Here comes the Golden Age of Higher Education!

Here comes the Golden Age of Higher Education! Yes, you read it right. Despite higher education’s ongoing affordability, outcomes, and business-model challenges, two remarkable opportunities—globalization and technology—have emerged, at an ever-accelerating pace, over the past decade. Notwithstanding recent trends toward nationalism, here and abroad, our economic interdependence with trading partners is such that globalization is unlikely to reverse itself (or even slow down) anytime soon. It is therefore imperative that governing boards and their institutions renew their resolve to respond proactively to these opportunities. These collective responses will determine, to a great extent, the roles, financial subsidies, and relevance of higher education for years to come.

OPPORTUNITIES

Historically, the role of higher education might best be described as a “bridge” or a “pathway” (although not the only one) to economic viability for increasing numbers of citizens. If they never attended or didn’t succeed in college, there were many other pathways to well-paying jobs, such as the family farm or business or on-the-job manufacturing training. Globalization and other market forces have changed the role of higher education in a profound way that we must acknowledge and embrace: We are no longer a bridge, but rather a “gate.” If one does not successfully pass through our higher education gate, one’s economic chances in this life are likely to be permanently diminished. “America’s Divided Recovery: College Haves and Have-Nots,” a 2016 report from the Center on Education and the Workforce at Georgetown University, starkly documents, through analysis of “Current Population Survey” data from 2007 to 2016, that 99 percent of jobs created during the recent economic recovery went to workers with some college education. Given this reality, we have a remarkable opportunity—an obligation—to create and scale more and more pathways to those additional credentials that will enable the American dream to become a reality for millions.

The globalization opportunity is linked to our second opportunity: technology. As we move from linear to exponential proliferation of digital technologies, for the first time in human history, we will soon be able to educate practically anyone on the planet. Anyone. Anytime. Anywhere. This is a stunning change during our lifetimes, and we are compelled to be on the right side of education tech history. Technology, while very probably still in its infancy, is enabling us to reach more people, teach to more and varying learning styles, and assess learning more effectively and efficiently than ever before.
While campuses and classrooms will always (or so we assume) be at the core of many higher education experiences, increasing millions of students are thriving economically thanks to distance education pathways that are not even close to maturing. The emerging “Internet of Things” and dramatic artificial intelligence breakthroughs will enable us to deliver, in real time, our current credentials. Equally important, we will be able to deliver the new, shorter-term learning credentials that globalization will demand and our under- and unemployed citizens need. And then lifelong learning will finally take its rightful place as a higher education core mission.

This remarkable era in the evolution of higher education is not without formidable challenges that are well-known:

- Affordability
- Public skepticism of the value of college attendance
- Disappointing outcomes, including low graduation and retention rates
- Chronic mismatch of millions of unfilled job openings with millions of undereducated citizens
- Stagnating federal and state investments that continue the transition of the student financing model from a “public good” policy framework to a “private good” framework
- Institutional revenues failing to keep pace with spending increases
- Underprepared new students (both academically and socially)

**MUCH TO BUILD ON**

Notwithstanding these and other challenges, we build from a position of strength. The United States is still acknowledged as having the finest education system in the world and will remain so for many years, even as the global gap closes (which is hardly a negative outcome for humanity).

Postsecondary enrollments for fall 2014 were about 20.2 million, near or at an all-time high in an improving economy in which employment opportunities make it easier to defer postsecondary education. Fulltime enrollments increased 17 percent between 2004 and 2014, according to the Center for Education Statistics. If we are motivated and can acquire the resources to continue to grow those numbers, we will have no shortage of opportunities, including reaching the 31 million people who have earned some college credits but no degree.

Education remains a smart, long-term investment, and the economic benefits are factually unquestioned. The Center on Education and the Workforce, in *The College Payoff*, notes that those with a bachelor’s degree earn, over a lifetime, roughly $2.8 million more than those who only graduate from high school. The report also notes that four-year degree holders have more full-time, year-round jobs; higher incomes; and lower unemployment rates. Graduates who are paying back their student loans might view them as an investment that appreciates over time much more so than any other financed purchase.

**FOR BOARDS: KEEP AN EYE ON THE ISSUES**

It is important for board members and their chief executive officers to keep a close eye on some fundamental issues and work toward mitigating the associated risks.

**Institutional Cost of Attendance**

As a former president, Dr. Johnson, one of the authors of this article, calculated and shared with his governing board a chart showing institutional cost of attendance over 10 years with 5 percent increases, amid continuing wage stagnation. They also compared gross and net cost of attendance to the percentage...
of American families who annually earned less than those amounts. After reviewing those data points, they were compelled to facilitate several key conversations focused on addressing current college cost realities and tomorrow’s strategic opportunities.

If you want to bring a constructive sense of urgency to finding new ways to build modified or new cost models, we encourage you to calculate those same numbers for your institution and share them in the boardroom.

**Revisit The Business Your Institution Is In**

If we are going to embrace the challenge of graduating more and better-prepared students at affordable costs, trustees must focus first on the following question: What business is our institution really in? We believe that the answer is no longer obvious, given a hyper-connected world demanding additional learning credentials supported by scalable business models and delivery systems.

This question focuses on the “ends” of our societal roles rather than the “means.” As higher education leaders, we can draw inspiration from recent changes at two of our nation’s most enduring companies. Not long ago, General Electric announced it is now in the industrial software business, not the manufacturing business. Just weeks later, Ford announced it is now in the mobility business, not the automobile manufacturing business. In the drive to stay relevant, companies must continually ask and answer this core question of what business they are in. We believe that higher education is in the human potential business. Our organizational values and outcomes have long focused on preparing graduates to be productive citizens and economic contributors. Yet the public and employers continue to charge that higher education is not producing enough critical thinkers, strong communicators, and team players. If we are in the human potential business, then we have a fresh opportunity to revisit the outcomes of our educational programs through new lenses of globalization and technology.

Second, we believe that higher education is in the knowledge-brokering business. If we are honest, we must acknowledge that because of the connectivity revolution, we have lost our historical monopoly on course and credential content. How much of today’s college and university course content (not for credit) is accessible to anyone? Nearly all of it. But if we are in the knowledge-brokering business, we must rethink the transmission of knowledge in our new “gate” role. This role compels us to identify new content, new credentials, and new delivery systems that will open the gate to more and more students with diverse learning styles, academic goals, and finances, as well as those who are challenged by hunger and mental illness.

Consideration of shorter-term, less-expensive credentials tied to workforce needs can enable many institutions to identify new revenue streams and lower costs. Such programs also can be flexible enough to wrap around current credentials, either as an initial college or university experience or a supplementary lifelong learning program.

Finally, consider that the answer might be that higher education is in the professional services business. For those trustees who are in service firm relationships, such as doctors, lawyers, and accountants, you can more easily advocate that students are clients, not consumers. Our student-clients pay us for knowledge-driven services and the credentials that validate their successful completion of our programs. Clients are our partners: the co-inventors of their future, the source of our reputations, those who grow with us, and those who pay our bills. To dramatically have an impact on Golden Age achievement rates,
we must move beyond a consumer-based view of students that drives commodity-pricing dynamics. Higher education is not a commodity! To embrace students as clients then compels institutions to move from a “right-to-fail” model to a “right-to-succeed” model with revised mutual expectations and accountability. That means we must identify alternative revenue streams beyond appropriations, net tuition, and endowment income if we are going to slow or end the increasing tuition spiral that prices out more and more families and first-generation students, preventing them from finishing or even starting their postsecondary education.

Once you have answered the question of what business you are in, the board-driven strategic conversations that follow are freed from historical, philosophical, and operational constraints such as campus real estate, credit hours, and other issues that are rightfully thought of in the Golden Age as means, not ends.

WHAT THE WORLD NEEDS NOW
Once an institution has focused on what business it is in, college and university leaders and their trustees begin to position themselves to more fully respond to a critical economic issue: the nation’s (let alone the world’s) need for more workers who are better prepared. In a 2013 report, “Recovery: Job Growth and Education Requirements through 2020,” the Center on Education and the Workforce predicted that by 2020, more than 65 percent of all jobs will require some form of postsecondary education and training. The report further notes that without major changes in our colleges and universities, the United States will be 5 million degrees short of what is needed by 2020.

In the coming Golden Age of Education, we have unlimited opportunities for significant growth. But those opportunities can only be attained if we reimagine individual institutions, education sectors, and the overall higher education enterprise. Dividing up a stagnant or shrinking institutional resource pie is a dead end; we must grow the pie. Here are just a few ways to accomplish it:

- **Structural growth.** If we are going to educate more clients with the same or fewer resources, we won’t find solutions and structures in the rearview mirror. We don’t need to be externally “disrupted” if we scan, adopt, and modify new business models that lower costs while achieving improved outcomes. Consider wholly owned subsidiaries to incubate new revenue streams by serving new markets. Merger, acquisition, or significant joint venture options should not be off the table for many independent institutions.

- **Academic growth.** Our higher education world abounds with inspiring models. The emergence of online programs, consortia, and new credentials driven by market demand is just the beginning. The challenge is not identifying new program demands; the challenge is finding your institutional specialties. Our problem is not a shortage of new programs, but our ability to finance that growth. That will require new financing mechanisms based, in part, on technology-driven efficiencies.

- **Economic development-driven growth.** Countless institutions already are developing the strategic partnerships, corporate employee partnerships, and placement pipelines that will be required to drive our economy and regrow the middle class. Rapid technological advances will reduce our historical financial costs to develop custom programs for many new markets. Consider asking your potential employer partners: “What is the next best thing to having your own college or university?” Understanding their problems and their needs drives significant partnership discussions.

- **Real estate-driven growth.** In a world increasingly attracted to online and blended learning, is it unfair to ask how much more main campus real estate you need to finance, build, and maintain?
And if you wouldn’t build your main campus where it is today, how will that shape your decisions about expansion to less demographically challenged locations? For example, consider private sector funding of streamlined new locations or online niche programs to return net revenue to your main campus.

- **Student growth.** Unserved and underserved markets are in the tens of millions domestically. Consider digital pre-college preparation programs to grow your pipeline, as well as new marketing and delivery programs for those who have some college but no credential. Also, given the continued rapid pace of technological development, it is only a question of when international markets will grow significantly.

- **Revenue streams growth.** For those who are challenged by the concept of net tuition revenue, how might you think about alternative revenue streams that replace the endowment spending you might never have? Think about creating or owning wholly owned, non-education subsidiaries that send net revenue to your parent college or university. Diverse examples are already emerging, such as equity positions in startup tech companies at research universities. Consider starting or owning a business, such as a call center, that could enable your current students to work their way through college, or your graduates to pay back their loans. Which institutions will create the “work college” model for the 21st century?

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**THE DREAM OF A GOLDEN AGE**

Failure to meet the challenges before us is not an option! Painful economic transitions, as well as weakened family and community structures, have combined for a perfect storm that is battering the American dream. And there will certainly be additional challenges under the new presidential administration and Congress—more focus on K-12 education rather than higher education, potential policy changes affecting endowments and financial aid, and immigration policies that will make it more challenging to recruit international students. But the evidence is clear there is still a strong, compelling correlation between obtaining postsecondary credentials and the ability to achieve the American dream, no matter how you define it.

We have the intellectual resources to respond to the remarkable opportunities presented by globalization and technology. Our nation is counting on us. Every student we don’t educate and graduate risks economic and civic marginalization or inequality for the rest of his or her natural life. It may not be about life and death, but it is most certainly about economic survival.

Historically, most major changes have come to academia from outside forces. Race, ethnicity, gender, sexual identity, and socioeconomic status are but a few examples of barriers to full participation that have been knocked down. Higher education history teaches us that if we are unable to significantly innovate with a sense of urgency, reforms will likely come from the outside, be highly politicized, and bring new innovators playing by new rules that we could have embraced in the here and now, and prospered. And then we will be on the wrong side of history. Board members are in a unique position to synthesize the opportunities of globalization and technology into conversations about how each of their institutions can live into the coming Golden Age, seizing the challenges and opportunities before us with solutions yet to be imagined.