HIGHER EDUCATION EVOLVED: BECOMING THE UNIVERSITY OF VALUE

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INTRODUCTION

There was a day, not too long ago, when leaders of colleges and universities slept well, did not worry about financial issues, and focused almost entirely on education for its intrinsic value. Those days seem quaintly ancient, of another kinder, gentler, and more comfortable era. Leaders today do not sleep well. They are constantly worried about finances. They focus on education as a means to an end. What happened? What can we do about it?

This is an essay in four parts: what was, what is, what will be, and how the changes to come will create a new landscape for higher education. I begin with a nostalgic, somewhat cartoonish version, of the
past—optimistic, comfortable, and growing. I then turn to our current much more brutish, pessimistic, and contracting climate. Next, I outline the various tactics and strategies likely to emerge in response to the significant challenges we are experiencing. I end with a reflection on how higher education will emerge from the fracas.

I. THE THRILLING DAYS OF YESTERYEAR

Here is a thought exercise: when is a strategic plan neither strategic nor a plan? The answer: when universities “plan” solely to satisfy a check box requirement.

In the first two decades of my now thirty-five years as a professor, law school dean, and university officer, I participated annually in a process I now call Moot Strategic Planning. Like Moot Court, Moot Strategic Planning is primarily a simulation exercise (although not explicitly announced as one) that assumes a bunch of facts and then fills in gaps along a fairly well-scripted plot. For the last ten years, however, planning has been anything other than moot and the stakes have gone from putting plans on shelves to putting plans into action. How did this occur?

A. Strategic Planning? For What?

Strategic planning is useful to organizations that must make difficult choices: how to generate customers, where to locate, what to charge, how to vanquish the competition, how to generate additional capital for plant and talent, what new products to invest in developing, etc. For most of the last half century, these questions simply were not very important in higher education.

1. Customers

In not too olden times, schools had a pretty good idea of how many students would enroll in their programs. By understanding the relationship between numbers of applications received, at each level of credentials, they predicted relatively well how many students they should accept, how many of those accepted would make a deposit, and how many of those who deposited would enroll. “Yield” management was a reliable predictor of enrollment from year to year. Schools seeking to lower or increase their enrollments, could tweak the yield by lowering or increasing standards or tweaking scholarship offers (discounts). However, because of limitations on physical plant, dormitory space, or concerns about the quality of student credentials, most schools exercised restraint on growing too quickly—avoiding inadequate service to those
they served.

In short, most universities adopted a highly predictable business model: serve the same number of students (plus or minus a few) and use price increases to pay for any increased educational, advising, or other costs.

2. Location

Businesses must constantly assess their appropriate location—where to find cheaper labor, obtain tax incentives, hire more skilled workers, discover better macro-economic conditions, gain closer access to suppliers. These almost never have mattered to higher education. To schools, location has meant: assessing how to afford new buildings (within the existing location) or whether to build extension campuses. Contraction? Unheard of, a sure fire sign of failure. Libraries? More room for books, compact storage, and more study spaces. Classrooms? More lecture halls, dormitories, and laboratories. Amenities? The latest, greatest, fanciest, and statiest of the art. Bigger—automatically translated into better; but changing location, hardly!

Who could imagine New York University anywhere other than Manhattan (let alone Washington, D.C., Abu Dhabi, Shanghai, or even Brooklyn)??

3. Competition

When I was growing up, tertiary education for my high achieving classmates meant a local school, close to home, often supported by state funding. The fanciest and richest of us could contemplate the high-priced, private school located in the closest big city. The most elite of us—especially those who migrated from the northeast—scoped out Ivy League Schools or a handful of Ivy-like liberal arts colleges (where everybody knows your name). The weakest students among us, joined by those from families with few resources, thought about community colleges (or junior college as they were then called.) Some students saw these as ways to remediate their high school failures on the way to a four-year college. Some saw them as an end point. Some saw them just as a way to mark time before growing up. And, lots of others just got their high school degrees, joined the military, or went right into a trade.

In this environment, universities and colleges could recruit locally, secure that their reputation at home would attract adequate numbers of students. Very few schools had national student bodies or aspired to national reputations. Most graduates could expect to find local work; the smaller number of graduates of elite schools might migrate to cities of their choice, comfortable that they could rely on alma mater networks to
secure employment.

In this era, higher educational institutions could take comfort in knowing that high school graduation rates were increasing, family wealth was growing, baby boomers were booming, new PhD’s were graduating to fill out newly created faculty slots, and the future was rosy, modestly monopolistic (in a school’s geographic location), and competition might be measured at the margins by such things as schools with unique programs, better facilities, or higher performing sports teams. There was no *U.S. News*, no Princeton Review, no internet, no blogs, no national coverage of higher education, and few resources to be gained from lucrative television fees for coverage of its athletic program.

4. Price

Price and cost are not the same thing. In the past, the price students paid, in aggregate, often was quite a bit lower than the cost of running the school, with the gap filled though state subsidies, philanthropy, or income from the endowment. Schools with price and costs aligned, absorbed new costs either through increasing the tuition price or increasing enrollment or both. Consequently, as universities and colleges grew to accept the influx of new types of students (returning veterans, women, minorities, etc.), they could grow income without steeply increasing their price. They kept pace with inflation and let the increasing numbers of students provide new resources to fuel their expansions of faculty and staff hiring, the renovation of existing buildings, and the development of new facilities.

Private universities cranked up ancillary funding from development efforts, funding from various grantees, and overheads from sponsored projects. State universities relied on steady, modest increases of subsidies from legislatures, and began to emulate private universities in building fundraising and research funds. In short, tuition prices could remain in slow growth mode, while other, reliable sources of income could fund expansion.

Within this regime, which began with tuition at a moderate level, students and families at both private and public schools anticipated modest annual tuition increases, which they absorbed. The clientele of private schools dealt with price increases grudgingly, but well, primarily because they had means sufficient to pay for education. Students of state-funded or state-subsidized schools (with much lower tuition rates) reliably counted on continued state subsidies to support spending for needed educational improvements—thereby dampening the size of price increases. In a pinch, students could borrow needed funds, probably having a credit-worthy parent as a co-signer. Finally, many families could
rely on “home equity,” supplied by the increasing values of their homes, to make up the difference.

Most of these things have changed, sometimes quickly, forcing universities to respond. First, as the numbers of students from less privileged backgrounds began to attend universities and colleges, third party sources of funds became more important—GI Bill funding at first, then the creation of federally guaranteed access to loans at modest and sometimes subsidized interest rates, which often undercut local lenders, and finally through direct federal lending. Despite these changes, with more and more students relying on leverage (borrowing in current dollars to pay back in inflated dollars from an expanding economy) to “purchase” education, the system functioned well and reliably as an engine both to support increased prices and still leave student/borrowers able to repay.

Even with changing demographics and more students needing financial aid, many schools still restrained themselves from requiring substantial tuition increases, relying on increased enrollment as a primary driver of increased income to pay for desired improvements. Soon thereafter, however, as enrollments in schools began to flatten, schools of necessity turned to tuition increases as the primary method to provide the income to fund continued growth. With very little sensitivity to price, compounding tuition increases could fund university improvements, even in the absence of increased enrollments. Such tuition increases—even in excess of the rate of inflation—were mitigated by growing family wealth, access to loan funds, and a clear sense that a college degree meant access to high paying jobs. Since most students remained close to their homes, local universities and colleges had ready access to customers, most of whom had very little sensitivity to price or a need to leave home in search for prestige or better opportunities.

At the end of this era of prosperity, steady tuition increases became a predictable yearly ritual for private schools—4.5% sticker price increases, compounding yearly, over a long period of time. Soon thereafter, seeing the success of a tuition-increase model, many state legislatures chose to stabilize or reduce their subsidies to private schools, using price increases to fill the gap. Throughout higher education, schools did regularly reduce their price selectively for some students, through “merit” scholarships (tuition-discounting), without reducing their net tuition revenue. Merit scholarships, mixed with full paying students became a reliably predictable way to sculpt admissions—essentially allowing universities and colleges to cherry pick better students with low prices—funded by the remaining full pay students.
5. The Business Model

Not surprisingly, given these dynamics, schools of all stripes, public and private, large and small, adopted remarkably consistent business models. Income should equal expenses (or produce surplus), with income determined by a simple formula:

Number of Students ($X$)  
Tuition Charges ($-$)  
Tuition Discount ($+$)  
Other Income (state subsidies, endowment draw, annual fund, etc.)

The model has been incredibly robust, with fraying occurring only in the last few years. It has given universities clear and predictable sources of income—-with tuition and numbers of students being the primary drivers of net income. Well-planned universities and colleges have used these to cover operating expenses and discount rates, using other income sources to provide the margin of excellence by providing seed funding for new projects, capital expenses, or other non-recurring costs.

B. Some Observations of Demographics and Economy

In popular culture universities and colleges are always bucolic places, away from the madness of urban chaos (or located in secluded enclaves within them). They seem to be havens for contemplative thinkers, isolated from the daily grind of such messy things as finding jobs or producing research in response to requests from funders demanding a quid pro quo in exchange for their lucre. Such places held powerful mini-market monopolies close to their locations. They could be trusted to provide valuable transitional programming and support for the children of elites and the upwardly mobile. Their DNA was local (and it seemed as if it would be forever).

In this telling, colleges and universities served the few, the predominantly white, the male, and the largely privileged. Less privileged young people joined the military, attended junior colleges, and sometimes ultimately enrolled in four-year institutions—after a little seasoning. For some high school graduates, college or university was unappealing and unnecessary. They could find a job in a booming industry close by, join a union, or practice a trade. And, much later, as opportunities for admission to colleges and universities expanded to embrace women, minorities, and second-generation immigrants, the world still seemed to work. There were jobs for those with high school diplomas and some college; the growing economy still provided an important safety valve.
Such a distribution of opportunities now seems part of a dim past, given the reality of today’s messy economy in which downward mobility, income disparity, and class divides are growing.

1. **ROI—What’s That?**

Looking back at simpler times, I do not recall a single discussion of the return on investment (ROI) of a college degree. It was obvious that the pathway to the middle class or above led directly from colleges and universities to management positions, professional opportunities, and a white collar life. The cost of education, whether constant or rising, was a reliable pathway to a career with great opportunities. Lenders did not fear default. Nonpayment? Not an issue given co-signing parents, federal government payment guarantees, and the non-discharge of student loans in bankruptcy. Educational borrowing was a good investment yielding a pathway to job opportunities in an economy with incomes growing at a rate in excess of debt service. Students in need of loans could obtain them, reasonably expect that they would be able to repay them, and simultaneously believe that they could buy a car and a home, settle down, and support a spouse and 2.1 kids. Given such optimism, no one critically examined whether education was an investment with an adequate return on investment; it was self-evidently the case.

As discussed later in this Essay, not anymore!

2. **Outcome Measures? What’s That?**

As a long-time faculty member, I cannot remember ever being asked what material I intended to teach, why I chose such material to teach, what I expected students to learn, or how I would know if they learned it. Once I was appointed and assigned a course to teach, it was my sole discretion to determine how best to make the experience worthwhile. My primary duty was to sort students by measuring their performance against each other; I cannot recall being expected to compare them to an objective set of expected, normed, educational outcomes. To the extent anyone cared, so long as students did not complain too loudly, found some type of gainful work after graduation, and seemed grateful, we felt confident that we were doing our jobs.

No one would have heard the words “student learning outcomes,” assessment goals, metrics, or any other number of the now common jargon of higher education. Elementary: a student’s grade was the student’s assessment. Students’ knowledge was implicit, ineffable, immeasurable, and securely anchored in a belief that education by its very nature is edifying. An “A” grade meant something special, not something expected by fifty percent of a student body. For others, a “Gentleman’s
C” also meant something—the recipient was a member of the club, safely vetted for the market, and in possession of the proper social graces. Since college was meant for the best and brightest, even its weakest graduates could be trusted to enter the marketplace without much worry. As I remember it, even the dullest bulbs, still shined (or at least found a way to gainful employment).

Not so much today.

3. Social Media? What’s That?

I reminisce about the days when teachers taught, with little oversight before tenure and virtually none thereafter. I also remember when student evaluations did not matter . . . much and when “bad” evaluations suggested rigor and “good” evaluations suggested pandering. Neither my words in the classroom nor those of my students were recorded or reported. No one tweeted. No one blogged. No one ran exposes of local faculty outrages, bad administrators, weak customer service, campus crimes, binge drinking, fraternity and sorority childishness, booster dollars paid under the table, assaults by athletes, or any other of the daily fodder for sites now covering higher education.

I remember having no ‘Above the Law’, no U.S. News rankings, no consumer guides comparing schools to each other, no score cards, no reported loan default rates, no nuthin! Schools ranked themselves. Everyone was above average and respected, and if they weren’t, folks learned of defects through word of mouth, happenstance, or the occasional student newspaper muckraking.

But as a wise colleague once said to me: “dude, ain’t no secrets anymore!”

4. Regulator or Friend?

Many long-time hands in higher education remember the special, insider dance performance of the odd couple—accreditors and universities. First, the accreditation team reported to the university president that reaccreditation would be in jeopardy unless the university reached the level of its peers in resources, buildings, laboratories, teacher to student ratio, compensation, etc. Second, the president would be reminded that even if these resources were adequate, to reach the next level, the university would need to increase its expenditures for such things. Next, we could expect school leaders to push back, at least a bit, but ultimately acknowledge the criticism, forced to go back to their funders, hat in hand, begging for the resources to respond to the accreditation process. Finally, regulated and regulator would wink at each other, knowing that leveraging the relatively hollow threat of losing
accreditation could give schools what they needed and what they wanted. Since those doing the accrediting were the peers of those being accredited, one could reasonably believe that the dance could be repeated once the roles were reversed. 

Ah . . . the good old days!

II. THAT WAS THEN; THIS IS NOW!

Higher education is now fighting a multi-front battle: is it truly valuable? Should highly motivated and talented students be encouraged to pursue college or should they bypass school and go directly into entrepreneurial enterprises? Should tenure be abolished? Should hiring of adjunct faculty members be increased? Should such hiring be decreased? In either case, should adjunct faculty members be paid higher salaries or receive benefits? Should all programs in all disciplines be sustained? To summarize in one question: is the enterprise broken?

Looking at law schools, one might assume that the answer is yes and that we are now on the verge of the collapse of the higher education industry as we know it. Like law schools, after a long period of unparalleled growth and prosperity, maybe all of higher education should expect shrinking applications and enrollment. Check. Maybe like law schools, higher education will see increased competition, lower placement rates for students, increased borrowing (with little or no hope of being able to pay back the loan), increased expenses to recruit students, much higher discount rates, attacks from within, criticism from without, demands for better performance, complaints from regulators and industry leaders that we teach the wrong things and teach even those things poorly. Check, check, check, check, check, check, check, check, and check!

Perhaps there is just law school exceptionalism. Or, perhaps law school problems portend the start of a much tougher era for higher education. I think it is the latter and discuss why below.

A. Three Questions and Then Two More

Here is another thought exercise for evaluating the future of higher educational institutions. Answer the following questions: (1) Do you believe that the university can continue to raise its tuition charge by 3.5% per year compounding annually in perpetuity? (2) If so, will the university maintain its academic quality? (3) If so, will it be as diverse as is desirable? How one answers these three questions says a lot about how they envision the future of higher education.
1. Question One

Perpetuity is a really long time. No rational person believes that universities can continue to raise their tuition rates at a compounding rate forever—especially if those rates are set at a percentage above inflation rates. However, it is possible to contemplate sustaining tuition increases for a long time, if one believes that one’s school has the ability to tap into a steady stream of families with sufficiently growing wealth to keep up with tuition increases.

Maybe this works . . . for some schools. Given the emerging demographic trends of the United States, however, it is highly unlikely that schools across the board—public and private, prestigious and non-prestigious—can all make the same assumption that they will tap into wealthy families. In coming years, this nation will see: increases in older populations, decreases in real income, significant growth of income disparity, disproportionately low birthrates among wealthier families, etc. These trends should frighten even the most optimistic prognosticators. To sustain compounding tuition increases, schools must believe either that they will more effectively gain a share of high-paying domestic students (coming from a pool that is shrinking) or that they will attract increasing numbers of non-domestic students with the ability to pay high tuition. Sustaining price increases therefore depends on importing non-U.S. high-payers to fill gaps in the enrollment of domestic high-payers. This turns on multiple assumptions: that non-U.S. students will be permitted to study in the United States, that they will prefer our higher-priced education to lower-priced competitor institutions in other countries, that the schools in the students’ own countries will continue to lag behind their U.S. counterparts, and the currency exchange rates between local currency and the dollar will not become unfavorable to local currencies.

So many assumptions and hopes. Really?

2. Question Two

Even if magically thinking and hoping for a sufficiently wealthy student body comes to pass, to maintain their academic quality, schools must also attract qualified students in sufficient numbers. Being rich and smart (and probably good-looking as well) is a lot to ask for. Even if the supply is large, is it large enough for every similarly situated school to achieve similar results? How many such students exist? Enough for the top five universities in the United States (and their counterparts throughout the rest of the world)? Enough for the top ten? Top fifteen? Top twenty? Top 100? Whatever the answer might be, it clearly is not enough for the thousands of private schools, all seeking higher rankings,
all of which think that they are better than their reputations, and all of which have been banking on increased tuition revenue from students as good or more qualified than those they currently enroll.

3. Question Three

Even with enough rich, smart kids to supply sufficient income, schools with any commitment to diversity also would have to find a way to admit a sufficiently diverse student body. In many universities, diverse students generally are not from families of means. To recruit and retain diverse students, universities often must provide scholarship support or depend on federal or other aid programs. Only a handful of current universities are sufficiently well-endowed to make scholarships available to all those with need. Most universities provide scholarships by redistributing tuition paid by wealthier students and families to discount the tuition of those with less wealth. However, in recent years, much of this type of aid has perversely been given not to those with need, but to those whose academic profile will raise the profile of the university (often those from wealthier families) reversing Robin Hood by taking from the poor and giving to the rich! In such a regime, universities without deep endowments may need to take mediocre students who can pay to subsidize others. The challenge will be to do so without damaging overall quality—violating the assumptions made to answer the second question above.

It is a puzzle!

4. The Bonus Round: Two More Questions

If increasing tuition yearly at a compounding rate is ultimately unsustainable, universities must then face up to two additional questions: (1) will the business model (number of students (X) tuition rate (–) tuition discount (+) other income) continue to be viable; and (2) will the government continue to lend identical, relatively unlimited amounts of funding to all students, regardless of which schools they attend and what subjects they study?

First, the formula is breaking if not already broken. Nominal tuition charges continue to go up, but so do discount rates—often at a faster rate than sticker prices. Nominal tuition increases that lead to net tuition decreases are unsustainable. For years, small, private, liberal arts college have been in precisely this situation—appearing to have higher and higher prices, but yielding fewer and fewer dollars. Unsophisticated critics of higher education have pointed to increasing sticker prices as a core problem for students without realizing that many students in actuality are paying less. Good news for students. Bad news for schools
and their reliance on the tried and true business formula.

Other trends have chipped away at the model. State legislatures have cut back subsidies to public education. Philanthropists are giving fewer unrestricted gifts, extracting quid pro quo promises for their donations, and making it harder for schools to cross-subsidize less attractive units. As a result of these trends, the very richest schools continue to thrive, maintaining or growing net tuition and increasing the size of their endowments and fundraising. Further, premier state universities still gain sufficiently large and disproportionate shares of state subsidies so that they can prosper. But for most public and private schools, the funding formula is under stress in all critical ways: net tuition down, subsidy down, and fundraising unable to make up the gap. As discussed below, such schools must find a new formula: new kinds of programs, new revenue sources, and must lower costs to move forward. They face a very challenging future.

Second, in face of these significant challenges, schools have become deeply reliant on easily available government funding through student loan programs. Unfortunately, in the years ahead, the government loan programs may need to change. With income-based repayment programs and loan forgiveness, most students have been able to absorb whatever tuition increases they face and manage the associated debt service. Graduate education provides the clearest example. Under the grad plus loan programs, students can borrow their full cost of attendance (tuition and living expenses), with the amount growing one-to-one with school price increases. As a safety net, however, if students borrow more than they can pay back, the government provides them with a cap on their debt service, with unpaid amounts ultimately eligible for debt forgiveness.

Students have been fortunate that income-based repayment and loan forgiveness programs were created at a time of unprecedented low interest rates, allowing the government to borrow at extremely low rates, lend at much higher rates, and use the spread to cover defaults, fund income-based repayments and loan forgiveness, and still make a profit in the lending programs. This has also allowed the government to be agnostic as to which schools students attend and what programs they study. However, it is unclear whether such a system is sustainable over the long-run, especially if interest rates rise.

If interest rates rise to historically normal rates (or even beyond, if inflation occurs), the government’s cost of funds will certainly rise, perhaps substantially. In that case, should the government decide to keep interest rates at the current level, defaults and income-based repayments would eat up much of the surplus currently being generated by large spreads between the interest rate the government pays and the interest
rate it charges. Alternatively, should the government decide to maintain spreads, the borrowing costs to students will increase, with no necessary increase in their ability to service higher interest debt. In either case, the government loan programs would likely need to change, either by scoring them as much more costly or accepting that fewer students will be able to manage the debt service. In face of such challenges, the government may be forced into reevaluating whether current lending programs should be maintained, thereby raising the risk that tuition increases cannot be passed on as easily to student borrowers.

B. Some Observations About Demographics and Economy in Today’s Market

Suburban sprawl is over; re-gentrification of cities is all the rage, and the new urbanism increasingly characterizes American society. This is reflected in the enormous popularity of urban universities, the gentrification of once decaying neighborhoods, and the transition of once tough city neighborhoods into havens for young people. Society is urbanizing; students are moving from the campus to the city.

Simultaneously, universities have moved from serving as bastions for the sons of families of means. Women are predominant and make up a majority of both entering and graduating students. As the country becomes increasingly diverse, relatively many more minority students will likely be attending. The enrollment of non-U.S. students has grown . . . a lot. Across multiple measurements, U.S. higher education has diversified—less white, less male, and less wealthy!

These changes have added tremendously to university culture, but they portend more difficult times ahead. Birthrates among families of means are dropping relative to those of families with less means. And, as prices at four-year institutions rise at a rate faster than inflation, students from less wealthy families are migrating to lower prestige schools and community colleges—further challenging the financial security of traditional institutions and making social mobility even more difficult. As suggested above, with fewer wealthy students, competition for students will increase (as will subsidies for those students without financial need, but with such outstanding credentials that schools will reduce cost to create incentives for them to enroll). Accordingly, schools will need to compete for great students, find wealthy (and less academically desirable students) to fund the enterprise, and will hope to generate sufficient surpluses to fund poorer or more diverse students. None of this bodes well for higher education finances at a significant number of schools!
C. Outcomes-Time to Prove it Up!

Schools can no longer point to graduation rates and students’ grades as the sole outcome measures that justify the educational mission of the school. These days, accreditors of all stripes are demanding much more: schools must describe what student learning outcomes are expected at the course and program level. They must measure whether students are achieving those outcomes. They must create plans to remediate any gaps between expected outcomes and actual performance. And, in the years ahead, it is also quite likely that the government will expect schools to show that students have found gainful employment in programs that are “professional” in nature and that graduates’ salaries are commensurate with servicing the debt they have accumulated. Finally, over the long haul, as a society, we will be asking whether higher education is worth its costs!

There is a natural desire by the academy to resist the commodification of higher education. The argument goes: “a university education is not a commercial transaction; one cannot measure the ineffable; metrics do not exist for each intangible goal; and schools cannot effectively be arrayed on a grid against each other.”

Despite resistance to measurement and close oversight, however, the tide of change is sweeping in. If we do not respond, we will be swamped by the measurement systems imposed by outsiders whose ideas of what to measure almost certainly will be inconsistent with values those in the academy cherish. School leaders must take steps to define the outcomes they believe in or they will be left in the wake of “no child left behind” advocates. Universities and colleges risk having standards imposed on them by those with little higher education expertise (or who are openly hostile to the educational enterprise); they risk being dictated to by those who have a predilection for “teaching to a test,” not to teaching what matters. Universities and colleges can no longer hide behind assertions that “real” education cannot be assessed. They not only must define what matters, they also must show that students demonstrably can do those things as well.

D. Linked, Faced, Tweeted, Pinned: #BloggedToDeath

Schools have always been the subject of discussion by their students and local communities. But word of mouth, or even local news coverage, is by its very nature limited. Not so today. Social media makes every minor incident visible to large communities. And the more outrageous the incident (or perhaps the more outraged the commentator) the more visible it can become. Every student, alumnus, faculty member, staff
member, or community member is now a “reporter” or “columnist.” Every comment made by a leader is captured and republished by myriad others. Their appearances in formal and informal events are captured and shared by student, staff, faculty, and alumni cameras. Every stupid adolescent moment of each fraternity or sorority or student group is capable of being sent time and again through each conceivable piece of social media. Every shared selfie of bad behavior is grist for forums that will embarrass the student, faculty member, or her school. In short: for better or worse, transparency is the rule; actions are in real time; and official monitoring of reputation is a daily requirement!

E. Regulator or Terminator?

Over the last decade, accreditation has changed, but not always for the better. As a former dean, I once considered visits by inspectors from the ABA as a nuisance, sure to lead to a back and forth, but not a significant threat to our operation. Those days are over.

Today, accreditors have become concerned about outcomes, transparency, the specific ways the curriculum is being delivered, and countless other matters—big and small. Where the accreditation process was once a closed environment, known only to insiders, today critics of higher education are holding accreditors to a high standard and are asking for easily understood reports of their findings. And, accreditors are increasingly likely to see themselves as consumer watchdogs, making sure that the schools they review fairly report data and are comparable to each other. Accreditation is moving from friendly peer review to a more regulatory, consumer-protective model.

Alone these changes would significantly alter the regulatory climate, but they are augmented and sometimes supplanted by even more aggressive regulatory regimes. Each state has created “authorization” rules concerning myriad subjects—distance learning, externships, advertising, employment practices—with which universities must comply. Further, the U.S. Department of Education has become a significant player in higher education regulation. It defines minimally accepted practices at schools. It defines what constitutes a course, a credit hour, and countless other terms of delivering education. Even while it is regulating the industry, it provides the lion’s share of all of the dollars students borrow to go to school, and it defines the terms on which those loans must be repaid. With the ability to tie strings to federal financial aid or direct support of schools’ research, the Department of Education has the ability to alter the rules for attendance, what programs will be financeable, at what level, or what loans can be forgiven or only partially paid back. It is a short walk from these powers to creating regulations that
Regulators are unlikely to be manipulated to recommend things schools want, but cannot gain on their own. They are unlikely to see themselves as allies to higher education. Rather, they are more likely to see themselves as consumer watchdogs. Given this trend, it seems quite likely that higher education regulators will next become more involved in the substance of education, perhaps dictating how much schools can charge and pass on to students in tuition charges for which federal funds can be borrowed to cover. Perhaps they will set maximum loan limits. Or, they will dictate what percentage of tuition charges are subject to borrowing (perhaps adjusted by majors tied to earnings after graduation). Maybe they will define the spending rates of endowments, what such expenditures can cover, or whether gifts to educational institutions are deductible from income taxes. If regulators see their mission as making sure that the value proposition of higher education is substantial, they may be willing to impose many new types of rules.

Welcome as many of these changes might seem, in theory, greater interference from regulators will not go down easily. Universities may be held accountable in ways that currently are only minimal inconveniences, but which could become overwhelming new, unfunded mandates. Such mandates could interfere with core educational goals, especially if they privilege vocational opportunities for students over deeper educational goals.

Not fun!

_F. ROI: The Name of the Game_

Anyone dealing with student applicants or their parents (call them “consumers”) understands that they are now acutely aware of the return on their investment. They want to understand what net tuition they will be charged. They are comfortable bargaining over scholarships and pitting schools against each other, who will bid for their admission. By the same token, they care more now than ever about schools’ reputations, making the rational (although frequently misunderstood) assumption that the higher a school’s rank, the likelier its students will find a good job after graduation. In essence, consumers of higher education want a high ROI.

Three types of institutions might provide such returns. For sake of tongue in cheek (or even clarity), I delineate them: the University of Cheap, the University of Prestige, and the University of Value.

Two of these are easy to describe. The University of Cheap provides generic education at the lowest price to the most folks—with value
provided to students because they gain their diplomas at low cost, thereby reaching the workforce unburdened by the price of their degrees. Students at Cheapo U understand the degree as a means to an end. At the University of Prestige, on the other hand, students often see education as an end in itself. Prestige U has built a reputation over decades or centuries. It is highly endowed and known for its research. To many of its constituents, educational content is secondary, with value provided primarily through the brand itself. And, the students count on the brand as the ticket to the workforce.

In higher education circles, almost every private institution is seeking to become the University of Prestige. Outside that circle, many politicians, state boards of regents, and sometimes even the President of the United States, are pushing for generic, inexpensive, massively scaled ways to lower cost, increase graduation rates, and get students to the workforce as quickly as possible. Because prestige is hard to gain, difficult to lose, and incredibly expensive to obtain, schools may try mightily to achieve status, but most will fail. Accordingly, the market is pushing them hard to find ways to become the University of Cheap.

Of course, that is the core dilemma for much of higher education, which has been pursuing prestige for many years. With high costs baked into their research missions, tenured and tenure track faculty, large and expensive physical plants, aspiring Universities of Prestige are discovering that prestige is elusive and that becoming the University of Cheap is impractical. Unable to be a fish and incapable of becoming a fowl, only one viable positioning remains for them: to become the University of Value.

Easier said than done. Providing value means that “customers” must feel that what they receive is worth what they are charged. At the University of Prestige such value is provided through external validation, primarily in the reputation that each student receives as a graduate. One might argue that the primary value of Prestige U is received upon acceptance. For its students, receiving a great education can sometimes feel like getting a lagniappe—just a little something extra—unnecessary, but not unwelcome. In contrast, students at the University of Cheap receive value only at graduation, especially if it is received with as low a cost as possible. Receiving a good education in this situation is also just a bonus on top of the primary benefit . . . a degree. For expensive schools, resting between prestigious and cheap, however, value must be intrinsic. A student’s experience must be first-rate. Their classes must be stimulating. Their teachers must be superb. Their academic advising must be excellent. Their placement office must be helpful. And in the end, the students (and their families paying the bills) must conclude that the
student’s education warranted the expense.
I discuss how such value might be provided in the next section of this Essay.

III. SIX ATES TO SURVIVE, MAYBE TO PROSPER, AND TO BECOME THE UNIVERSITY OF VALUE

As suggested above, becoming the University of Value is a matter of survival for most universities. Therefore, they must develop practices and programs that go beyond praying for magic that will transform them into the University of Prestige or manna from heaven that will let them be the University of Cheap. Other industries facing similar issues find that the pathway to creating value lies in the BBFC formula: Bigger, Better, Faster, and Cheaper. Unfortunately, the formula is mostly alien to university culture.

Bigger, we understand. More students means more tuition. More tuition means new buildings, renovations, or cool new IT toys. Bigger allows us to hire more faculty, pay higher salaries, construct new laboratories, or expand our footprint.

Better, we claim to understand. We tie it to new pedagogy or educational theory, fancy stuff for classrooms, and more support staff to make the programs run! However, such a vision for better often comes with a NIMBY qualifier: yes, we can get better, but we does not include me doing the work. Rather, it means bringing in new folks to teach, staff, implement, and deliver the new ideas. Those of us who have been around the block for a while recall fondly faculty meetings in which we voted to create pedagogical improvements with one hand, and then voted with the other to hire additional faculty to teach the new things because we already were operating at “capacity” and were unprepared to take on more!

Faster and cheaper, not so much. Semesters are semesters. Hours are hours. Degrees are degrees. Time to undergraduate completion takes four, five, or God forbid six, years. Graduate school takes two, three, or four years (and when we hold our noses, one year). Price is a constant—current sticker price, growing at 3.5% annually, compounding with an adjustment for discounts. And, costs go up and up and up, until austerity programs are instituted in which cuts are made to meet the budget. Even then, we cut anything and everything other than the actual cost of our core missions.

What would happen if we actually took BBFC seriously and asked how to make education bigger, better, faster, and cheaper? I discuss this crazy idea below and suggest the Six Ates—differentiate, accelerate, innovate, automate, disaggregate, and (with a little poetic license) global
template—that may transform schools into Universities of Value.

A. Differenti-ate

Being different for its own sake is an important part of the marketing savvy of any school. Schools present themselves as quite distinguishable from their peers. Listen to the refrain:

- We are the student centric university.
- Small classes, open door policy, close relationships to faculty “R” us!
- Our pristine campus, with LEED certified buildings, a commitment to sustainability, and locally-sourced food for our dining halls is at the cutting edge of the new economy.
- We are the most important local school, the driver of regional development, international in reach, globally important, the first interstellar university!
- Blah, blah, blah.

Just a quick perusal of most school websites would suggest, however, that every good marketing concept has been copiously mimicked and that lip service and pretty pictures may provide the depth of differentiation. If that is true, becoming the University of Value will require much more than marketing. Differentiation will require a major commitment to change and implementing actual changes.

I suggest four pathways for these deeper commitments: a modern curriculum that accounts for the richness of knowledge outside of single subject-area silos (interdisciplinary), a curriculum tied to post-graduate outcomes that are meaningful to our students (civic to professional), programming that requires students to grapple with real-world issues in a high stakes setting (project-based), and curriculum, co-curriculum, and extra curriculum that educates the whole student and connects his or her work to the institution, which is embedded in its location, and produces graduates whose activities will improve the places to which they locate after graduation (connected to community). I discuss these below.

1. Interdisciplinary

Core education at most universities lives in some version of the past—great books, distributional requirements, choices from one of several columns. In an unkind moment, I heard a colleague describe these as full employment for otherwise dead disciplines. Such efforts at breadth reflect a basic truth: effective learners are well-rounded, well-read, and able to think critically. The received wisdom is simple: learning requires knowledge of many things and specialists of varied disciplines will be
more effective if they share a common educational base with colleagues from other disciplines. As in many endeavors, however, the devil has always been in the detail. Or as my father, a wise philosopher said: “theory is easy, execution is hard.”

Giving students a smattering of knowledge from multiple disciplines is useful. More useful might be asking them to connect insights from each discipline and showing how these could be used together to better analyze or solve a problem. Although such efforts take place sporadically, like the law school curriculum that has a course in “intent” that compares the concept in Torts, Criminal Law, and Contracts, by and large, these experiments founder because they are complex, are co-taught by ships passing in the night, are too expensive, and/or are confusing. Better to teach in silos and assume that smart students will put it together on their own.

A university committed to interdisciplinary education must surmount these problems. The path of least resistance might maintain existing disciplines, teach introductory classes in silos, but then require advanced classes to put multiple perspectives into play. Alternatively, rather than offering courses co-taught by faculty from multiple disciplines, a bold university could focus not on teachers, but learners. In such a program, courses could have students from multiple disciplines take classes together and team them together to solve problems thereby forcing them to combine differing perspectives. Or a school could have students across a campus, in multiple fields of study, write on a shared problem, with each group of students focusing on the core concepts of their discipline, but requiring students ultimately to share their views with each other and subject them to scrutiny by colleagues with a different tool belt or perspective. Or, committees of faculties might create common research projects for the majors of their disciplines and bring the best of their students together to share what they have learned with each other and publish their combined work. Whatever the specific tactics might be, however, they cannot be mere add-ons or fluffy enrichment; they need to be baked into the curriculum. As each student progresses from elementary courses to more advanced courses and ultimately to graduation, she or he must more deeply collaborate with colleagues from other disciplines.

2. Civic to Professional

Talk to moms and dads. Talk to entering students. Ask them a simple question: what do you want to do after graduation? Parents pretty clearly state the obvious: they want their kids to be able to support themselves, move out of the house, and have a career. Students want those things too,
with an important caveat: they also want to be engaged in meaningful activity.

In multiple conversations with hundreds of parents and students, I have come to understand “meaningful activity” as work that is tied to what is enjoyable, that does something useful for society, and that is respected. My shorthand is that students are calling for landing spots on the range of activities from civic to professional.

By civic I mean something greater than obtaining employment in a government or quasi-governmental body (although these are quite desirable to many students). More broadly, it encompasses activities (work, volunteering, good deeds) that will let students give back to their communities by helping them improve local conditions. By enriching others’ lives, they can bring things that are useful to others and bring joy to themselves. Succinctly, students want their work to matter.

Many of our graduates seek artisanal, bespoke, handcrafted jobs. They cherish back to basic foods, businesses dealing in locally-sourced goods, enterprises engaged in social entrepreneurship, and membership in creative communities of art, music, and performance. Authenticity matters a lot! For such graduates, “civic” clearly encompasses working in either the public or the not-for-profit sectors. More interestingly, “civic” could also encompass private sector work, in profit-seeking businesses that tell a social responsibility story—making work for such organizations seem worthwhile, highly desirable, exciting, and even remunerative.

Other students may care much less about their “civic” roles, but have been brought up with the belief that social status is tied to becoming a professional. Families everywhere celebrate their children who become doctors, dentists, nurses, teachers, engineers, social workers, and professors. These traditional professions offer graduates membership in exclusive clubs with special knowledge, skills, and values—practices that are uniquely bestowed on practitioners of the discipline. These are often highly regulated fields that give graduates some monopoly on the right to practice their chosen profession. More interesting, new fields are emerging—computer coders, serial entrepreneurs, certified project managers, cyber security officers, compliance officers—that are gaining in “professional” status, even though they are much more open and unlicensed than traditional fields. Universities of Value are constantly helping students learn what it takes to succeed in these fields as well as much more traditional ones: good for students; good for serving employers; good for serving those the employers serve; good for perceived and real value.

Universities that recognize the desires of their students (and
families), organize curricula with pathways to such careers on the civic to professional continuum, connect students to faculty members who will help them optimize their chances of doing meaningful things, and deliver on the promise to promote real opportunities for their students not only will be perceived as delivering value—they may actually do so.

3. Project-Based

The advent of MOOC’s (massive, open, online, courses) has forced many in higher education to wonder whether lectures—a cornerstone of higher education everywhere—will continue to hold their importance in face-to-face education. Currently, outstanding faculty members lecture to students in their field, explain its content, demonstrate its depth and importance, and show its uses—mostly a passive exercise for students (excepting the occasional question and riposte!). But if a student can now have access to such lectures (and the crackling classroom dialogues of other students and other schools), delivered by the most famous faculty members in any field, for free, on any mobile device, any place in the world, how can the university continue to extract a high premium price for delivering the same content on campus?

Of course university-based live lectures do more. They provide opportunities for questions, for leaving the script, for pop-quizzes, and for many other wonderful activities. But, as technology improves and as more content becomes ubiquitously available, challenges to the lecture will grow louder and more legitimate. Education at a high price must mean something more than a forum for students to absorb knowledge nuggets—even when they are delivered with elegance and style by the world’s greatest professors.

This insight leads in several directions. The most important is the flipped classroom in which the lecture is no longer meant for the classroom and what was once homework is now the seatwork that can be the basis for close interactions between students and faculty members. But a flipped classroom goes only part way to creating a truly enriching experience for a student. The ultimate expression for learning goes beyond students demonstrating that they have knowledge requisite to their discipline. Students also should be able to apply that knowledge in a sustained and informed way to deal with a problem faced by practitioners in their field. Frequently students do this by completing a project—often on a team of colleagues confronting the same challenges,

Universities that move quickly away from traditional lectures and drill work and engage students in project-based learning will have a way to differentiate themselves from others. First, students can be asked to apply knowledge constructively. Second, students can learn important
skills outside of the classroom like working well with others, conducting field research, and applying knowledge to solve problems. Projects can be published, highlighted, and archived for others to search; they can be publicized relentlessly. Students will have documentable portfolios that demonstrate not just their grades in a course, but the objects that reveal how they put knowledge into action. Faculty can embrace their students into their research. Alumni can be motivated to serve as coaches on teams or as experts in various subjects. Students from prior years can serve as project managers or as resources for more junior colleagues. Teams can be organized from multiple disciplines, making interdisciplinary learning more likely and creating cases that demonstrate how universities add value. And, to cap it all off, working on projects is fun!

4. Connected to Community

Much of what I suggest about interdisciplinary education, civic and professional pathways, and project-based learning will force students to be much more deeply engaged in actively learning. Although such engagement is its own end, finding ways to harness student energy to serve needs of the school’s relevant community can be even more important.

It is unimaginable that university-based professional schools—law, medicine, dentistry, engineering, nursing, social work, education and the like—could ever be removed from their professional communities of interest. However, for universities like New York University, the depth of its connection to the city is also evident in the humanities, the arts, and the sciences. As NYU claims: it is “in, and of the City!” Similarly, Tulane University is inextricably tied to New Orleans; post-Katrina, no one could conceive of it as just some mid-sized private school of the south. It is deeply tied to its city and intimately involved through service education, research, and employment in helping to solve the most complex issues confronting the region.

These types of differentiating strategies reinforce students’ quests for meaningful connections. They provide fertile ground for shared research into thorny problems crying for interdisciplinary solutions. They provide academic challenges in which students can learn together, make valuable civic contributions, conduct professional activities, and work side-by-side with faculty and peers from across disciplines.
B. Acceler-ate

As suggested above, expensive and moderately prestigious universities, will find it extremely difficult to compete on price with Universities of Cheap. They will search for ways to lower the price students will pay (through discounting, more scholarships, other financial support), but they are unlikely to be able to compete as a low-cost provider school. Nonetheless, such universities, in the quest to add value, will try to find ways of improving the cost/benefits of education. I lump a few of these under the rubric of “acceleration.”

1. Gap Year

There are increasing signs that many high school graduates desire and would benefit from taking some time off before enrolling in college. Across cultures, the idea of a “gap year” has been gaining adherents. The concept is simple: take a semester or year away from full-time education and do something interesting. Universities and colleges could get into this game, fulfilling students’ desire to take some time to smell the roses, satisfying parents who are more anxious to get their children started in tertiary educational programs, (while their children have some fun); schools can assert some ownership of gap years.

There may be several flavors of gap year university-based programming: (1) universities with non-U.S. campuses could offer course work during mornings and supervised tourism and cultural programming in afternoons. The course work would receive academic credit for those students admitted to the school, but who have deferred matriculation. For students who have not been admitted, it would be used as a further assessment of their potential and credited if they ultimately are admitted. For students who are likely to enroll at other schools, the courses could receive credit that another school could count. More significantly, the income received from the “gap year” courses, could be used to defray costs for less fortunate students; (2) universities without non-U.S. locations might partner with local schools to offer programming similar to (1) above, with similar crediting; and (3) all universities might offer online courses that students taking a gap year could take wherever they travel and which would receive academic credit.

Any of these scenarios may give students a leg up as they begin their full-time studies. Students would have had the enrichment of a gap year and completed some of their academic work. Depending on how schools price such gap year opportunities, students could also receive a per course discount.
2. Advanced Placement 1.0

For many high school students, Advanced Placement (AP) classes and the Advanced Placement Examination have been a pathway to accelerating their college education. Other students have used the International Baccalaureate (IB) Program and examinations to advance their standing. In recent years, however, these pathways have been somewhat diluted. First, schools do not give advanced placement credit to students merely because they have finished classwork; rather students must also score well on a standardized test to receive credit. Second, merely because a student does well on the test, does not mean that they have the requisite knowledge, tailored to expectations at whatever university or college in which they ultimately enroll. As a result, some administrators have become skeptical about accepting AP or IB credits.

Schools do have an alternative. They could offer their own university-taught courses directly to high school students, taught by full-time faculty, evaluated by the standards of those faculty. Such courses could offer both better insight into a prospective student’s actual ability to perform at a specific school and be customized to teach what matters to the school. For students, they can learn about the school in which they are interested and simultaneously complete some portion of their curriculum before entering the school full-time. Such a win/win would have the side benefit of allowing high school students to accelerate their way to graduation.

Today, many colleges and universities follow this practice by linking directly with high schools for enrichment courses taught in lieu of high school courses. Generally these are in face-to-face classrooms, but have some significant space limitations constraining the ability to scale the size of the programs to reach substantial numbers of students. In the years ahead, some universities, seeking to push their value proposition forward, are much more likely to use technology to scale acceleration opportunities for greater numbers of students. These might take several different forms: fully online courses and evaluations; hybrid online courses that might be teamed with an on-campus, residential experience during semesters, intersessions, or the summer. Whatever flavor emerges, however, is quite likely to make accelerating through school simpler and more widely available to all students—thereby ameliorating some of the financial burdens caused by standard time-to-degree programs.
3. Competency-Based

Another possible way to accelerate students’ path to graduation would require schools to move away from standard semester-based courses, which require in person attendance, face-to-face instruction, semesters, rigid class schedules, and exam-like assessments. Rather, schools might decide to evaluate students on a much more flexible schedule, relying less on “tests” to measure learning and more on assessing a student’s proficiency in the skills and knowledge of a particular field. Such competency-based assessment has been effectively used by university schools of continuing study, where older students sometimes receive credit for their life experiences. More recently, schools like Southern New Hampshire University or Western Governors University have been giving students the ability to learn at their own pace and take high stakes exams to complete courses as quickly as they are able to demonstrate their subject matter expertise. With the advent of adaptive learning technology tools, some students are now able to get through entire courses at their own pace—a trend that portends even more data-based approaches to course completion in coming years.

There are good reasons to be skeptical of the current state-of-the-art in these alternatives to traditional classroom experiences: they seem lightweight, they can be subjective about what work counts, they can be seen as short-cuts to real knowledge acquisition, they are practiced by less stellar institutions, etc. Nonetheless, conceptually, there is no reason to doubt that students do learn at their own pace and that some students could complete their classwork much more quickly than others. It seems likely, therefore, that competency-based courses and assessments will continue to be offered, will become more sophisticated, and will grow in use. Minimally, they might be used as ways for students to move more quickly through their course of study and thereby lower the opportunity cost of higher education.

4. Undergraduate “Plus” Programs

Several universities and colleges offer 3-plus programs (3 + 3, law; 3 + 4 medicine) to accelerate students from undergraduate to graduate school. I would expect these to grow in importance and be linked with some of the other programs suggested above to make time to ultimate degree significantly faster for students. If these are also combined with more aggressive use of online courses, students could also have much greater flexibility in combining school and work. Such bundled sets of strategies could vastly reduce both out of pocket and opportunity costs for students—yet another way to improve the value proposition.
C. Innov-ate

Schools constantly are innovating: better classrooms, new technologies, alternative pedagogies, etc. In some sense, everything I suggest in this Essay could be put under an innovation label, but that would be no fun—much better, to have lots of sections. So, in this portion of the Essay I set forth a number of innovative tactics that may improve value.

1. Short Courses and Certificates

Getting a degree is a heavy lift for both students and faculty. Degrees require large commitments of time and are expensive. And for some purposes, degrees may be an overkill credential.

As schools of continuing study and MOOC providers like Coursera and EdX are demonstrating, there is an emerging market for credentials that are something less than full degrees. These range from non-credit courses and lectures, to short courses, to boot camps, to certificate programs (both formally evaluated and recognizing participation, sometimes marked with a digital badge). They range in price from “free,” which may be used to entice students into longer costly programs, to moderately expensive “certifications.” They all share a similar ethos: (1) they serve students in need of specific, just-in-time knowledge; (2) they offer materials that will improve students’ skills; and (3) they believe that such improved skills will serve an employer/customer need.

In recent years, law schools have run short courses in financial literacy, trial or pre-trial skills, and business development skills. Engineering schools have offered certificates in “big data,” cyber security, and game design. Business schools have built executive education programs in leadership, change management, and working across cultures. The specific domain may look different, but the underlying concept is the same: offer students something valuable in the employment market and they will pay—sometimes significantly—to obtain the knowledge. At the pinnacle of these programs, schools offer “certificates” that may be valued externally. These sometimes take the form of badges or other times as fulfilling external standards set by employers or others outside the academy.

Micro-credentialing is very likely to become an important part of life-long learning, as the demands of the workplace are constantly changing and the need for employees to up-skill continues to grow. Given the cost—both out-of-pocket and opportunity—of completing a full degree, schools will have to become more adept at creating new formats to serve student and market needs. Those that do so will be adding
significant value for their students.

2. Partnering with Outside Providers

Academic content has long been the province of the university and the college. Yet even within the strongest tradition of academic hegemony over content, schools have recognized that they can benefit from the expertise of outside adjunct faculty. I do not mean adjuncts who are used as inexpensive substitutes for tenured or tenure-track faculty offering core curricula. Rather, I am referring to adjuncts who have great technical expertise in subject areas that are not standard knowledge held by members of the full-time faculty. Every professional school relies on such experts to enrich their curricula, sometimes with the side benefit of establishing such close relationships between adjunct faculty members and students that students may use the connection as a networking tool in finding employment. Such one-off courses are now a well-established part of university culture. I expect that these will morph into something significantly more robust in the years ahead.

Universities and colleges may find that rather than employing adjuncts individually, they could partner with outside organizations that may structure entire programs using adjunct faculty. For example, firms have formed that offer “business” education to liberal arts students as boot camp post-graduate education as a way to give such students valuable market skills. Such programs are branded by newly forming entities and operate independently of universities. Similar programs exist for training in computer coding, design, project management, and similar skills. While these programs have independent value, they do not have an academic imprimatur and have not been designed by “faculty.” An innovative university might explicitly establish a partnership with such programs in order to influence its design, share in its teaching, customize content for its students, and even offer the program to students from other schools. The outside organizations could find such partnerships a useful device for attracting customers, spreading risk, and improving brand names. This promises to improve student outcomes, create new revenue sources, and distinguish partner universities from others who do not offer similar programming.

It may be that this model will move enrichment activity classes closer to the core. One could imagine a law firm and law school partnering to create a clinical teaching firm (like a teaching hospital). Or, a school of public policy could partner with a governmental agency on capstone projects or even entire specialty areas of regulation like environmental oversight, public works administration, or health and welfare. The bottom line is: partnering may save schools in the cost of
building content with full-time faculty, may expand the range of what can be offered, may permit greater scale of offerings, and may offer new revenue sources that can be used to lower prices for students. Partnering is another pathway to value.

3. Clinics and Consulting, Coops and Internships, Hackathons and Entrepreneurship

Students and parents are looking for education that is helpful in students’ quest for meaningful work after graduation. They may accept the idea that a good education is an end in itself and that education will build critical thinking skills. However, schools will be driven into designing more applied educational opportunities—not only to satisfy external demands for learning something “useful,” but also because applied educational opportunities are interesting and beneficial to students.

Universities have tremendous pools of faculty talent that might be deployed to serve “clients,” “patients,” or other customers. Much of this talent is untapped. Instead, schools permit or even encourage their faculty to use one day of their work week doing outside activities—sometimes in the not-for-profit sector, sometimes doing remunerative work. In the years ahead, schools may seek to recapture this time—especially by faculty who perform work on behalf of others. Much like faculty practices long in use by university medical schools, faculty practitioners in other fields could be deployed on behalf of the school in a clinic or consulting practice for which the school could share with the faculty any fees generated. Doing so could relieve faculty of overhead obligations that they must themselves satisfy when they work on their own. It will obviate the need for faculty members to bill and collect their fees for service. It will reduce the need for faculty members to sell, market, and perform other mundane, non-intellectual pursuits. With the school providing such functions, faculty members can focus much more intently on providing expertise, not doing business chores. As a result, faculty members could still receive comparable compensation, with having more time available for serving their customers and the school would receive a portion fees to compensate it for taking over ordinary business tasks.

Of itself, capturing faculty expertise is a worthwhile innovation. However, by using the captive clinic or consulting practice as a forum in which students can apply their knowledge, the activity has significantly more value—it provides funds to the faculty and school and it provides additional practical educational value to the students.

There are similar educational benefits to establishing cooperative arrangements with employers, or internships with organizations, who will
train students in how to apply their education and who will provide pathways for students to pursue their chosen careers. These experiences can be even more beneficial if they are closely supervised by members of the faculty and coordinated with classroom curricula.

A more modern version of these programs are Hackathons and entrepreneurship programs. In these, students are given a forum to show off their new products, invent and design new things, and begin the process of learning to market their creations. These can be extra or co-curricular. Or, they can be for academic credit. In either event, they respect the emerging “maker” culture and use faculty (and sometime alumni) expertise to mentor student inventors and entrepreneurs. And sometimes, universities benefit directly in such inventive student activities by receiving shares in the businesses students invent.

4. Programs for Life-Long Learning

The current system of higher education is essentially a four to seven year relationship between the student and the school. Ideally, the relationship is so strong that graduates remain loyal over their lifetime, giving back to the school as mentors, donors, and supporters.

Unfortunately, this ideal model has not been successful for all schools. First, many schools lose students through attrition. Second, their undergraduate students choose to take graduate or other education at other institutions. Third, graduates move away and become less interested in their alma mater. Hence, schools have been unable to optimize a lifelong connection to their students.

Innovative schools that are perceived as high value will find ways of building and maintaining relationships to their students over the course of a lifetime. This will necessitate a different approach by the schools.

First, to establish relationships, they will need to reach potential students much earlier in their pathways to higher education. As discussed above, schools could institute high school programs and gap year programs. However, they are likely to be more successful if they begin pipeline activities even earlier—perhaps through summer enrichment, camps, or advising programs. Second, the children of graduates should be recruited directly into special summer sessions, building on existing brand equity. Third, schools could market enrichment education, tutoring, and coaching services to members of the public. Fourth, schools could provide training to their current students that will help them transition from academic programs to the job world. Fifth, schools can extend continuing education in desirable fields to their graduates, with special discount pricing to encourage them to take enrichment and skill development courses from their academic home. Even more radically,
schools could price life-long education into the undergraduate or graduate degree program pricing—giving graduates pre-paid education. Sixth, schools could establish “encore” programs that will help their senior alums transition into final careers or volunteer positions.

In all instances, schools should aggressively use technology to establish the widest possible audiences for their programs. Further, they should see their graduates as assets who not only can be possible life-long students, but also be life-long experts who can be tapped to teach formally or in peer-to-peer formats.

D. Autom-ate

Faculty members often confront technological advances with some trepidation. I am sure that the monks, sitting around the faculty lounge discussing the printing press, probably were confident that the printed word would not replace oral tradition and hand-written scrolls as the proper way to teach the next generation. So too with transparencies, white boards replacing black boards, smart podiums replacing solid wooden desks, and others. Technology-enhanced education has now been in active use for nearly two decades, but has not yet been fully embraced for core education at premier colleges and universities. Nonetheless, such technological educational tools evince great promise as ways of improving the value proposition in higher education. I explore some of these below.

1. Convenience and Flexibility

College and university administrators often hear from students how incredibly busy they are. Sometimes, we scoff at these claims, but we should not do so. Students often must commute long distances to school. Many are working one, two, or more jobs and attending school at the same time. Some have family obligations. Even the eighteen-year-olds, coming with few obligations, living on campus can quickly become inundated with co- and extra-curricular activities that can eat up their time.

Technology-enhanced education has the promise of easing some of the burdens these students face. First, it may be used to shift time and place for the delivery of content. Hence, if students cannot attend a class in-person every day, classroom capture (or even better, high-end produced video of lectures) can make it possible for students to catch up what they have missed. Students who must commute, work, and deal with family issues might be able to spend less time on campus and still manage their classroom work. For these reasons alone, use of technology can improve the perceived value of enrollment at a particular school.
2. Cost Containment

There is a current perception that oozes in discussion with lay observers of higher education that once schools broadly adopt information technologies they will substantially lower their costs. Probably not . . . substantially, but worth exploring. First, high quality production of online materials is expensive, both in its initial build and in its maintenance. Second, maintaining current, updated, platforms is expensive as is staffing support for students and faculty alike. Finally, faculty talent to both produce content and more importantly to manage student experiences of the material is both expensive and necessary.

Nonetheless, use of technology holds great promise in some aspects of cost containment. From the student perspective it reduces opportunity costs by giving students greater flexibility to manage their lives. Moreover, as technology may be deployed to let students learn at their own pace through adaptive learning tools, it holds the promise of reducing opportunity costs by allowing students to complete courses more quickly. Hence, a student’s effective cost can be reduced, even if income received by the school does not go down. Further, real cost-savings can be realized by schools that reduce the number of lecture-based classes taught in person by highly paid faculty, using technological tools to deliver course content, and using less expensive faculty to manage small cohorts. Whatever cost savings are generated can be used to offset fixed costs and reduce student burdens.

Beyond flexibility and potential cost savings, however, use of technology can improve student leaning outcomes—which is the core purpose of education. These might take place in any of the four modalities of instruction discussed below.

3. Flipped Classrooms

These days, faculty on virtually every campus are discussing flipping their classrooms . . . whatever that means. For purposes of this Essay, I describe a flipped classroom as one in which faculty members reverse what they traditionally require of students; they will turn their lectures (that formerly were the core of classroom time into homework) and make what was formerly homework (solving problems, writing essays, actively confronting material) the content of the classroom. Under this model, while classroom contact hours are likely to remain at the same level, more time is likely to be spent in student-based activity, not actively supervised by a full-time, highly paid faculty members. As with any taxonomy, however, lots of shades rest between lectures and assignments, and the real flipping is idiosyncratically tied to any faculty member’s
goals for his or her student.

By whatever definition, a flipped classroom is a real opportunity for creating a learning environment that will be deeper and more intense than what is typical of a lecture course. Flipped classrooms allow faculty members to assume that students have studied and absorbed high levels content before they step into the classroom. When video content is combined with other online assets—quizzes, adaptive learning assessments, peer-to-peer discussions—faculty members can actually assess what students know and when they know it. With such knowledge they can create classroom experiences and other projects that will challenge students to learn more deeply and more broadly.

Teaching in this form is revelatory. It is very hard work for both faculty members and students. The payoff can be profound: better and stickier learning and an exciting chance for a faculty member to see growth in student knowledge in real time.

4. Low Residency, Blended, and Hybrid

Technology also makes possible various hybrid pedagogies that combine both online and residential experiences. It once appeared that the gods made the semester to be fourteen to fifteen weeks and the course to be three to four hours per week. It turns out that the gods can now be more flexible. If students can learn significant amounts of content on their own, demonstrate their competency through asynchronous, but well-monitored, assessments, and learn at their own pace, semesters might be condensed or combined and days and weeks might be turned into concentrated hours.

This philosophy has been reflected in hybrid courses in which students work with materials in an online environment for a significant amount of time and come together less frequently for in-person activities. Such designs work well for part-time students, those with jobs, those who might be studying abroad, non-U.S. students, who have limited time to study in-person, etc. Low-residency becomes another way for a school to package material to make it more flexibly available to students, without giving up entirely the benefits of in-person contact. Anecdotally (and even in rigorous assessing of technology-enhanced education), hybrid courses seem to produce better learning outcomes than either fully face-to-face education or fully online education. I would expect to see low residency courses increasing in frequency in the years ahead, as they benefit students and faculty alike.
5. Fully Online

On many campuses, discussions of technology-enhanced education frequently end up as a rejection of offering fully online classes. The claim is that these denude the educational experience, demean the value of human interactions, and belittle the contributions that classroom participants make for each other. Begrudgingly, some concede that fully online education might work if the purpose of the class is “merely” for students to absorb information and prove that they have learned the content of the class. Hence, some suggest that online offerings might work in math and science courses, in which right and wrong answers are clear. The corollary is that fully online courses are inapposite for humanities and arts courses that rely on deep conversations and produce critical thinking.

I do not wish to enter this debate other than to suggest that science and math also require engagement, and the humanities and the arts often require an ability to know information and accurately demonstrate the knowledge. Online education clearly has some costs. So too does it have benefits.

First, online courses permit schools to feature their best and brightest faculty members by making their content freely available to large numbers of students. If the most popular lecturer on campus might only “teach” a handful of students in a face-to-face classroom, capturing his or her content in a vibrant fashion and publishing that content for all students is a way of leveraging talent that would otherwise be unavailable to most students. Second, online courses make it possible for students to study away from campus and not forfeit enrollment in important courses. Third, it allows non-traditional students the ability to gain access to the best teachers of a school. Fourth, it allows schools to reach much larger numbers of students at the same time. Finally, it creates an ever-evolving portfolio of digital assets that might be combined, remixed, and curated in entirely new packages of courses, certificates, and other designs—the future course pack!

E. Disaggregate

The last few years have provided pundits everywhere the opportunity to speak about “disruption” of the higher education industry. This is the short-hand for saying that schools may be in trouble from new types of competition in the same way that print media, record companies, television networks, big box stores, book stores, and other traditional businesses have been disrupted by new forms of technologically-influenced business models.
The rapid rise of the MOOC created a bit of mania around this subject—content would be offered for free, students could get knowledge and then find their way to markets without school credentials, etc.—that has proven a bit overblown. But, the discussion has forced schools to become a bit more introspective about the actual product they are offering. What is clear is that mere academic content is not the most valuable portion of what a residential school offers to its students. Rather, it is part of a complex ecosystem of bundled goods and services that make a university quite different than a mere provider of content.

Among its many functions, schools are: social environments in which students live and learn together; gathering places that bring diverse talents of more senior experts together with novices; collaborative environments in which experts of multiple disciplines may work together; entertainment and hospitality centers (theater, sports, recreation); career service providers; health and wellness organizations; and social and real networks. They also provide substantive knowledge, practical knowledge, and the opportunity to create new knowledge. They credential. They connect. They counsel and advise. In sum: the school is a set of aggregated activities.

The premise of the MOOC was to begin the process of disaggregating these and forcing a conversation about the value of educational content and dialogue unbundled from other school-based services. By providing a lower-cost educational experience, with high quality content, scalable to many, some argued that students in face-to-face education were overpaying for services that were unnecessary to fulfill an educational mission. Hence, the argument might go: if collegiate athletics run at a deficit, why offer them and force all students to pick up costs? Or, why run departments at a loss if student demand for the subject is inadequate to support the cost of the faculty? Why not allow students to pick and choose only those things that they are willing to pay for?

Of course, this type of argument always proves too much. Every taxpayer would love to pay only for government services that they use. Such customization undoubtedly would lead to serious losses of services, in the same way that a university would surely lose much of what makes it special.

Despite these arguments, disaggregating services may well become an important way to provide greater value. First, schools could get out offering services that they run inefficiently; they could outsource them to enterprises that will do as well or better at a lower price. Second, if services are bundled, schools could bundle them more efficiently. This might mean having only one university placement office, rather than many. It might mean one library system, not separate school-based
libraries. Third, it might force schools to adopt common courses, rather than offering their own flavor of a standard course like economics, statistics, or basic writing in multiple schools and departments. Fourth, it might require separate user fees from groups that disproportionately use services. Fifth, it might require separate pricing for different aspects of education that are more closely tied to expected student outcomes. And, if it turned out that the most valuable things offered by schools were not its education, it might force the school to change its priorities to invest in its core, not in its periphery.

F. Global Template

U.S. higher education is inextricably connected to global education. Our population of college-age students is quite small as a percentage of the world’s similarly-aged students. Moreover, our population is getting older and poorer. Whether they like it or not, schools will be forced into developing an attitude toward globalization. Are they importers of talent? Will they be exporting their graduates to work outside of the United States? Will they attract researchers and faculty from across the globe? Will they have non-U.S. campuses, partnerships, study away sites, research opportunities?

There is no single model that will be correct for all schools, but it is clear that all schools will face the task of defining their own global template. Students and parents want to know if a school will train students how to operate in globally-connected economies. Subject matter in many disciplines will no longer be relevant without a comparative perspective on how issues are treated in both developed and developing economies, and how culture affects knowledge. Colleagues will no longer be satisfied to work only with those within their own schools, they will seek talented collaborators wherever they may be found. In order to effectively offer value, therefore, every school will need to define for itself what its global stance will be.

IV. THE EMERGING WORLD OF HIGHER EDUCATION

Soothsaying is a tough business. Predictions cannot be measured as they are made and are proven only after time has long passed. They depend on unforeseen future events. And, memory is usually selective: we point only to what we predicted well, omitting our clear gaffes.

Despite the likelihood that much of what I have said above is conjectural, a bit skewed by my law school-centric past, and informed by my nature as an optimistic pessimist, I do want to venture a few guesses about how higher education is going to emerge from our turbulent times.
So, here are some predictions.

A. Students Are Customers, Whether We Like it or Not!

It will no longer be a sin to think of students as customers. Either they or their funders are spending a significant amount of money for the students to become educated. The investment is being made in an increasingly competitive environment, with the purchasers expecting value commensurate with the price being paid. To satisfy such expectations, schools will have to focus on students’ needs. In other businesses this is called: “customer satisfaction.” In the higher education business, whatever we call it, schools can be expected to be held accountable for the promises they make to their students. If the school claims to offer a price advantage, it must actually offer one. If it is selling “prestige,” it must provide it through wonderful networks and the privileges of an elite experience. And, if it asserts that it is providing value—as most schools must to survive—it must prove, with real evidence, that it provides such value to its student/customers.

This means that students should expect high quality services and that schools will fulfill their educational promises. It means that students will be able to obtain enrollment in the classes they need to fulfill their majors and graduate on time. It means that class schedules should be built to accommodate students’ needs, not what is convenient to faculty and administrators. It means transparency in communications between schools and students.

However, providing such excellent service does not mean that schools must pander to students’ whims. Unlike many businesses, schools actually deeply care about who they are serving, what they will do with the product (education), and how their customer (student) will reflect on the brand. Schools cannot act to fulfill students’ demands to make them satisfied “customers” if doing so will undermine the integrity of institutional goals, educational philosophy, and distinctive approaches to subjects and knowledge. As one colleague has put it well: we are one of the only businesses that should retain the right to fire its customers.

B. Students Are a School’s Product; Student Outcomes Matter

Unlike many enterprises whose relationship to their customer ends at the sale of the good, higher education benefits from or is saddled by the things its customers do after they graduate. A school whose graduates disproportionately become leaders of government or industry basks in reflected glory that builds the brand. A school whose students disproportionately drop out or do not gain employment receives the
opposite reputational harm.

This has important ramifications for what schools actually do. They cannot offer a generic education and expect that they will add value to their students’ education. Generic almost always suggests commodity pricing—moving to the bottom of the price structure with education at a minimal level of acceptable quality. Schools of value will seek to do much more; they will try to provide distinctively different and better versions of courses. They will seek niches at which they can be the best provider. They will structure education to optimize student learning, not other institutional goals. Doing so will give them ownership over the “product” of their education and will point to the ways in which education adds value.

C. Higher Education Exists in a Real Market

Schools really are in marketplaces and really must compete for business. Tuition-pricing is price elastic. Students no longer accept at face value their financial aid awards. Schools no longer can hide their graduation rates, their net tuition charges, and their time to degree. Students demand transparency and the internet provides real-time information on schools that holds them to their own professed standards and compares them to similar institutions. Asymmetry in the information held by schools and what applicants can gain is being reduced. Higher education is in a highly visible, highly competitive, highly regulated, and highly covered market.

This means that schools must learn to be market actors. They will have to be more customer-centric. They will need to devise metrics to measure their performance and benchmark it against peers. They will expect closer oversight by consumer watchdogs—official and otherwise. They will need to sunset ineffective programs and respond to demand in emerging areas. They will need to offer new formats for courses and for bundling and unbundling services. They will need to be better marketers and customer service providers. They will have to compete on what is real, not on appearances.

D. Education Is Life-Long and Must Be Cognizant of Emerging Demographic Trends

As the population ages, schools must become much more involved in providing life-long educational value. Willie Sutton robbed banks because that was where the money was. Schools too must go where the market is. As the population ages and as transitional education becomes critical to building and growing our economy, schools must respond or
run the risk of having diminishing resources or being supplanted by others who will be responsive to societal needs. Further, as the numbers of non-U.S. students grow as a proportion of college-age students, U.S. schools must be much more attuned to their needs to provide critical mass in enrollments and the resources to maintain and grow programs.

E. The Research Mission Will Be Under Significant Stress and Schools Will Stratify

Given the difficult economic market for higher education, the significant threat of government regulation that will affect its willingness to lend, and the wildly varied cost of maintaining research faculty across all disciplines, the research mission of universities will become increasingly diverse and harder for schools to maintain.

The University of Cheap is quite likely to de-emphasize a research mission for three reasons. First, it is inconsistent with the primary obligation at such schools of providing inexpensive pathways to graduation, since it diverts faculty from teaching into research. Second, it is expensive because research faculty need support and command higher salaries than non-research faculty. Third, it is off-mission and unlikely to produce brand-value.

The University of Prestige is unlikely to be deterred from its research mission, which provides a significant part of its market cache. They have made such significant investments in faculty, facilities, and support that they are unlikely to abandon as sunk costs. More importantly, their missions are tied into the production of new knowledge and contributing solutions to the most critical problems facing the world.

As always, those universities seeking to become a University of Value face the most difficult choices. They should not forsake the investments they have made in hiring research faculty and in producing deeply valuable knowledge. They should not abandon the faculty they have hired because of their research expertise. However, they also will likely need to be selective in how much research they can support and in what forms. Every school cannot have a neuroscience center, a big data center, an international human rights center, etc. Schools will need to concentrate on their relative expertise and more importantly be willing to make tough choices in allocating resources: the question will be which departments to support and at what levels?

It is inconceivable that teaching loads will remain the same in all departments—some departments will maintain low loads to support research time, others will become educational service units, with much heavier teaching loads. Similarly, disciplines that generate overhead to
support research are likely to be treated quite differently than those needing subsidy—especially if the research is not applied, does not help students directly with their career advancement, and is not publicly valued or visible.

Such tough allocation decisions raise the specter of “have” and “have not” schools and departments. Nonetheless, universities and colleges must learn to accept such differences if they are to provide greater value. Perhaps they can ameliorate differential internal treatment by more closely involving students directly in faculty research (in “have not” departments) thereby providing value to student educational outcomes by embracing students as collaborative partners, not as mere vessels for receiving knowledge.

Under any future scenario, however, it seems highly likely that the research mission of many schools will significantly evolve. We should expect further stratification in how schools are classified. Much like big-time athletics, we may see a super conference of true research institutions that is significantly smaller than today’s classification system in which scores of schools seek to have Research 1 or AAU classifications. Division III sounds small-time for sports, but in research, it still might signal a deep commitment to research that is quite different than merely offering the research equivalent of intramural sports programs!

F. More Change Is Coming

So shoot me! The era of change in higher education is just beginning. Some schools will not survive in the face of changing demographics and market conditions. Others may find themselves the target of mergers and acquisitions. Some may join consortia to share goals and research. Others may move to new models of providing education—shorter, more vocational, more online, whatever. Standing still seems like the only terrible choice. Whatever these changes may bring, I believe in one constant: we must seek and provide value to those we serve.