College for all

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Open online courses are changing higher education.
Traditional colleges face dangers—and opportunities.

Something big is up in higher education thanks to the advent of "massive open online courses" (MOOCs), which can reach millions around the world. What most people—including university leaders—don't yet realize is that this new way of teaching and learning, together with employers' growing frustration with the skills of graduates, is poised to usher in a new credentialing system that may compete with college degrees within a decade. This emerging delivery regime is more than just a distribution mechanism; done right, it promises students faster, more consistent engagement with high-quality content, as well as measurable results. This innovation therefore has the potential to create enormous opportunities for students, employers, and star teachers even as it upends the cost structure and practices of traditional campuses. Capturing the promise of this new world without losing the best of the old will require fresh ways to square radically expanded access to world-class instruction with incentives to create intellectual property and scholarly communities, plus university leaders savvy enough to shape these evolving business models while they still can.

Consider the first of the two converging trends. As is well known, frustration with the performance of traditional institutions is mounting. Only six in ten students at four-year institutions are graduating within six years today. Most employers say graduates lack the skills they need. Tuition has risen far faster than inflation or household earnings for two decades.

Meanwhile, the online revolution in learning is exploding. Coursera, a for-profit venture that taps professors and lecturers from 62 universities (including Princeton, Stanford, the University of Michigan, and the University of Pennsylvania) boasts many courses with 50,000 to 100,000 users who pay nothing for access to the best professors in the world; overall, the company has more than 2.7 million registered students (most of them overseas), who take at least one course. A nonprofit partnership between Harvard University and the Massachusetts Institute of Technology (MIT)—edX—offers online versions of courses, with video lessons, embedded quizzes, instant feedback, and student-paced learning. Udacity's introduction-to-computer-programming course has already been taken by a staggering 200,000 students worldwide.

The key question is how quickly these MOOCs will offer not just a breakthrough mode of learning for the enterprising and the curious but also bona fide credentials that students seek because employers value them. Some early signs: Coursera recently announced that five of its courses have been approved for undergraduate credit by the American Council on Education. Colorado State University's Global Campus has started giving credit for the introductory computer-programming course offered by Udacity if the student passes a proctored exam, even though Stanford (where the company's founders teach) does not itself offer credit for the course. Once a sufficient infrastructure of credible exams and assessments around MOOCs is in place—and edX and Udacity students start taking proctored exams at hundreds of regional test centers—we'll enter a new world.

In this world, students will be able to credential themselves routinely via such courses and assessments as a way to bolster their résumés. When assessors persuade employers that these credentials are reliable predictors of workplace success, employers will be in a position to act as Colorado State does today. That is, they'll have the confidence to give job candidates "credit" for work done outside the officially accredited institutions of higher education. Once this challenge to the monopoly of today's accrediting institutions begins, a big chunk of higher education may become vulnerable to the kind of disruption the music industry experienced a decade ago, as centrally controlled and distributed albums gave way, thanks to technology, to customized playlists assembled by individuals. Substitute "degrees" for "albums" and "self-selected credentials employers value" for "playlists" and you have a feel for what may lie ahead.

This won't happen overnight, but it won't take forever, either. If a nontrivial portion of higher education is destined to be challenged this way in the next decade, what will that mean for society? And what should universities do? The answers depend largely on what online business models and incentives evolve to govern the roles of teaching talent, colleges, assessment firms, and other key players across the education landscape.

Today these business models truly run the gamut. On one end are graduate schools that charge full freight for online degrees. At the University of North Carolina at Chapel Hill's Kenan-Flagler Business School, for example, tuition is more than $90,000 for an online MBA. USC has reported more than $100 million in revenue from its online offerings. Traditional undergraduate schools, such as Penn State (via its World Campus) and the University of Massachusetts, are likewise offering degrees online for roughly the same (relatively low) price they charge for in-state, on-campus tuition. Some for-profit providers focused on adult learners charge brick-and-mortar tuitions despite having substantially lower costs. On the other end of the spectrum, online learning platforms such as Coursera, edX, and Udacity may be fueling an expectation that education should be "free," with students paying over time for the proctored exams or certificates that prove their value to employers. Maybe that's a promising model, but the notion

of free could as easily prove a risky path that undermines the economics of creating new courses. That's why MIT's president, L. Rafael Reif, suggested recently that online students should pay modest fees to help the physical university sustain its mission.

As these early offerings suggest, the emerging system won't be all bad news for traditional institutions. There are new revenue streams to capture, such as fees for certificates with a university's brand on them or payments to collect when other institutions grant transfer credit for courses offered via MOOCs. There are huge overseas markets to serve, where US education brands are highly coveted. And there are employers to work with to ensure that students acquire essential skills. Beyond this, of course, there's the thrill of making access to high-quality education available on a previously unimaginable scale—a vision that California governor Jerry Brown has started stressing. Still, university leaders seeking to fulfill their mission in an era of unprecedented change would do well to develop some guiding principles to shape their response.

To start, it's not sustainable for universities to slash the cost of delivering education through online innovations yet pass on little of the savings to students through lower tuition and fees. For various reasons, that's what is happening at some schools today. Yet unduly high prices for online students are at odds with the mission of broadening access, especially as state budget cuts push tuition out of reach.

On the other hand, it's equally important that education not be seen as a free good, because it will always take big investments to attract and retain the talent needed to develop world-class courses and materials. Unless new online platforms are associated with meaningful revenue streams— from textbooks, tutoring, proctored exams, per-degree fees, or creative alternatives not yet imagined—the model will prove self-defeating. There must be incentives to create compelling content if schools are to deliver the best teaching to anyone on the planet.

The good news is that universities are well positioned to develop new models that combine lower costs, higher quality, and better alignment with employer needs. That's because they have the intellectual property, the brands, and the tradition of public service needed to integrate these interests sustainably.

While no one can predict the future, it seems likely that we are heading toward two versions of hybrid learning experiences in higher education. The first would still be campus-centric, with technology allowing a more efficient and effective reengineering of the learning experience, with lectures moving exclusively online, and with class time reserved for small-group problem solving and conversation. The other hybrid mode would be digital-centric (and much less costly), with a core online component supplemented, perhaps, by self-organized study groups, as we see happening already in MOOCs. Some digital-centric options may be associated with traditionally

accredited college brands; others may live purely in the world of alternative credentials. Students from wealthier families and those with adequate financial aid may prefer the residential experience (and the lifelong personal networks that come with it). But the cost–value equation will shift so rapidly in the years ahead, and employers will develop so great a stake in the new system they help design, that millions of students will probably flourish without ever setting foot on traditional campuses.

Undoubtedly, there will be tumult as we navigate this new world. But if we get it right, the prize— broader access, improved employability, and deeper learning— involves untold benefits for students and society. ☐

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