
The Future of Higher Education: Prerequisites for Success

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Higher education is at an inflection point. Tuition and room and board at state-supported higher education institutions has more than doubled in real terms since the late 1990s (Webber 2018). The college wage premium, which had risen substantially for individuals born between 1950 and 1970, has flattened out with subsequent cohorts (Ashworth and Ransom 2019). This has led to a decline in how the public perceives the value of higher education to both individuals and society (Gavazzi and Gee 2021).

Many books have come out in recent years critiquing the academy and offering solutions for reform (Vedder 2004; Ginsberg 2011; Brennan and Magness 2019; Vedder 2019; Zywicki and McCluskey 2019; Koch and Cebula 2020). We have done so as well (Hall 2010, 2019; Gavazzi and Gee 2018, 2021, 2022). In this article, however, we discuss how one institution—West Virginia University—has dealt with, and is dealing with, the headwinds facing higher education. We hope that our institutional-level focus, though not providing any silver bullets to fix higher education, will provide some insight as to how institutions can take concrete steps to create more value for students and other constituents.

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Take Mission Seriously

We work at a land-grant university. One of us has coauthored a book on how land-grant institutions need to remember and then reimagine their land-grant mission (Gavazzi and Gee 2018). State funding to higher education has generally stagnated in recent decades (State Higher Education Executive Officers Association 2022), while the need for land-grant institutions to serve the citizens of their states has only increased.

At West Virginia University, our mission begins with recognizing that we serve the nearly 1.8 million residents of West Virginia, not just the twenty-eight thousand enrolled at our three campuses at any given moment. Our size, our expertise, and our mission make it incumbent upon us to tackle the biggest problems facing the citizens of our state while also staying true to our original charge to teach agriculture and engineering and the liberal arts so that all citizens can obtain a practical liberal education.

In West Virginia this means that we focus on the greatest three needs in the state: education, healthcare, and economic prosperity. West Virginia ranks in the bottom ten of US states in terms of the percentage of citizens with a high school diploma or higher, at 87 percent. In terms of bachelor's degrees or higher, we are dead last at 21 percent. West Virginians have some of the worst health outcomes among the fifty states, being forty-ninth in terms of obesity prevalence and dead last in the percent of individuals over eighteen with multiple chronic conditions (United Health Foundation 2021) to name but two important health concerns. Finally, per capita personal income in West Virginia is near the bottom of all states, at approximately \$45,0000, with nearly 34 percent of that being transfer payments (nearly 10 percentage points higher than the United States average; Lego et al. 2022).

West Virginia University has focused its efforts on trying to move the needle on education, healthcare, and prosperity. For example, we started the West Virginia Public Education Collaborative to break down silos and bring best practices to all levels of education in West Virginia. Recently, we partnered with Ken and Randy Kendrick to create the Kendrick Center for an Ethical Economy, which among other things will provide 225 teachers in West Virginia with zero-tuition master's degrees in economics. WVU Medicine has expanded throughout the state to improve access to care and grown to become the state's largest private employer. The creation of the Rockefeller Neuroscience Institute (RNI) in 2018 has led to tremendous improvements in care and innovation for those with mental health or neurological issues in West Virginia and beyond. By focusing on public health challenges facing the citizens of West Virginia such as addiction and Alzheimer's, the RNI helps WVU to contribute to its land-grant mission while being a world-class research institute, demonstrating that being on the research frontier need not be antithetical to one's land-grant mission.

Together with the West Virginia Department of Commerce and Marshall University, WVU has grown a statewide effort called West Virginia Forward that

seeks to identify and utilize the state's unique assets to strengthen and diversify the state's economy. By identifying key assets in the state, such as outdoor recreation and cybersecurity, as well as limitations that can be remedied by policy, such as the tangible personal property tax, West Virginia Forward laid the groundwork for WVU research and program expansion in these areas. A great example of this is the Brad and Alys Smith Outdoor Economic Development Collaborative. In addition to mapping and assisting in the expansion of outdoor infrastructure in the state of West Virginia, the Collaborative runs the Ascend WV Remote Worker Program, which has brought over one hundred remote workers to West Virginia to take advantage of the state's outdoor assets.

Whatever an institution's mission, it must find a way to make sure that everyone involved in the institution understands the mission and that all are open to how their work and passion can help achieve the institution's mission. For example, business schools are not typically seen as being at the core of an institution's land-grant mission given that they did not exist at the time of the passage of both Morrill Acts. At WVU, however, the institutional focus on how we can best serve the 1.8 million West Virginians has led to several programs that benefit student learning while also benefiting the state's citizens. A great example is the Small Government Monitoring Project, in which master's degree accounting students at WVU audit small governments in West Virginia that had a difficult time affording audits (McCuskey 2018). Students receive practical, hands-on training overseen by a faculty member, and local governments and taxpayers benefit.

Institutions need not be land-grant institutions to survive and prosper in the future. All institutions of higher education, however, need to have a clear identity and clear idea of who they serve. That identity can be religious, educational, or civic, but it needs to be laser-focused on the mission to be able to provide value to students and other stakeholders that will keep the institution in operation.

Tame Bureaucracy

The majority of higher education institutions are nonprofits. There are good reasons for the dominance of nonprofits in the higher education sector (see, for example, Cowen and Papenfuss 2010), but the fact that most institutions of higher education are in the nonprofit sector has important implications for institutional efficiency. Alchian and Demsetz (1972), for example, argue that nonprofit firms are at a disadvantage compared to for-profit firms due to a lack of internal discipline driven by the residual claimant.

Just because nonprofits lack a formal residual claimant does not mean that attention cannot be paid to efficiency. In fact, we argue, policymakers, trustees, and university officials concerned with access to higher education can and should put greater attention on efficiency. Although some bureaucracy is dictated by the size of an institution and external forces such as accreditors and regulators (Terjesen 2022),

focused attention on internal efficiencies can yield savings, which are important to an institution working to improve the value proposition for students and policymakers.

West Virginia University established a Bureaucracy SWOT (Strengths, Weaknesses, Opportunities, and Threats) Committee in 2014. The goal of the committee was to identify efficiencies to be implemented that could achieve direct and indirect savings. Sometimes this involved recognizing when we were being pennywise but pound foolish. An example of this was a mandatory driver training that saved the university a few thousands in insurance costs but had a very large hidden cost, given that every university employee had to spend part of their workday completing the course, even if never driving for university business.

More broadly, it is important for institutions to try to minimize bureaucracy because they must be nimble in these turbulent times. Public institutions of higher education need the flexibility to respond quickly to challenges and new opportunities. One-size-fits-all state policies that are difficult to change quickly can greatly impede the change that is necessary to provide value to students and their families as well as taxpayers. In 2017, the West Virginia legislature passed legislation named the Higher Education Freedom Agenda, which granted greater authority to the governing boards of West Virginia University, Marshall University, and the West Virginia School of Osteopathic Medicine. This legislation let these entities enact their own policies to reduce bureaucracy and increase efficiency. One example of a change at WVU was in human resources policy. Freed to write our own HR rules, we were able to move away from pure seniority rule and toward a system that took performance into account (Forde 2017).

Relentlessly Focus on Value Creation

Critics of higher education tend to focus either on costs or on poor outcomes. Costs are important because a dollar not spent is a dollar earned, but the real focus should be on whether the outcomes were worth the cost. If colleges and universities are not focused on creating value for their customers, they are not going to survive the next couple of decades, let alone thrive.

Value can be created in any number of ways. Value is created when program quality increases while costs are kept the same. Similarly, decreasing costs without harming quality creates value. In December 2020, WVU started on a process of Academic Transformation to create more value for our students by critically examining all aspects of the university to ensure that we are providing degrees and opportunities of value. This process has already led to a merger of two colleges, identification of instructional efficiencies around undersubscribed classes, closure or reorganization of several degree programs, and creation of new programs better aligned with industry needs.

Like the focus on mission, making value creation a priority for everyone in the organization is important to the overall success of the institution. Streamlining the transfer of courses, for example, creates value for students as they have less concern

about stranded credits and a reduced ability to graduate on time. Similarly, accelerated bachelors to masters programs reduce both the time and money cost for those wanting an advanced degree directly out of undergrad. These opportunities to create more value without lowering program quality are difficult to see from on high. Rather, faculty and administrators involved in these programs on a day-to-day basis are those most likely to see opportunities for value creation. This is why an institutional emphasis on creating value for students is important in being innovative and forward looking.

Conclusion

COVID-19 was extremely disruptive for higher education. At the same time, COVID was a real gift. It forced everyone outside the very elite institutions to take a hard look in the mirror in the wake of declining student numbers and higher operational costs. For many institutions, COVID accelerated processes that should have happened decades before.

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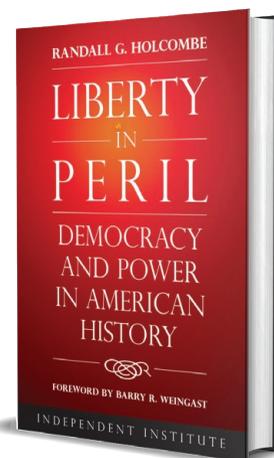
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