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Philanthropy Can Reshape Education in Ways That Will Stand the Test of Time

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At Morehouse College's graduation in May, billionaire Robert Smith made headlines when he announced that he would singlehandedly pay off all the student debt of the class of 2019. But as it turned out, that wasn't all. This fall, Smith announced that he was doubling down on his donation — by wiping out the student loans of not just Morehouse graduates but of their parents.

Smith's $34 million gift is just the latest in a trend of higher-education megadonations — punctuated by Michael Bloomberg's record-shattering $1.8 billion gift to Johns Hopkins last year. While these donations have clearly made a difference to Hopkins and Morehouse, it would be a mistake to say these contributions are improving higher education in a significant way.

Gifts to top-tier universities just further enrich a set of elite institutions that have dominated the higher-education landscape for more than 100 years. The 20 institutions that received 28 percent of all college donations last year educate just 1.6 percent of the country's undergraduates. Elite institutions not only serve small numbers but are increasingly seen as failing low-income and first-generation students. For those students, elite colleges remain out of reach: According to the Jack Kent Cooke Foundation, just 3 percent of incoming freshmen at the nation's most selective institutions come from students in the lowest income quartile, compared with 72 percent from the top quartile.

What is perhaps ironic — and troubling — about our modern breed of higher-education philanthropy is that it stands in stark contrast to the approach taken by an earlier generation of philanthropists who created the very institutions that the benevolence of today's billionaires sustains.

Johns Hopkins University was created with what was at the time the largest philanthropic gift in history. Among the original railroad barons, the philanthropist Johns Hopkins saw unprecedented societal change brought about by the industrial era and, just before his death, learned of a new type of "research university" that was gradually gaining steam in Europe. Unlike the small liberal-arts colleges in the United States, the "research university" combined the German research institutional model with the British tutor model to create an environment in which researchers and students worked together to pass on knowledge while creating new fields of study. The wealthiest of the Gilded Age followed suit — with Leland Stanford creating Stanford University, John D. Rockefeller funding the University of Chicago, and the efforts of Andrew Carnegie and the Mellon family leading to the formation of Carnegie Mellon University, to name a few.

Today, these great institutions are facing criticism from all sides. Their $200,000-plus price tags lead many parents and students to question whether higher education — in general — is worth the cost, especially as high drop-out rates persist at far too many institutions. At the same time, the college degree remains a prerequisite for social and economic mobility: A bachelor's degree can lead to nearly $1 million more in lifetime earnings than a high-school diploma. Employers' continued reliance on the degree as a signal of work-force readiness has, according to some estimates, put as many as 6 million jobs at risk of degree inflation. Despite the clarion call for a departure from business as usual, our institutions of higher education remain largely unchanged from the colleges that philanthropists like Hopkins backed more than a century ago.

But in an era when technology has transformed nearly every facet of our lives, expanding access to information at a rate not seen since Gutenberg, modern philanthropists face a unique opportunity not only to fund but to create an entirely new set of institutions that will be just as recognizable in 100 years as Stanford is today. Here are four areas where equal parts cash and creativity can reshape the modern higher-education landscape.

New types of institutions. Gone are the days when our pop culture archetype for the college student was the frat scene in *Animal House.* Today's students are more diverse than any previous generation: Most participate in the work force, and nearly four in 10 are older than 25. And some institutions are changing with them. Tech entrepreneur Ben Nelson's Minerva Project uses technology to profoundly improve quality. Students enrolled in the program study 100 percent online but live in dorms together over their college experience in six countries over four years. Tuition is just $10,000 a year — and the institution is already more difficult to get into than Harvard.

Woolf is creating a blockchain-based university inspired by Oxford and Cambridge's tutorial style that would allow any set of faculty to create a university course of study at a fraction of the price. Southern New Hampshire University is using its self-paced, competency-based platform to deliver education to refugees throughout the Middle East and Africa. College can be cheaper. It can be faster. Philanthropists and policy makers alike would be well served to pour their dollars into these innovative institutions.

New financing approaches. In an effort to remove the upfront cost barriers that often deter students from pursuing higher education, a growing number of institutions are adopting new financing models — like income-share agreements. Under such agreements students pay reduced (or zero) tuition upfront in exchange for a set percentage of their income for a set period of time once they make over a set amount (e.g., $50,000 per year).

A donor could require graduates who benefited from an income-share arrangement to serve as mentors to the next generation of students or demand that the institution where they financed these deals track specific student outcomes. Donors have also pooled their money to benefit specific groups of students: Colorado Mountain College announced a program for Dreamers to receive income-share agreements, and donors could create similar pools for first-generation students or other specific racial or socio-economic groups.

Pathways to employment. Mark Zuckerberg famously backed Andela, a startup that trains students in sub-Saharan Africa to join teams with tech companies like Microsoft and IBM. Founded on the premise that talent is evenly distributed but opportunity is not, it's leading to game-changing opportunities for aspiring coders in Kenya, Nigeria, and Uganda (and will soon in Rwanda). Andela recruits tens of thousands of students to take a test, identifies the top 1 percent, and runs them through a training program that pays them to learn to code.

There are any number of ways to spread such approaches in the United States (or globally). Colorado-based Techtonic mirrors Andela's approach at a local level. Kenzie Academy, in Indianapolis, is reimagining apprenticeships for the digital age. Plenty of other opportunities could benefit other non-traditional but brilliant students, like veterans.

These ideas are not mutually exclusive, nor do they preclude the involvement of traditional institutions. For example, Bloomberg could have funded Johns Hopkins to create a new college that used the Minerva technology platform and funded students' education through income-share agreements. Such a novel program would have achieved all of Bloomberg's objectives — expanding access to elite education, supporting his alma mater, and assuring Johns Hopkins had an incentive to focus on the lifetime success of its graduates.

It's also worth noting that many of these concepts do not exist solely in the nonprofit realm. As more and more donors are putting their money into limited-liability companies instead of foundations — so they can invest in socially responsible companies and political organizations as well as nonprofits — they could take some of their dollars and put them into for-profit educational organizations. That said, virtually all of the for-profit approaches could be re-created in nonprofit form for donors who want to stick to traditional philanthropy.

If colleges and universities expect to attract the next generation of megadonors — especially those who earned their fortunes in technology — they would be smart to focus on this kind of innovative rethinking of how higher education works. These new millionaires and billionaires aren't interested in just extending the work of the industrialists of the previous century but innovating to reach more students more effectively.

In every campus boardroom, chief executive and trustees should be asking themselves: If Johns Hopkins were alive today, what would he fund in higher education? If you wanted to impact the world like Leland Stanford did, what would you fund with $1.8 billion?

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