Higher Education’s Brave New World—Again

A review of

Change.edu: Rebooting for the New Talent Economy
by Andrew S. Rosen

Reviewed by
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If you want to know what a given book is likely to say about the state of higher education and its future, it is often sufficient to know who wrote it. Those who have spent their careers in traditional universities are likely to rise to their defense in the face of critics who argue that such institutions are outdated, ineffective, and/or politically compromised. Those who have been involved in creating newer “educational delivery” models are likely to be equally passionate about the merits of their own innovative efforts. The arguments on both sides are by now pretty well rehearsed, and original insights are increasingly rare.

This was certainly my attitude as I opened Andrew S. Rosen’s new book, Change.edu: Rebooting for the New Talent Economy. Rosen is chairman and CEO of Kaplan, a large education business that is a subsidiary of the Washington Post Company. I assumed that his book was likely to be yet another self-serving defense of for-profit education against a familiar bill of particulars ranging from greed and corruption to
academic malpractice. For the most part, the book lived up (or down?) to my expectations, but I give Rosen credit for writing a concise, well-informed brief on behalf of his industry. For anyone unfamiliar with the context in which for-profit universities have mushroomed in recent years or who would like to understand the strongest arguments in their favor, this is a good, pleasurable read.

The first half of the book presents a critique of traditional colleges and universities and dwells on obvious problems—the unproductive arms race among schools to outspend each other on frivolous amenities, the misguided competition for superstar faculty, the focus on exclusivity, and the absurdity of intercollegiate athletics. The root of these problems, Rosen argues, is “Harvard envy,” an observation also made recently by Clayton Christensen and Henry J. Eyring in their 2011 book *The Innovative University*. The thesis that these authors share is that success in higher education has come to be associated with Ivy League characteristics that are neither attainable for most institutions nor productive for society as a whole. Elite institutions are not and never have been vehicles for educating the masses, and so it makes little sense to think of them as paragons of education at a time when we need to cultivate talent on a large scale.

Rosen correctly aligns the rise of for-profit education with two earlier and no less important waves of innovation. The first of these was the land grant movement beginning in the 1860s, intended to create new kinds of institutions serving the advancement of agriculture, industry, and other practical fields. The second was the advent of community colleges after World War II, an effort to further democratize postsecondary education and accommodate growth in both the population and the economy. Both of these types of new institutions were set up in opposition to the more esoteric, intellectual values of traditional universities. Both were also viewed with suspicion and even hostility by the educational establishment before becoming accepted alternatives.

The second half of the book is largely concerned with an argument in favor of the for-profit model that has exploded onto the scene in recent years. Rosen argues that this business model is superior to traditional ways we finance higher education (a complicated mix of tuition, government subsidies, and philanthropy) for several reasons.

First, Rosen contends that an institution that must live within the revenue stream created solely by tuition will focus its expenses on educational necessities instead of on frivolous programs and services. Second, he believes that for-profit institutions have more incentive to focus on student outcomes than inputs. Third, he argues that the for-profit model is more easily expandable (“scalable,” in business jargon) to meet the growing demand for education in today’s knowledge-driven economy. As many of his for-profit colleagues have also argued, Rosen claims that for-profit schools provide our *only* hope of returning the United States to the top in terms of the percentage of adults with postsecondary education, a priority of President Obama’s.

These arguments all have merit, but Rosen is too quick to gloss over the darker side of for-profit education. While it is true that the for-profits spend less on amenities than do
traditional institutions, they also spend less on the core academic functions of education and research. Some of this is due to gains in efficiency, but it is also because whatever is spent on such functions cuts into the profit margin.

Furthermore, the for-profits spend massively on marketing and recruitment, and it is these activities that have raised the most eyebrows among policy makers. The demand for growth in order to satisfy shareholders has led to aggressive and at times dishonest marketing practices, even within Rosen’s own organization. He dismisses these as occasional shortcomings but fails to acknowledge that these are the result of, not in spite of, the underlying financial model on which the industry depends.

Rosen does not address the charge that for-profits manipulate tuition prices in order to maximize the amount students borrow from government loan programs (a form of subsidy to the industry that he also does not acknowledge). And, although he presents some interesting statistics to show that for-profit schools have graduation rates that are comparable to less selective nonprofits, the result—less than 40 percent—is hardly a resounding triumph of educational innovation. It still means that more than half of all students in these programs walk away empty-handed and usually in debt.

Traditional universities are sometimes guilty of putting too much faith in their own mythology. For example, as Rosen points out, big-time athletics are massive and costly marketing operations for many universities. But university students and alumni do not see it this way—they see athletic programs as community-building traditions that celebrate the achievements of student athletes.

By the same token, Rosen is equally guilty of believing the new myths that his industry is working to create about itself. “Companies, like universities, are built to last forever,” he writes (p. 175). This will come as a surprise to many business school graduates who have been taught that companies are built to maximize shareholder profits, no more and no less. If that means selling the company for a quick profit or even breaking the company up and selling it off for parts, so be it. Rosen is correct to challenge some of the sanctimony that surrounds traditional higher education, but he should not at the same time try to put for-profit education under the same sentimental halo.

Ultimately, a lot is at stake here. In another example of myth busting, Rosen cites evidence to suggest that our best universities are really not effective vehicles of upward mobility; despite their efforts, the best schools mostly cater to the wealthy. But there is a substantial risk that, just as an Ivy League degree brands its holder as a permanent member of the upper class, a for-profit degree will brand its holder as an equally entrenched member of a lesser class. As in so many other parts of our society, we risk creating separate and unequal systems of higher education, and for-profit education may well be exacerbating this problem.

I come away from the book convinced that Rosen is a sincere and committed educator, and I think the same is true of many pioneers of for-profit education. But it is an industry that has also attracted large numbers of people who view it as a gold rush and who
do not have Rosen’s depth of understanding about either the context or the social significance of this new enterprise. The financial model that Rosen defends is, and always will be, vulnerable to exploitation. The for-profit industry must face this risk squarely and candidly if it is to play a constructive part in the future of higher education.

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