College, Inc.

Soda giants pop the big question: Wanna do business?

At some schools, whether you like it or not, Coke is it.

As costs rise and government funding fizzles at financially strapped colleges and universities, corporate giants Pepsico, Inc. and The Coca-Cola Company are promising to quench the thirst of parched academia with big-money exclusive contracts — something that could potentially extend the role of big business into the classroom.

Some people fear that in addition to campus vending machines offering only one brand of soda or university computer labs sporting only one kind of machine, the day will come when students will be offered only one kind of education.

If corporations can quench a university's thirst, clothe its students and provide them with Astroturf, they just might attempt to flex their muscles when it comes to creating or changing the curriculum.

Even so, schools are becoming addicted to exclusive agreements. Sure, the unilateral contracts limit student choice, but many financially struggling schools are willing to sign contracts to stay in business.

In return, corporations receive the undivided attention of the 20something set. Midnight trips to the vending machine for a Pepsi could leave you dry if you go to a Coke-only college.

"This is a key time, when students are developing brand loyalties," says The Coca-Cola Company program manager Mary Butin. "We are on 85 percent of all college and university campuses. Someday we hope to have a presence on 100 percent of them.

"We don't go targeting schools," adds Butin. "If it makes sense, we make an offer. We're not pushing [Coke] down anybody's throat."

Maybe not, but it *is* hard for schools not to swallow the appeal of an exclusive contract's perks — computers, lab equipment, lectures and athletic gear.

Take Oregon State U., for instance. The university was in desperate need of a cash infusion because voters had repeatedly balked at property tax increases to help fund higher education.

In the past five years, Oregon State U. raised tuition 78 percent — from $1,707 in 1989 to $3,048 in 1994 — and enrollment plummeted from 17,000 to 14,000. Oregon State U. sought help to close the fiscal gap by entering into a 12-year, $2.3 million exclusive agreement with The Coca-Cola Company.

Where does the money go?

"We've already received $1.5 million, which requires us to stay with Coke exclusively," says Oregon State U. contract administrator Bob Halverson. "Some of the revenue was used to buy a new scoreboard, which will increase [advertising] revenue tenfold. We are spending $500,000 to renovate dining services and student housing. Very little of the money from the Coke contract will go toward academics."

Liz Foster, a senior at Oregon State U., is tired of the mandatory fizz dispensed by companies and administrators. "Even if private companies pour millions of dollars into the university, it never reaches the academic arena," Foster says. "Athletics get the majority of the money."

Foster, the editor in chief of the university's newspaper, *The Oregon Daily Emerald*, wishes some of that money had been spent to save the journalism program — a casualty in the 1992 fight for funding.

"Academic programs are much too expensive for this kind of long-term financing," Halverson contends. "We spent the money where the old monies used to come from. We did it responsibly, and tried to do it reasonably with student input."

Indiana U. also turned to a unilateral agreement for financial reasons and allowed Coke to tap the market of some 100,000 students on eight campuses.

"We're going to begin exploring other kinds of revenue of this sort," says Terry Clapacs, vice president of administration at IU. "There is only so much you can do with tuition, and we need to find ways to balance our budget. [This will] increase our revenues by $15 million over the next 10 years."

Junior Kimberly See, an education major at IU, is hoping profits from the private sector will mean better programs and fewer tuition hikes. "Some people are complaining that they like Pepsi, but it doesn't matter to me. Pop is pop," See says.

Penn State U. is risking alienating Coke drinkers in an effort to improve its financial situation. In 1992, Penn State entered into a 10-year exclusive contract with Pepsico that is expected to generate $14 million in revenue.

Where's the money headed? Two scoreboards and a $6 million athletic center top the list. Administrators say some of the money will also be used for university scholarships.

Penn State administrators are hailing Pepsico as a financial savior, but some students aren't buying into the arrangement. Cheryl Trent, a junior studying integrative arts, says she's sick of hearing about everything Pepsi's done for the university. "You would think we should rename it Pepsi University or something," Trent says.

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>
> CHRIS ROMOSER
> **Spokesperson, Pepsico, Inc.**

Pros and cons of going exclusive

Proponents of going exclusive say that it doesn't mean giving up choice. If students want to take the Nestea Plunge, Dew It or sip Snapple, they'll just have to go off-campus to local stores.

"Most students lead very mobile lives," says Pepsico, Inc. spokesperson Chris Romoser. "Their environment expands beyond campus boundaries. Freedom of choice is not a real issue. Aside from the financial aspect, this is a chance for Pepsi to get closer to students."

However, projected fat profit margins from exclusive contracts could go flat if students remain loyal to their favorite drinks. Loyalty to variety and not one brand is what has kept some universities from signing carbonated contracts.

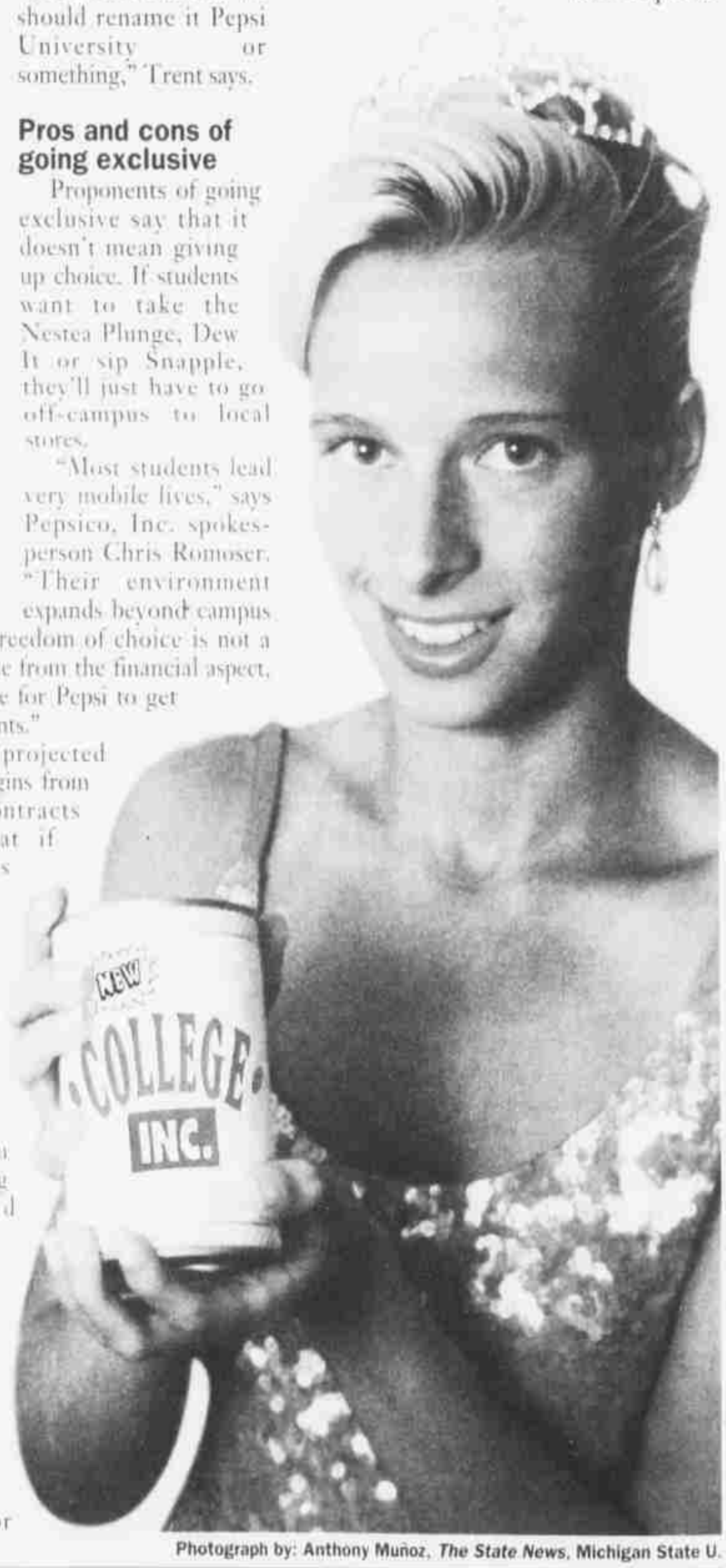
"We feel we may lose 20 percent of [our soda sales] if we go exclusive," says Chuck Knox, the U. of Illinois senior buyer in charge of purchasing university food equipment. "The wider the variety of products, the wider the appeal. Our priorities are quality, students and cost — in that order."

Corporations defend exclusive contracts as capitalism working for the community. Special deals from the soda giants include sponsorship of lecture series and research grants and internships for students.

With companies offering such beefy benefits, sacrificing one product for another may seem like a small price to pay to keep universities afloat.

But as universities and colleges snatch up exclusive contracts, students may have to get used to the idea of graduating from the Soda School of Public Relations or getting a degree in soda management. Ironically, the choice of a new generation may very well be no choice at all.

■ *The Daily Collegian*, **Penn State U., contributed to this report.**



Photograph by: Anthony Muñoz, *The State News*, Michigan State U.

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