



# Sunday Reflection: What comes after the higher education bubble?

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I've written here in the past about the higher education bubble -- how the costs of college and graduate or professional school have been inflated by the availability of cheap federal money. This has created a situation in which there are many more indebted graduates than there are jobs capable of paying off the loans.

We are now seeing some signs that the market is catching up. Enrollment numbers are softening, students are becoming more reluctant to borrow money to pay for an education and the phrase "higher education bubble" is appearing more and more often in discussions of education policy and student indebtedness.

But what comes next? If the current higher education sector is bloated and overpriced, what will students do? Will they simply forgo education entirely? Or will something else spring up? Well, something else seems to be springing up. Conventional colleges may be overpriced and underperforming, but those 19th century methods of teaching and learning are being challenged by 21st century alternatives.

Case in point: the Harvard/MIT EdX model. Harvard and the Massachusetts Institute of Technology have announced they're putting 60 million dollars into an open-source online education program. A list of courses will be announced this summer and will be implemented in the fall, but the bottom line is that people all over the world will be able to study subjects taught at MIT and Harvard for free, and get "certification" -- though not an actual diploma (yet) -- if they pass certain tests.

This isn't the only such venture. Minerva University -- a new school that aims to be the online Ivy, with involvement by former Harvard President Larry Summers and former Senator (and New School President) Bob Kerrey -- just raised \$25 million in startup capital.

And Stanford professor-slash-Google bigwig Sebastian Thrun is starting up yet another top-tier online university called Udacity. After teaching a phenomenally successful online computer science course for Stanford, Thrun decided to take things to the next level and build out an entire online school.

These schools join the already accredited Western Governors University and a variety of longer-standing for-profit schools like Kaplan, Strayer, and Phoenix on the cutting edge of efforts to find a new model for higher education. Some or all may fail, but some or all may also succeed.

Traditional classroom education has its virtues, but it's a pretty old model. The first true university, the University of Bologna in Italy, dates back to the 11th century, and many European universities are nearly as old. Even Harvard is old enough that it supposedly once offered a job to Galileo. (The story may not be true, but Harvard was founded before he died). Since then, instruction hasn't advanced much. Some professors may use PowerPoint (a dubious improvement), but the basic model of one person standing in front of a bunch of other people talking hasn't really changed.

What has changed are exploding overhead costs. A former president of my university once said a school is just a log with a teacher at one end and a student at the other -- to which a curmudgeonly professor replied, "Logs don't have presidents with private airplanes."

No, but most universities do now, along with bloated administrations, gold-plated recreation centers and other extravagant amenities. And so costs have skyrocketed, even as the quality of education has, if anything, declined.

A recent survey of more than 700 schools by the American Council of Trustees and Alumni found that many have virtually no requirements. Perhaps that's why students are studying 50 percent less than they were a couple of decades ago.

Prices have risen, but learning seems to have fallen. The primary reason, according to the study, is that courses aren't very rigorous: Little is required of students, and they are doing the minimum. If higher education is to justify its cost, there must be much more return on investment, which means more rigorous course content and less fluff.

Some traditional schools will revamp their offerings, but the combination of high prices and low return has opened up a market for the new, non-traditional competitors. Some competitors in both categories will succeed, and some will fail.

Another opportunity exists in alternative methods of certifying knowledge. A college diploma serves as a basic signifier of its holder's basic competence, but with costs running well into the six figures, it's an awfully expensive credential.

MIT/Harvard will start certifying online students, and that may be just the beginning. The Cato Institute's Andrew Coulson suggests that people should accumulate knowledge in life, then build a portfolio that will directly demonstrate their knowledge to future employers. He calls it *savoir faire*: (Literally: "know how to do.")

Not just knowing, but knowing how to do? That's not a bad thing. It's a new era in education, and new opportunities are opening up.

Glenn Reynolds' "The Higher Education Bubble" will be published this month by Encounter BroadSides.