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We Need a Wave of New Colleges

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Ever since 1944, when President Franklin D. Roosevelt signed a GI Bill that included funding for veterans to attend college, a central purpose of American higher education has been economic opportunity.

To this day, students almost universally endorse this conception of higher education. Eighty-four percent of college students [say](#) that their primary reason for pursuing higher education is a better wage, a good career, or a related professional goal.

Politicians of all stripes agree. For example, although many aspects of President Trump's recent One Big Beautiful Bill Act were controversial, the legislation's "Do No Harm" earnings provision, which withholds federal aid from colleges with poor wage outcomes, [enjoys](#) bipartisan support.

Regrettably, colleges often fail to produce what students demand: improvements to their future wages that at least pay them back for their college costs.

A movement of new colleges that can bring innovative institutional designs, competition, and better outcomes to the sector — and a new breed of college accreditor to enable such a movement — may be the best solution to this problem.

By one scholarly account, 23 percent of students who pursue bachelor's degrees and 43 percent of students who pursue associate's degrees are [worse off economically](#) than if they had not pursued higher education at all.

Over the last two decades, the percentage of Americans who [would advise](#) a young adult to invest in higher education rather than in the stock market has declined from 65 percent to 21 percent.

What's more, AI looms over the entire higher education project, and students know it. Sixty-nine percent of college students already [worry](#) that AI will make it harder for them to find a job after graduation, and credible studies estimate that AI and automation will displace [10 million](#) to [15 million](#) workers over the next decade.

In this context, colleges need to restructure aggressively in pursuit of improved economic outcomes for students and in anticipation of an economy disrupted by AI.

Unfortunately, most colleges are intensely resistant to real change.

Typical colleges are mired in fixed costs, mainly in the form of real estate and salary obligations. Selling assets and turning over employees — both of which need to be options for any college seeking true change — are nowhere on the agenda for most campuses.

Colleges are also usually low on cash and highly dependent on revenue from their existing degree offerings. This financial reality precludes them from investing in innovation, which invariably involves one-time losses. Most colleges simply cannot afford to interfere with their short-term cash flow by cannibalizing their existing, often high-priced offerings.

Perhaps what most gets in the way of real change at a typical college is its governance model. Authority on most campuses is distributed across faculty, the institution's formal leaders, and one or several boards of trustees. Diffuse governance of this sort is dominated by insiders, geared for stasis, and hostile to unpopular decisions, risk-taking, and decisiveness — all hallmarks of organizational transformation.

American higher education urgently needs innovation, and given the low odds of real change among incumbent colleges, it must feature new colleges.

Like startups in the private sector, new colleges — precisely because they are new — can innovate freely and in depth. They can take full advantage of a wide range of opportunities for better college design, including competency-based and self-paced learning, employer partnerships and apprenticeships, credit for prior learning, high-dosage tutoring and advising, and AI-assisted curriculum, teaching, and assessment.

Founding teams for new colleges can come from the higher education and K-12 sectors and from nonprofits focused on college success and workforce development. A variety of private companies will also be interested in spinning out independent colleges.

To arise and scale, college startups need a movement built around them, one that both enables them and monitors their outcomes.

Essential to such a movement of new colleges is, first of all, a new type of college accreditor that has an interest in working with college startups.

Existing college accreditors are membership organizations. They collect dues from, and are governed by, their member colleges, even as they regulate them. Seven dominant accreditors, which have been in existence since before 1950, oversee colleges that enroll 95 percent of college students. The US Department of Education regulates accreditors, holds a rarely exercised right to approve new ones, and grants them their legal authority to qualify colleges for access to the vast public subsidies, including federal loans and Pell grants, on which almost all colleges depend.

From their powerful position as gatekeepers of public funding for higher education and because of their close ties to their member colleges, most accreditors are hostile to new colleges. They thwart new colleges by refusing to work with them or by offering them obtuse pathways to accreditation that are impossibly long, complex, and opaque.

Because existing accreditors stymie them, new colleges are vanishingly rare in American higher education. [Ninety-one percent](#) of American college

students attend colleges that are more than 40 years old. Only [2 percent](#) of college-goers attend colleges that formed in the last two decades.

New accreditors, when working with startup colleges and in exchange for qualifying them for public funding, should operate with a steely insistence on holding them accountable for producing strong economic outcomes for students.

Specifically, new accreditors should require college startups to produce wage gains — or [value-added earnings](#) — for their students that are large enough to compensate them in a reasonable time frame for their college costs.

Accreditors should measure wage gains by comparing students' actual wages after they enroll in college with careful estimates of their wages in a counterfactual scenario where they do not enroll in college. To make these calculations accurately, accreditors need to develop expertise in program evaluation and partner with states and the federal government to access student-level wage and education records.

State and federal governments are also vital to a movement of new colleges. They need to modify state licensure regulations and federal student aid regulations to accommodate the formation of new colleges and their cutting-edge designs. They also need to invest more in the data systems that allow regulators, including accreditors, to accurately measure students' wages and college costs.

Higher education has historically been a crucial engine of economic opportunity in American society. For it to persist in this vital role, higher education needs a movement of well-regulated, innovative new colleges.