BREAKING THE MOLD:
New Approaches for Higher Education in Tough Economic Times

OVERVIEW

Human capital is the key to economic development. Without highly-skilled workers, states and territories cannot attract the productive businesses they need. That makes higher education a key element of any governor's growth strategy.

But many public colleges and universities are struggling to produce more graduates. Overall graduation rates often hover at 50 percent or below, even as tuition is rising sharply. Rising prices and stagnant output provide a recipe for declining productivity.

Most colleges have been around a long time. Now public higher education systems are being challenged to rethink their basic operating model—a model rooted in residential campuses, lecture-based classes, and enrolling students just out of high school—and to enroll and graduate more students while keeping college affordable for the middle class. A growing number of today's students, especially working adults, are demanding a college experience that has fewer frills and a more direct path to a certificate or degree.

The Internet has transformed whole sectors of the economy, and higher education is no exception. Online enrollment is growing rapidly—today, one out of four college students take at least one Web-based course. But it can be difficult to adapt online courses to traditional academic cultures. Additionally, universities do not always align their online course offerings with the economic needs of the state. Expanding access statewide and reaching underserved communities can be difficult and expensive if universities pursue their own, uncoordinated online strategies. States are increasingly looking for cost-effective strategies for making online learning more widely available.

Throughout history, organizations have used technology to be become more effective and more efficient. But this has proved difficult in higher education, where costs continue to rise despite heavy investments in computers and information infrastructure. In fact, many colleges charge students a "technology fee," increasing already-skyrocketing costs instead of using technology to drive costs down. The challenge is to make technology a fundamental part of the teaching and learning process, rather than an expensive add-on.

IN THE STATES

Fortunately, there are promising efforts underway to break the cycle of rising costs and stagnant output. In recent years, a number of states have developed promising new models for improving college and lowering costs at the same time. Several governors have led the push to launch new universities that are injecting new energy and innovation into higher education. Others are setting up high-quality online campuses and helping traditional institutions overhaul courses with technology, boosting student achievement while reducing costs simultaneously.

These innovative models can be adapted by governors nationwide to increase the number of college graduates in tough economic times.

Creating Start-Up Universities

Governors should not be limited to expanding or reforming existing universities to meet workforce needs, as low-cost options exist for creating new ones. In 2006, **Minnesota** Governor Tim Pawlenty helped launch a new branch campus of the University of Minnesota, in Rochester, home of the Mayo Clinic. As a start-up university, it had to be nimble and lean, renting out inexpensive commercial space for classrooms and labs. Instead of funding dozens of departments and majors, every undergraduate majors in the health sciences. Instead of building dorms and fitness centers, students rent apartments and work out at the YMCA. Instead of building a library full of printed books, students use the Internet and inter-library loan options.

None of these measures hurt the quality of education in Rochester. Students study in modern facilities with small classes taught by full professors. The professors work together to create an integrated curriculum in partnership with the Mayo Clinic. The total cost to the state was only a $6.3 million increase to the University of Minnesota's annual budget. Because the operation is so lean, UM-Rochester can fund increased enrollment with student tuition alone.

**Harnessing the Power of Online Learning**

Indiana has taken a new approach to online learning, partnering with an existing provider rather than shouldering the cost of building its own system. In June 2010, Governor Mitch Daniels issued an executive order creating Indiana's eighth public university: Western Governors University Indiana. Launched in 1997 by a bi-partisan group of 19 governors, WGU is a fully accredited, Web-based, non-profit institution that uses an innovative "competency-based" model to help students earn degrees in education, business, health, and information technology. Rather than learn and earn credits by spending a fixed amount of time sitting in a lecture hall, students proceed at their own pace and graduate when they master their subjects. Each online program is customized to the individual student, who is supported by a mentor with experience in the field.

Daniels' executive order directed state authorities to make state financial aid available to WGU Indiana students, so they are on an equal footing with other public universities, to ensure transfer of credit between universities, and to help dislocated workers access online courses and earn degrees. By connecting Indiana to a respected, established online institution, Governor Daniels saved Indiana taxpayers the cost of building a new university.

Redesigning Undergraduate Courses

The non-profit National Center for Academic Transformation (NCAT) is demonstrating how technology can be deployed to bring better results and lower costs to the classroom. Over the last decade, NCAT has helped hundreds of colleges use technology to make introductory lecture classes better and cheaper at the same time. NCAT methods help create "hybrid" courses that combine sophisticated learning technology with live, in-person, one-on-one instruction and support. This "best-of-both worlds" approach has dramatically improved learning results and pass-rates in freshman math and science courses. It has also reduced per student labor costs by as much as 75 percent (see Figure 1 on page 3).

Figure 1: Top 10 Course Redesigns Per Student Cost Savings
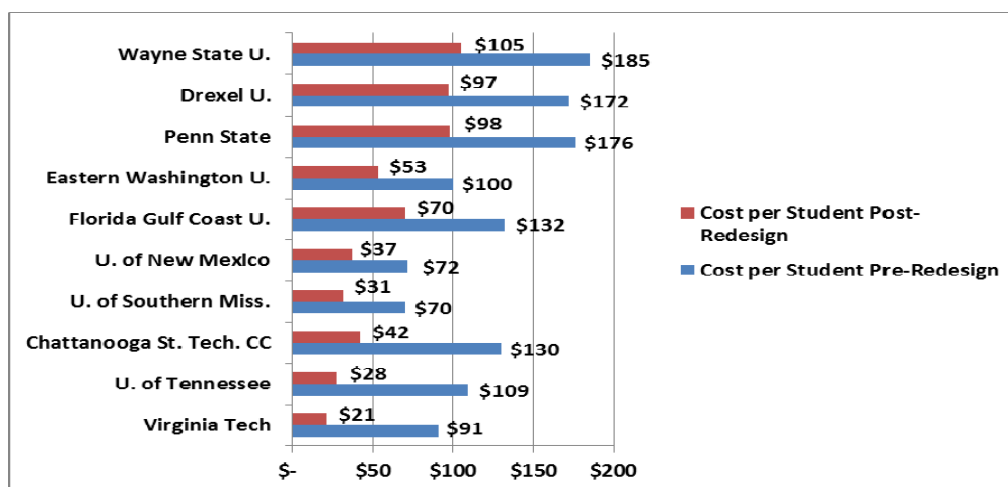
Now states such as **Tennessee**, **Maryland**, and **Arizona** are taking course transformation statewide. Tennessee launched six experimental projects to redesign the remedial math and reading courses that have previously caused many at-risk students to drop out. The next phase will expand the best results throughout the higher education system. The University System of Maryland asked each of its public universities to redesign a course of their choosing. The Arizona Board of Regents awarded grants to its three state universities to improve courses with previously large enrollments and low success rates.

IDEAS FOR ACTION

- **Identify projected high-need employment areas such as health care (working in consultation with labor/workforce agency leaders) and ask the state higher education agency to assess options for meeting demand in these areas**. The analysis should include options such as developing "no frills" models (e.g., UM-Rochester) and providing regulatory or financial incentives for colleges and universities to connect students living in rural and underserved areas with online degree programs in high-demand fields.
- **Ask for a review of potential regulatory obstacles related to student enrollment in online institutions** such as WGU, including eligibility for state student aid funds and transfer of credits to and from public institutions in the state.
- **Charge a blue ribbon panel of expert faculty with developing a statewide strategy for redesigning entry level courses, including policy changes necessary to promote course redesign**. The panel members should be drawn from both two- and four-year institutions that specialize in high-volume, high-risk areas such as math, science, and remedial coursework.

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