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(opinion)

Colleges can thrive if they focus less on business models and more on students (opinion)

Submitted by Steve K. Stoute on July 26, 2021 - 3:00am

Since the onset of the COVID-19 pandemic, a national conversation has focused on the need for transformation in higher education. Both [S&P Global Ratings](#) [1] and [Moody's Investors Service](#) [2] issued negative outlooks for the American higher education sector in 2021, citing threats to key revenue streams posed by the public health crisis. Moody's recently [changed its outlook to stable](#) [3], thanks in large part to improved revenue potential for institutions as students return to campuses. But over all, the ratings outlooks suggest that, with the exception of institutions with significant brand recognition, colleges and universities around the country are experiencing varying levels of financial stress, portending that the moment is ripe for transformation.

To be fair, higher education was under stress long before March 2020. A [survey](#) [4] of college and university trustees conducted by the Association of Governing Boards of Colleges and Universities, in collaboration with Gallup, found that 85 percent of respondents (up from 73 percent in 2018) were concerned with the future of the sector over the next decade -- with financial sustainability and the price paid by students and their families as key drivers. Combined with the alarming amount of student debt -- in excess of [\\$1.7 trillion](#) [5] -- a four-year graduation rate of just 45.3 percent and a six-year rate of 63.4 percent for the [2013 cohort](#) [6] at four-year institutions, transformation in higher education is, in fact, long overdue.

However, the focus of such transformation is murky. Many institutions and individuals have fixated on the business model, trying to drive more revenues by employing new technologies; improve efficiencies through collaborations or affiliations; reduce costs by outsourcing services, eliminating programs or employing cheaper instructors; or achieve synergies through mergers. While it is undeniable that the business model is broken, particularly when it is built on the assumption that students will continue to pay tuition at higher rates each year for the same education, it is shortsighted to focus primarily on the bottom line.

Whether public or private, rural or urban, residential or commuter, two-year or four-year, teaching- or research-oriented, higher education institutions are -- or should be -- universally intent on serving students. That universality provides a ready focal point for transformation. If colleges and universities were to focus human and financial capital on student-centric transformation, the results would be significant: improved outcomes across all student populations, reduced student debt and default rates, higher perceived value, greater alumni engagement, and more financially stable institutions.

What would a student-centric transformation look like? It would mean that at every phase of the student's journey, from recruitment through to graduation, the best interests of the student, not the institution or any of its other stakeholders, would take primacy. A student-centric mind-set is vital for reshaping the current system within many areas of an institution -- including recruitment, admissions and the student experience, to name just a few. Here are some ways that having a student-centric mind-set would transform those areas.

Recruitment. An institution would no longer recruit students simply to meet budget objectives, but it instead would use data and predictive analytics to strategically recruit the students who are most likely to succeed in the environment that it specifically provides. Colleges and universities in the United States are vastly diverse, and while no institution is right for every type of student, there is a right institution for every student. The decision to enroll a student should be predicated not on their ability to generate net tuition

revenue, but rather on the institution's capacity to support that student to degree completion.

In the recruitment process, institutions have at their disposal significant amounts of data, both qualitative and quantitative, about students. Those data include information gathered from applications -- test scores, high school GPAs and essays or personal statements -- financial information from the FAFSA, and even interviews, in some cases. Colleges often use the information to create a profile of the student to make an admissions decision. A student-centric approach means the student profile would be compiled and evaluated not in a vacuum, but with a clear understanding of the institutional resources available to support the student.

As a result, institutions would no longer enroll large numbers of students requiring remedial work if they did not offer those courses -- and definitely not if the student was expected to pay for such remedial coursework. Institutions would provide systems and structures that created flexibility for commuter, or adult, students. Additionally, institutions would continue to enroll students from historically underrepresented populations -- providing greater access to higher education -- but would also invest in the requisite support services to give those students a fair chance at success.

Admissions. With a student-centric mind-set, institutions would provide greater transparency to students, not only about the net price of the education, as required by federal law, but also where the student stands in relation to their cohort in terms of academic preparedness. They would pay careful attention in applying the cohort framework to account for varying types of diversity -- gender, ethnicity, Pell eligible, first generation and so forth -- which would bring rich and valuable perspectives to classrooms.

Prospective students would do well to understand the relative strength of their academic credentials across the applicable cohort, indicating how much energy and effort would be required from them and the level of support the institution would provide for them to persist and succeed. The risk for the institution would be that large numbers of students might choose the path of least resistance and not enroll. But the alternate view is that those students would have made the best decision for themselves by matriculating elsewhere.

Price is certainly an important factor that students consider in selecting a college, but it is not the only one worth presenting clearly.

The student academic experience. Institutions would empower students to take ownership for the design of their own academic experience in a way that challenges them to develop core competencies -- analytical, critical thinking and communication skills, among others -- while pursuing their individual interests and passion. The prescriptive nature of present-day curricula, driven not by student needs or demand but by institutional fiat, must give way to a more flexible model that gives students the autonomy, within reasonable guidelines, to design their academic experience.

Those guidelines are where institutions, bearing in mind the interests and passions of each student, would provide frameworks to ensure they are developing the necessary competencies to be successful in their chosen endeavors. Requiring students to take a plethora of classes only tangentially related to their interests assumes students are incapable of self-directed exploration across an institution's academic portfolio -- an outdated notion.

The student co- and extracurricular experience. Institutions would provide the resources for co- and extracurricular activities that support the holistic development of students, informed in the first instance by the preferences of students. Soliciting regular feedback from students and using the resulting data to build experiences that they desire will, at the very least, result in more engaged students. In contrast, investing significant amounts of resources in programming that worked for students of the past without accounting for the technological and social advances in the intervening period, is ineffective and inefficient. Actively engaging the people who are the intended beneficiaries of the experience -- students -- will allow institutions to invest limited resources in more productive ways.

These concepts aren't utopian or surprising; some institutions already incorporate various elements of them. But they do require a renewed focus on why colleges and universities exist, and that is to serve students -- not faculty, staff, administrators, potential employers or the government. A significant challenge to transformation in higher education is the entrenchment of the existing system -- a system that has changed only on the margins and at a

glacial pace over more than two centuries, a system that effectively serves a minority of the populace today.

It will take immense fortitude for any constituent group within the academe to challenge their institutions to make the kind of transformational changes I've described. Even so, in the absence of federal legislation requiring colleges and universities to make these types of changes, or accrediting bodies willing to penalize recalcitrant institutions, the onus is on campus leaders to take the risks needed to transform the system in ways that truly put students first.

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Links

[1] <https://www.spglobal.com/ratings/en/research/articles/210120-outlook-for-global-not-for-profit-higher-education-empty-chairs-at-empty-tables-11801152>

[2] <https://outlooks.moodys.io/higher-ed>

[3] <https://www.insidehighered.com/quicktakes/2021/03/23/moodys-raises-higher-ed-outlook-stable>

[4] <https://agb.org/reports-2/the-agb-2020-trustee-index/>

[5] <https://www.federalreserve.gov/releases/g19/current/default.htm>

[6] https://nces.ed.gov/programs/digest/d20/tables/dt20_326.10.asp?current=yes