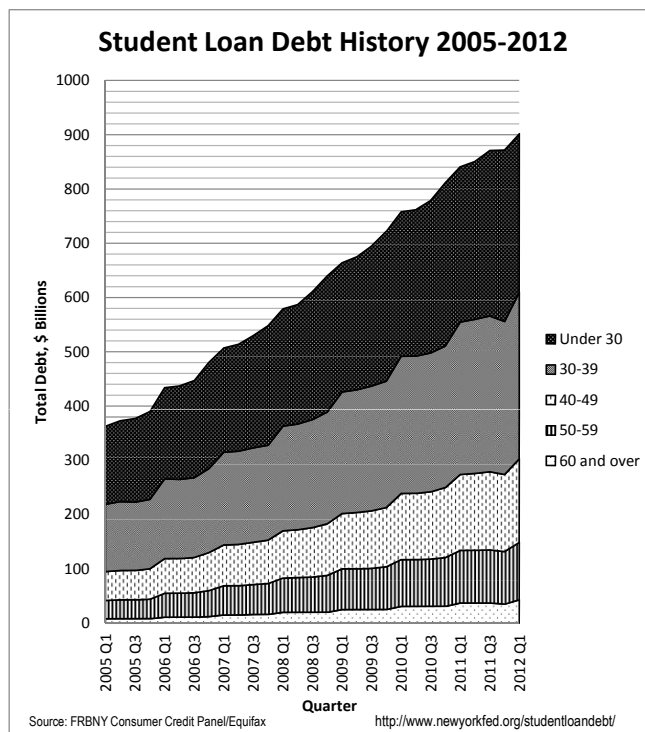


The following graphic shows that the student loan repayment situation is dire. In financial parlance, *less than 40 percent of the outstanding loans are performing.*



The legends of this obscure set of four interactive New York Fed graphs (in the reference cited above) are very informative. The top left graph is highlighted immediately below. “Student loan debt is the only form of consumer debt that has grown since the peak of consumer debt in 2008. Balances of student loans have eclipsed both auto loans and credit cards, making student loan debt the largest form of consumer debt outside of mortgages.” And, “As explained in a recent blog post, delinquency rates for student loans are likely to understate actual delinquency rates because almost half of these loans are currently in deferment or in grace periods and therefore temporarily not in the repayment cycle. Among loans in the repayment cycle, delinquency rates are roughly twice as high.” (The default rates shown are approximately 10 percent, making the actual default rate about 20 percent.) Note the significant loan debts for those 60 and older. As

of the first quarter of 2012, this group owed \$43 billion. Those 50-59 owed \$106 billion. As the plots of income versus age reported by the 2002 American Community Survey in reference⁶ showed, except for the economic elites, the years of peak earning for most Americans are between 40 and 50 years of age. Thus, the above total of \$149 billion in outstanding student loans for Americans over age 50 are unlikely to be repaid. The current total student loan indebtedness is *\$902 billion*. As a consequence of the changes in bankruptcy legislation demanded by financial institutions in 1995, it is now almost impossible to discharge student loan indebtedness via bankruptcy. Thus, Americans with those student loan debts are likely to die with them — with the unfortunate twist that a portion of their Social Security benefits may be intercepted to satisfy the indebtedness.



Given these trends, it is not surprising that a financial analyst at *Seeking Alpha* in July, 2011 predicted significant increases in the amount of defaulted student loans.⁷ It should not be a surprise to learn that the Department of Education information regarding student loan default trends is difficult to locate, as it undermines any marketing campaign that claims that higher education is a path to upward economic mobility. High default percentages and the unprecedented quantity of student indebtedness provide evidence that pursuing a graduate degree, particularly in STEM fields, is a very risky economic proposition that may yield a negative economic return. (I have had to keep a secret from some of my past

employers that I earned a Ph.D. in order to obtain employment.) Search by title for the 1993 *Wall Street Journal* article by G. Pascal Zachary, “Black Hole Opens in Scientist Job Rolls,” to learn how I was screened out of a position as a consequence of being “too qualified.” Poor credit scores caused by student loan defaults may prevent an American citizen from purchasing a home or vehicle — and may serve as a bar to federal employment, particularly if the nature of the work requires a security classification such as “Top Secret.” I recently had a job offer with a defense contractor withdrawn because of a defaulted student loan. I made large economic sacrifices to rehabilitate my defaulted student loan. However, after contacting this employer a few weeks ago, there appears to be no current opening. The penalty rates for interest and the passage of time have almost tripled the amount that I initially borrowed in the early 1980s while completing my Ph.D. (I was able to pay down my student loans until I was just shy of 40 years of age.) A significant number of student loan defaults have likely been caused by the widespread substitution of “fresh young blood” on work visas for experienced American citizen technical professionals. Reference 6. tabulated 37.16 million visa admissions in five high-skilled work visa programs between FY 1975–2010. Between FY 1975–2005, the total was 25.172 million visa admissions in those same programs.⁸

Training for nonexistent careers and related problems

Many American students are being trained for nonexistent careers, particularly in their pursuit of graduate education in STEM fields (see Figure 22 in Reference 2). “Percentage of Instructional Faculty in Degree-Granting Postsecondary Institutions Employed Full-Time” shows that the percentage was 77 percent in 1971. By 2009, that fraction had shrunk to 51 percent. (Graduate student teaching assistants are not included, so the actual percentages are even smaller.) The concept of career as college educator or researcher is essentially obsolete. With unprecedented talent gluts, colleges employ low-paid post-doctoral researchers — “postdocs” — to conduct research and provide instructional services. Jules Duga, Ph.D. at Battelle has documented the shift in the performance of research and development from private-sector laboratories to colleges and universities since 1970. The work that was performed by career scientists and engineers in my parents’ generation is now performed by imported postdocs, many of whom labor under conditions akin to indentured servitude under the authority of work visas. Talent gluts in STEM fields

were intentionally caused by an unprecedented expansion of highly-skilled work visa programs.

Colleges recognize that they can provide immigration benefits to foreign students, allowing the foreign student to “cut to the head of the immigration line.” (There is a strong argument for capping the numbers of student visas for this reason.) With a glutted labor market, employers can be incredibly selective while offering poor wages and undesirable working conditions. This approach has sounded the death knell for meritocracy in STEM fields. Unfortunately, economic elites tend to be beneficiaries of “good jobs” requiring graduate educations in STEM fields. A 1980 *Wall Street Journal* front-page article titled, “The Groans of Academe” disclosed the secret means of identifying economic class via finding the few applicants who required the shortest length of time to complete academic milestones.⁹ (Foreign economic elites are similarly advantaged.) These concepts were also mentioned in the author’s 1999 Congressional testimony (reference 3). Economic elites, including some in the National Science Foundation (NSF), planned for the substitution of foreign students for Americans in STEM fields in the mid-1980s. For details, see Eric Weinstein’s fraudulent STEM shortage claims references.¹⁰

Research integrity can be a casualty

In addition, there are the problems of societal-entrenched patterns of foreign cultures regarding academic dishonesty, which confers short-term academic advantages to many immigrants. Here is one short article from India, preceded by a reference to a paper by an academic in India decrying the widespread lack of academic integrity.¹¹ Chinese cultural norms appear to endorse group completion of academic exercises that have been assigned for completion by an individual student. For those individuals with “character issues,” these practices establish a weak moral foundation that could lead to a lack of scientific integrity, such as committing research fraud later in their career. Two particularly egregious recent examples of multiple research frauds were committed by Anil Potti, M.D. and Dipak Das.¹² Research fraud slows progress, wastes resources, and, in some cases, causes the premature death of patients treated via ineffective treatment modalities. See the DukeCheck.com and NBC17.com investigations of Anil Potti, M.D.¹³ I intend to cover intellectual property theft by foreign-origin STEM workers in a subsequent article.

Verbal communication issues are significant. Many American students now complaining that they cannot comprehend the poor spoken English of their foreign-origin college instructors, who are preferred by college

administrators over Americans because they cost less and are effectively tied to the college by the terms of their work visa. (Recall also earlier in this article the trend of rapid increases in tuition and fees.) Increasing percentages of foreign-origin workers fill teaching and research staff, particularly in STEM fields. See the 2012 NSF data.¹⁴

Taxpayer-funded subsidies

In almost all not-for-profit colleges, the actual costs of providing a college education are far greater than what is charged for tuition — and very little of the total funds are used to pay professors. As an example, I worked as an adjunct professor, teaching natural science courses in a “pre-medical” track in the 1992–1993 academic year. I was able to obtain budget numbers for the “operational budget,” which pays for the expenses of running a college. Less than 4 percent of the operational budget is paid for the adjunct faculty, who taught almost half of the course contact hours at the college. The remaining course contact hours were taught by the tenured faculty, consuming about 21 percent of the operational budget. The largest component of the operational budget was the administrative costs. (Recall that college administrators have the ability to set their own salary levels.)

Another budget called the capital budget paid for new buildings and facilities. Almost all of the money to pay for both budgets at this college was traceable to public sector funding. Endnote 2 also discusses subsidies in a variety of educational settings. Search for the term “subsidy” in that text to locate Figure 13, “Net Tuition Revenues, Subsidies, and Educational and Related Expenses....” The small contribution of tuition to the total is quite apparent in that figure for all institution types. Thus, every student’s education is subsidized, even in private colleges, by public sector funding. The University of California has recently instituted a policy to preferentially admit foreign graduate and undergraduate students because they allegedly bring in more tuition dollars.¹⁵ Endnote 2 challenges the factual basis of the claims advanced by University of California administrators. Research conducted by David North and funded in part by the Sloan Foundation established that the taxpayers are financially liable for paying almost all of the costs of the foreign-origin Ph.D. candidates in STEM fields.¹⁶

Unrestricted research overhead has become a significant revenue stream for many universities offering doctoral degrees. This trend is shown in figures 12A and 12B in endnote 2. The overhead percentage is above 100 percent in many institutions, meaning that if a researcher

requires \$100,000 to perform research for a year, the researcher also must raise an additional \$100,000 or more to cover institutional overhead. This implies that hiring inexpensive imported postdocs instead of recruiting American citizens can be very beneficial to the “bottom line” of the university, so such policies are strongly supported, particularly with lower-ranked academic institutions. This avidity for foreign workers is one of the reasons this author refers to high-skilled work visa programs as *government-sanctioned foreign hiring preference programs*.

Former California Institute of Technology Vice-Provost David Goodstein summarizes the dire conditions documented above in his article, “Scientific Ph.D. Problems,” which was published almost two decades ago in the Spring 1993 issue of *The American Scholar*, pp. 215–220. These excerpts are reprinted with permission of the author, David Goodstein. I have emphasized two important passages.

....Enter the foreign graduate students. With the saturation of demand for Americans with doctorates around 1970, the best American students proved their superior abilities by reading the writing on the wall, and they began to choose other lines of work....

....*The American taxpayer (both state and federal) is supporting extremely expensive research universities whose main educational purpose is to train students from abroad. When these students finish their educations, they either stay here, taking relatively high-paying jobs that could have gone to Americans, or they go home, taking our knowledge and our technology with them.*

The American research universities are in a dither because Congress has discovered an interest in indirect cost payments on federal research grants and contracts, an issue so arcane it confuses the experts (I’m one of them). *Congress and the public doesn’t seem to have noticed that, while largely ignoring our own students, we are putting our money and our best talent into training our economic competitors. Just wait until this one hits the fan.* ■

Endnotes

1. Lowell, B. Lindsay, and Hal Salzman, *Into the Eye of the Storm: Assessing the Evidence on Science and Engineering Education, Quality, and Workforce Demand*, October 2007. <http://policy.rutgers.edu/>

faculty/salzman/411562_Salzman_Science.pdf
Available at Professor Salzman's website, <http://policy.rutgers.edu/faculty/salzman/> This site also contains several other relevant research papers regarding this topic.

2. Trends in College Pricing 2011, The College Board, Princeton, NJ Available at http://trends.collegeboard.org/downloads/College_Pricing_2011.pdf Excel spreadsheet data is also available for download at http://trends.collegeboard.org/downloads/2011_Trends_College_Pricing_All_Figures_Tables.xls

3. Dr. Nelson's U.S. House of Representatives summary 05 August 1999 testimony is here: <http://judiciary.house.gov/Legacy/nels0805.htm> The extended oral testimony is found in the Congressional Record http://commdocs.house.gov/committees/judiciary/hju63314.000/hju63314_0f.htm See the SPEAKER INDEX entries under the heading "NELSON" The Department of Education Table 4 reference is found at <http://www2.ed.gov/finaid/prof/resources/data/fslpdata94-96/edlite-tab04.html>

The Department of Education cumulative student loans default Table A-45 appears at <http://www2.ed.gov/finaid/prof/resources/data/fslpdata94-96/edlite-tab45a.html>

4. Student debt: Your threat — It can have an impact on the entire economy, *Consumer Reports*, May, 2012: 29-31.

5. Grading Student Loans, Liberty Street Economics Blog of the New York Federal Reserve Bank — Entry of 05 March 2012 by Meta Brown, Andrew Haughwout, Donghoon Lee, Maricar Mabutas, and Wilbert van der Klaauw <http://libertystreeteconomics.newyorkfed.org/2012/03/grading-student-loans.html>
See also the technical notes:

http://www.newyorkfed.org/creditconditions/technical_notes.pdf

There are four interactive graphs regarding student loan debt at <http://www.newyorkfed.org/studentloandebt/>

6. Nelson, Gene A. "How Record Immigration Levels Robbed American High-Tech Workers of \$10 Trillion," *The Social Contract*, Spring, 2012, <http://tinyurl.com/74cc64p>

7. Shorting Student Loans: The Next Major Credit Bubble — July 5, 2011, by Nicholas Pardini at the Seeking Alpha website <http://seekingalpha.com/article/277941-shorting-student-loans-the-next-major-credit-bubble>. Please note my comments near the end in response to this blog posting.

8. Nelson, Gene A. "The Greedy Gates Immigration Gambit," *The Social Contract*, Fall 2007, <http://tinyurl.com/3718ry>

9. Nelson, Gene A. "We're All in This Lifeboat Together!" Testimony at the National Academy of Sciences 13 April 1996. <http://www.engology.com/ArtNelson.htm>. "The article outlined how managers choose the candidate that takes the least amount of time to pass academic milestones. Neglecting the few examples of true scientific genius, those selected will often have enriched educational backgrounds by virtue of their parent's wealth. They also have the resources available so that they can focus 100 percent of their training time on learning. The conclusion is that the chance of a person successfully elevating their economic class via a S&E career choice is very low."

10. Weinstein, Eric, "How and Why Government, Universities, and Industry Create Domestic Labor Shortages of Scientists and High-Tech Workers" (Working Draft), <http://users.nber.org/~peat/PapersFolder/Papers/SG/NSF.html>

See in particular "The NSF's Real Shortage Study," <http://users.nber.org/~peat/PapersFolder/Papers/SG/NSF.html#SG>

Additional details are found in "Sloan Workshop Session 2: Issues of Legislation and Merit in Scientific Labor Markets" <http://users.nber.org/~peat/PapersFolder/Papers/Sloan.html>

....This is not easy to reconcile with private correspondence between the former AAU president and the sponsor of the 1976 Eilberg Amendment:

"...you have circumvented the primary rationale for denial of labor certification: that an unlimited supply of American manpower exists whose employment prospects are being usurped by alien labor." — John Oswald, AAU President, Letter to Joshua Eilberg, 10 November 1975. (A copy of this letter is available at page 5 in the text of "An American Scam" at http://www.zazona.com/shameH1b/Library/BrainSavers/An_American_Scam_01_27_2004.pdf)

11. Gitanjali, B. Academic dishonesty in Indian medical colleges. *J Postgrad Med* [serial online] 2004 [cited 2012 Jun 8]; 50: 281-284

Available from: <http://www.jpgmonline.com/text.asp?2004/50/4/281/13649>

See also: <http://news.google.com/newspapers?nid=1356&dat=19940601&id=psFPAAAAIBAJ&sjid=EAgEAAAIBAJ&pg=3254,34260>

Ocala Star-Banner, Wednesday, June 1, 1994, Page 7A

Indian Students Riot Over Exams; 4 killed

NEW DELHI, India — Four students reportedly were killed Tuesday when college freshmen clashed with police who tried to stop them from cheating on exams. The melee occurred in the town of Dalsingsarai in Bihar state after the students opened their books and notes during finals, Press Trust of India said.

The students threw explosives at a government jeep and tried to set fire to the railway station. Police opened fire, killing four of them, the news agency said.

Students in Bihar maintain they need their books and notes because they have been so poorly taught.

A more recent, high-tech version of cheating in India is found here: <http://timesofindia.indiatimes.com/india/Cheats-use-bluetooth-cell-cameras-to-crack-AIIMS-test/articleshow/11430419.cms> The Times of India Cheats use bluetooth, cell cameras to crack AIIMS test Dwaipayan Ghosh & Raj Shekhar, TNN | Jan 10, 2012, 03.42AM IST

See also: Winn, Patrick, “Asia’s rampant cheating problem”, *Salon* 04 January 2012, http://www.salon.com/2012/01/04/asias_rampant_cheating_problem/singleton

12. A summary of Anil Potti’s research frauds is found at: <http://retractionwatch.wordpress.com/category/by-author/anil-potti-retractions/> and Dipak Das, Ph.D.’s research frauds are

summarized: <http://retractionwatch.wordpress.com/category/by-author/dipak-das/>. Color photographs of both are available at this website. (Many other relevant articles regarding the conduct of these research frauds are readily located by using their names enclosed in double quotes as search terms at the Google News website. <http://news.google.com>)

13. Search for Anil Potti at DukeCheck.com via <http://dukecheck.com/?s=Anil+Potti>

Search for Anil Potti at NBC17.com via <http://www2.nbc17.com/search/?source=all&query=anil+potti>

14. National Science Foundation, “Science and Engineering Indicators 2012,” Chapter 3, “Science and Engineering Labor Force,” highlights the increasing percentages of foreign-origin workers employed in STEM fields. www.nsf.gov/statistics/seind12/pdf/c03.pdf

15. Rivera, Carla, “Cal State thaws admission freeze for nonresidents — Some campus leaders criticize plans to admit higher-paying out-of-state and international students while barring California residents.” August 16, 2012, *Los Angeles Times*, latimes.com/news/local/la-me-0817-calstate-20120817,0,1082914.story

16. North, David, “Who Pays? Foreign Students Do Not Help with the Balance of Payments,” June, 2008, Backgrounder, Center for Immigration Studies, <http://www.cis.org/articles/2008/back608.pdf>

Editor’s Note: While the above article was in press, the author located three new references regarding the widespread exploitation of adjunct professors by colleges and universities. Unfortunately, none of these references connect this exploitation to record U.S. immigration levels.

First, “Profs on Food Stamps,” March 2, 2012, by Josh Boldt at The Adjunct Project website: <http://www.adjunctproject.com/profs-on-food-stamps/>

Second, “The Ph.D. Now Comes With Food Stamps,” May 6, 2012, by Stacey Patton, Ph.D., *The Chronicle of Higher Education* <http://chronicle.com/article/From-Graduate-School-to/131795/>. (The 900 comments are worthwhile reading as well.)

Others are trying to raise families or pay for their children’s college expenses on the low and fluctuating pay they receive as professors off the tenure track, a group that now makes up 70 percent of faculties. Many bounce on and off unemployment or welfare during semester breaks.... Some adjuncts make less money than custodians and campus support staff who may not have college degrees. An adjunct’s salary can range from \$600 to \$10,000 per course, according to the Adjunct Project, a crowd-sourced database about adjuncts’ salaries and working conditions. The national average earnings of adjunct instructors are just under \$2,500 per course, according to the American Association of University Professors.... “Everyone thinks a Ph.D. pretty much guarantees you a living wage and, from what I can tell, most commentators think that college professors make \$100,000 and more, [...] But I’ve been hearing all year from nontenure-track faculty making under \$20,000, and I don’t know anyone who believes you can raise a family on that. Even living as a single person on that salary is tough, if you want to eat something other than ramen noodles every once in a while.”

Third, “The closing of American academia—The plight of adjunct professors highlights the end of higher education as a means to prosperity,” August 20, 2012 by Sarah Kendzior, Ph.D.

<http://www.aljazeera.com/indepth/opinion/2012/08/2012820102749246453.html> (339 comments as of August 29, 2012).

My friend is an adjunct. She has a PhD in anthropology and teaches at a university, where she is paid \$2,100 per course. While she is a professor, she is not a Professor. She is, like 67 percent of American university faculty, a part-time employee on a contract that may or may not be renewed each semester. She receives no benefits or health care. According to the Adjunct Project, a crowd-sourced website revealing adjunct wages — data which universities have long kept under wraps — her salary is about average. If she taught five classes a year, a typical full-time faculty course load, she would make \$10,500, well below the poverty line....