2024 Higher Education Trends

A look at the challenges and opportunities shaping America's higher education sector

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Deloitte.

Introduction

2023 was a tumultuous year for American higher education.

The Supreme Court ruled that considering race in college admissions is unconstitutional for colleges that receive federal funding.[1] Widespread protests on college campuses across the nation in response to the Israel-Hamas conflict thrust universities into the spotlight.[2] Increased scrutiny from lawmakers, regulators, and the public pushed collegiate athletics further in the direction of professional sports, highlighted our institutions' increasing reliance on private partners, and led to new calls for transparency about costs and outcomes.[3] And the arrival of generative artificial intelligence presents many institutions with challenges and opportunities for which they are largely unprepared.[4]

The higher education sector has been facing financial and demographic challenges for over a decade, with peak enrollment of high school students predicted as soon as 2025.[5] The past year's developments will compound the challenges leaders face in creating a sustainable path forward, consuming the attention of college presidents, their senior leadership teams, and governing bodies in 2024 and beyond. Increased political attention and eroding trust in higher education institutions will likely accelerate the sector's leadership crisis further as more presidents and chancellors eye the exit door and potential leaders decline to step into top roles.

The following trends are sculpting the landscape of higher education today, regardless of geography, institutional type, or brand:

The outcomes era: Articulating a compelling value proposition: Many colleges and universities, which were once seen as engines of social mobility, are increasingly viewed as maintainers of inequality, reflecting declining public trust and posing a potential challenge for university leaders to amplify the value of higher education and better meet the needs and expectations of students, families, employers, and public officials.
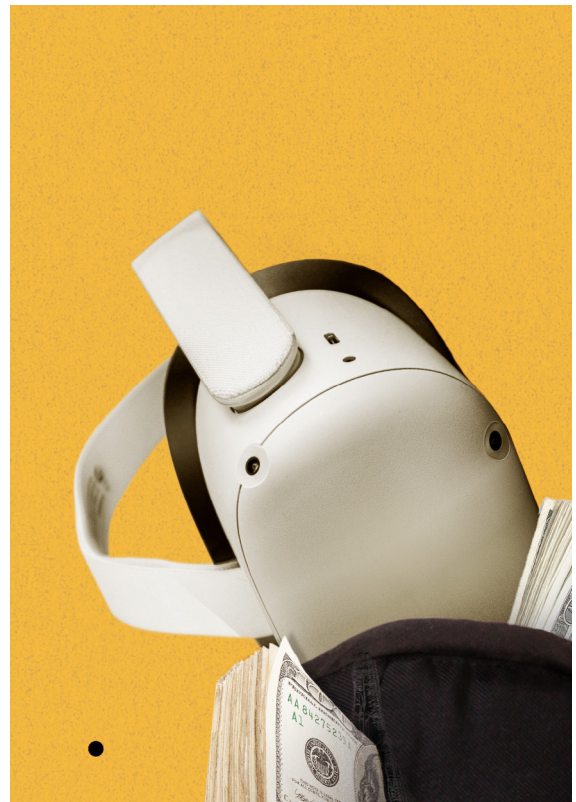
Who will be president? Higher education's accelerating leadership crisis: The accelerating talent crisis in executive ranks is amplified by the multifaceted complexities of a college president's role, which range from addressing increased financial stress and divergent views on diversity initiatives to scrutiny over "returns on student investment" and pressures to respond to numerous domestic and geopolitical incidents.

A new playing field: The changing landscape of college athletics: College athletics is shifting toward increased professionalism in the wake of new policies and practices, including the interpretation of name, image, and likeness rights, booster-group influence, the use of transfer portals, conference realignment, and Division I membership changes, prompting discussions about the future of student-athletes.[6]

The future of AI in higher education: Embracing disruptive innovation: AI has ushered in an era of disruption that could rival the changes brought about by the Industrial Revolution and has led to a significant shift in public discourse about this technology's potential benefits and risks. AI's impact will be profound for higher education, potentially transforming teaching methodologies, student learning experiences, and administrative processes, thereby redefining the traditional model of university education.

At the academic core: The rising influence and risks of public-private partnerships: Public-private partnerships have revolutionized higher education, transforming how institutions function, innovate, and deliver value.

Given the intersection of an array of forces affecting America's campuses and future workforce needs, clearly the country is entering a new era for higher education—one that requires colleges to become entirely new institutions rather than staking their futures on tweaks at the edges.

ABOUT OUR RESEARCH

Deloitte's Center for Higher Education Excellence™ convened college and university presidents in December 2023 at Deloitte University in Westlake, Texas. This second annual Forum on the New Era of Higher Education was designed to foster conversations on trends driving disruption in the field to help leaders better understand these key issues and the opportunities they create. The goal of the New Era Forum is to allow institutional leaders to share successes and learn from failures to achieve lasting and positive change. This report describes and prioritizes trends identified by discussions with the New Era Forum community.

The outcomes era: Articulating a compelling value proposition

Higher education institutions often see themselves as great equalizers—crucial platforms for social mobility. Yet today, many view college as a *maintainer* of inequality. This sentiment underscores perhaps the greatest challenge confronting higher education: a steep decline in public trust.

Higher education leaders face a critical decision. Should they simply double down on their communication efforts, broadcasting the value of higher education more loudly and more frequently? Or is it time to reframe the story, emphasizing the needs and expectations of students, families, employers, and public officials?

Despite considerable emphasis on communications, public skepticism about the real value of higher education continues to rise. In the past decade, the share of Americans expressing high confidence in the value of higher education fell sharply, from 57% to 36%.[7] Among college graduates, just half of bachelor's degree holders believe their education was worth the cost, that it helped them achieve their goals, and that they earn significantly more than high school graduates.[8] According to research by Burning Glass Institute and Strada Education Foundation, about half of college graduates are underemployed after graduation, meaning they are working in jobs that do not typically require a college degree and thus they do not experience the same wage premium as graduates working in college-level jobs.[9]

The prevailing national narrative revolves around the debt students often take on to pursue higher education, in an era in which entry-level wages have risen three times faster for high school graduates than their college-educated peers.[10] "I look forward to a future where fewer students are forced to choose between earning a degree and earning a wage because they're able to do both at the same time" says Andrew Kelly, senior vice president of Strategy for the University of North Carolina System.[11]

These sobering statistics suggest that it is time for higher education to rethink the story it tells, placing student expectations ahead of institutional priorities. This also means looking at the full spectrum of student stakeholder groups, which include adult learners looking to reskill and upskill to keep up with market demand. The traditional metrics often cited by higher education institutions and regulatory bodies (for example, retention and graduation rates) are increasingly at odds with public perception and the reality of how universities are being leveraged throughout one's career.

Outcome-oriented metrics—which focus on jobs, student debt levels, return on investment (ROI), and other indicators of economic mobility—resonate more with today's students. After all, they are the ones entering an increasingly complex and unpredictable labor market. When it comes to understanding student expectations, as one college president observed[12] in an interview with New Era Forum, "We are not speaking the same language."

Students are increasingly questioning their educational choices. Despite a modest rise of just over 2% in undergraduate enrollment in fall 2023 compared to the previous year, it was primarily community colleges that reaped the benefits, contributing to nearly 60% of this increase.[13] Furthermore, the appeal of short-term credentials continues to grow among students.[14]

Figure 1

The University of North Carolina System offers publicly available dashboards depicting the return on investment for students and institutions by program
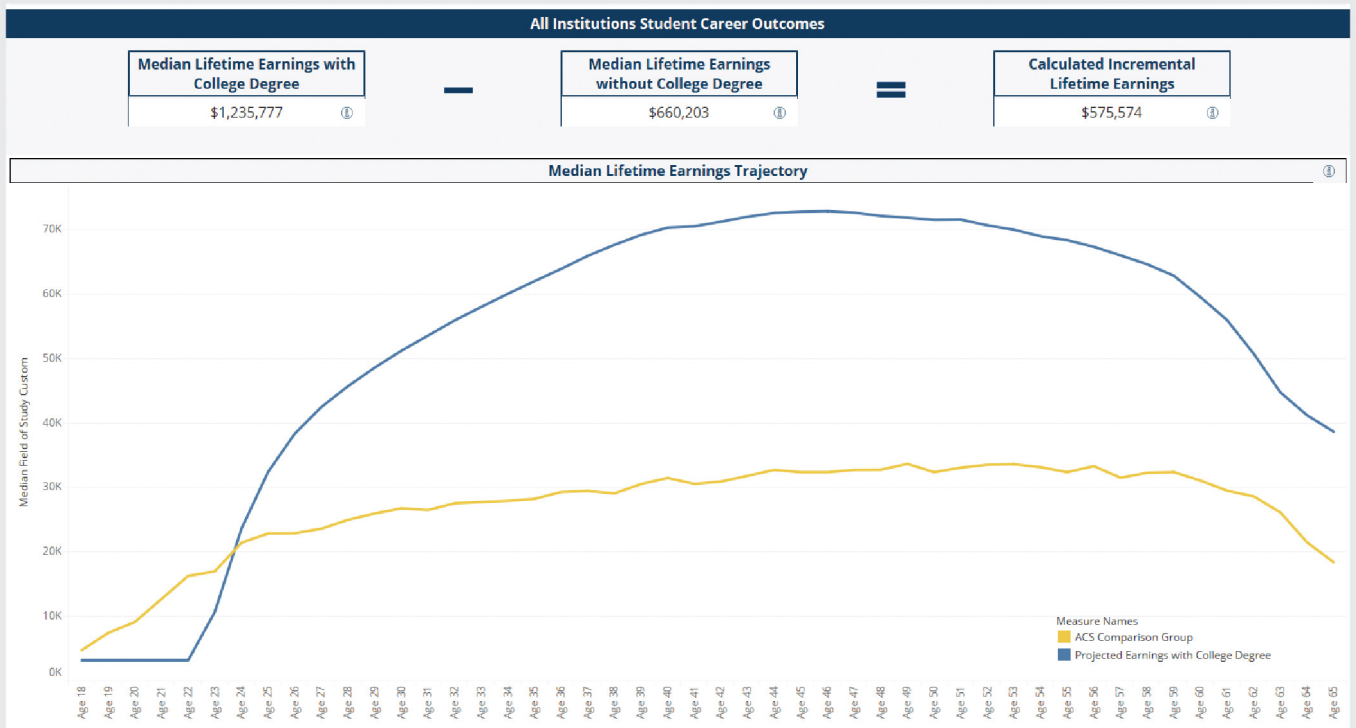
Source: University of North Carolina System, *University of North Carolina System Evaluation of University Programs*, November 20, 2023.

Public skepticism about the real value of higher education continues to rise, including among college graduates

Two in five bachelor's graduates regret their degree attainment

In the past decade, the share of Americans expressing high confidence in the value of higher education fell sharply, from 57% to 36%.

— Gallup

For higher education institutions to regain public trust and demonstrate their value, they should align their offerings with the demands of the labor market, leading to better outcomes for graduates and improved ROI.

Universities could consider proactively extending continuing education programs, catering to adult learners pursuing new skills to escalate their career trajectory, or finetuning existing competencies to stay current with technological advancements, broadening their career horizons. Other considerations could include universities offering online degree programs tailored for those seeking a swift entry into the job market, enabling them to simultaneously work and learn and substantially reduce their debt obligations. Regardless of the solution, it is critical for colleges and universities to thoroughly appraise the needs of their student stakeholders, devise programs that cater to these needs, and provide a more lucid and comprehensive account of the costs and outcomes associated with these programs.

Several state legislatures, including Ohio, Colorado, and North Carolina, are working to improve transparency about the cost and outcomes of college degrees.[15] To win back the public's confidence, the higher education sector should define a set of measures that encompass not only economic outcomes but also civic outcomes and the benefits of lifelong learning.

INSTITUTIONS TO WATCH

- Some states now require state institutions to demonstrate that their programs have a positive ROI. The North Carolina General Assembly recently required the University of North Carolina System to study the ROI of its educational offerings to its graduates. This study, published in November 2023, found that 94% of the system's undergraduate and 91% of its graduate programs resulted in a positive return on student investment. Publicly available dashboards offered by the system show the ROI for students and institutions by program. In all, University of North Carolina System bachelor's degree holders earn a median lifetime amount of US$1.2 million—about US$572,000 more than

those without degrees, leading to a nearly US$500,000 median ROI. Graduates with advanced degrees fare even better, earning a median of US$2.1 million, resulting in more than US$930,000 in ROI.[16]

- At the national level, the 2025 Carnegie Classifications prepared by the Carnegie Foundation and the American Council on Education (ACE) aim to "create a more robust picture of higher education across the United States and make visible those institutions that demonstrably accelerate educational and career opportunities for students," said Timothy Knowles, president of the Carnegie Foundation, in an article published on the

ACE website.[17] The 2025 classifications will include a new universal Social and Economic Mobility Classification that will group institutions by a variety of student characteristics and student outcomes.[18]

- Accrediting bodies also are getting into the game. The Higher Learning Commission is mobilizing to accredit credentials as well as degrees.[19] The Postsecondary Commission, an emerging accreditor, is building an accreditation model focused on student outcomes, including earning power and economic mobility.[20]

As we look ahead, the sector should think critically about how it measures and communicates outcomes and ensures that success is available to all students, regardless of their backgrounds. Only then can higher education reclaim its rightful place as the great equalizer—a catalyst for social mobility and a cornerstone of society.

Who will be president? Higher education's accelerating leadership crisis

College presidents today must steer their institutions through numerous challenges, including financial stress, rising criticism of diversity, equity, and inclusion initiatives, heightened focus on student ROI, and mounting pressure to respond to a host of domestic and geopolitical incidents. Amidst these challenges, they must also manage immense pressure from students, faculty, staff, donors, politicians, board members, alumni, and local communities.

The increasing polarization of the political landscape, exemplified by the December 2023 Congressional hearings on institutional reactions to the Israel-Hamas war, highlights the tightrope higher education leaders must walk. A deepening divergence of views on the value and function of higher education in society further contributes to an atmosphere of uncertainty.

These factors may lead to a talent crisis at the senior executive level in higher education, driving some presidents to step down while deterring potential leaders from stepping into the role. The average tenure of university presidents continues to decline—between 2006 and 2022, it fell from 8.5 years to 5.9 years.[21] A recent American Council on Education study indicates that 55% of presidents plan to step down from their positions within the next five years.[22]

The shortage of willing leadership talent affects virtually every aspect of the academic enterprise, and inadequate succession-planning and leadership cultivation further reduce the pool of potential leaders. In 2023, ACE reported that 59% of presidents were not actively preparing a successor for their positions.[23] Fewer than 30% of institutions cited had a plan for future presidential searches, and just 14% had a temporary succession plan.[24]

The same report suggests that 54% of college presidents come from an academic background.[25] However, relatively few candidates with academic backgrounds are fully equipped to handle the political maelstrom of the modern university presidency. On the other hand, external candidates who have developed their leadership skills in business, politics, or government may be ill-prepared to navigate the complex internal environment of faculty governance and accreditation.

Higher education boards must develop a broader understanding of trends in the field to ensure that the leaders they hire are equipped to guide their institutions through a period of tumultuous change. Their role in establishing

policies to shape the talent pipeline and their ability to hold executive leaders accountable for succession planning is essential.

Given the increasing pressure on higher education leaders, boards must also plan for the likelihood of unexpected departures. Each board's executive committee should:

1. Identify potential successors from within the institution and develop their capabilities to maintain the continuity of strategic initiatives in the case of an unexpected leadership exit.

2. Use external training and mentoring programs to offer development opportunities for executive leaders. This should include ongoing mentoring and training for the board, the president, and those in the talent pipeline.

3. Ensure that presidential search committees look for leaders from culturally *and* professionally diverse backgrounds. Candidates with varied perspectives and experiences can lead to more inclusive and effective decision-making, better representation of diverse student bodies, and improved institutional reputation.

4. Establish a support system for the selected candidate. Given the many requirements for today's presidents, nearly every candidate will require assistance from team members with complementary perspectives or through mentorship.

Presidential transitions, particularly frequent ones, can threaten to disrupt the institution's pursuit of its strategic goals. Therefore, the board needs to ensure that these transitions are managed proactively and smoothly, minimizing disruptions to operations. It is critical to define

Figure 3

The average tenure of college presidents continues to decline

Average time in current presidential position, in years: Selected years 2006–2022
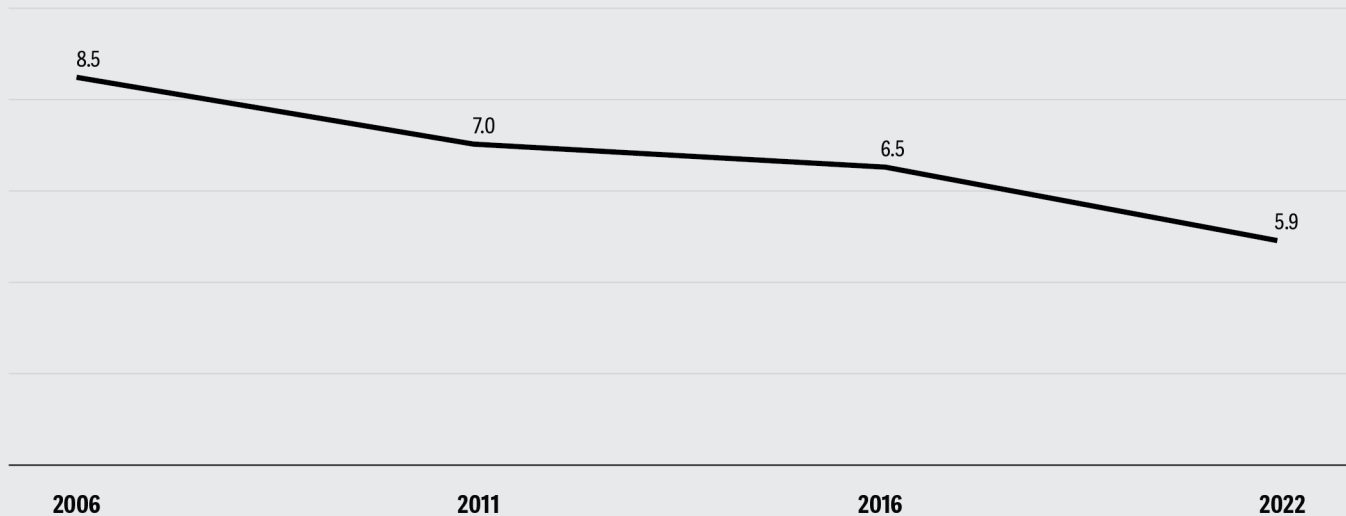
Source: American Council on Education, *The American College President: 2023 edition*, April 14, 2023.

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the lines between board governance, faculty governance, and managerial decision-making and to educate board members to serve as both partners to management and as an oversight body. Boards should maintain a realistic perspective about the time required to achieve change in higher education and must balance the need for quick wins with a long-term strategy.

The pressing crisis in higher education demands urgent action. Boards must take an active role in identifying and nurturing potential successors both from within and outside the higher education sector. This requires comprehensive contingency and succession plans and robust support during presidential transitions. The future

health of higher education hinges on its ability to ensure a consistent pipeline of competent, prepared leaders ready to take on demanding roles.

Even seasoned board members may find themselves ill-equipped to govern their institutions effectively due to the intricate dynamics of the higher education sector. To rectify this, trustees should actively seek opportunities to broaden their knowledge and understanding of the sector. By doing so, they can garner the crucial insights needed to navigate the challenges and issues unique to higher education, ultimately becoming more effective in their roles.

INSTITUTIONS TO WATCH

- To continue to watch trends in the college presidency evolve, follow **ACE's** *American College President study*. This seminal report offers a comprehensive view of the state of the college presidency, including an in-depth view of the demographics, challenges, and experiences of college presidents.

- Recognizing the need to cultivate leadership abilities, interdisciplinary thinking, and entrepreneurial behaviors across the institution, Arizona State University's **Leadership Academy** offers a year-long training program for ASU faculty and staff with the goal of developing a university-wide pipeline of future leaders.

- Arizona State University, in partnership with Georgetown's Institute for Transformational Leadership, also runs the **Academy for Innovative Higher Education Leadership**, a national leadership development program for leaders who are called to solve the complex issues facing colleges and universities.

A new playing field: The changing landscape of college athletics

College athletics have long been a source of pride for the school and the surrounding community. New policies and practices are rapidly changing the college athletics landscape. Property rights in player name, image, and likeness, as well as the growing role and influence of donor groups, the use of transfer portals, conference realignment, and Division I membership changes, are increasing the professionalism of college sports and leading to serious conversations about the future of student-athletes.

The question of employee status has gained steam with the National Collegiate Athletic Association President Charlie Baker's December 2023 release of proposed Division I membership changes.[26] Under these proposals, Division I schools would be able to create name, image, and likeness deals with players. Additionally, a new Division I subdivision would allow some colleges to pay players through a trust fund. According to one recent report, this would imply an average investment of US$7 million to US$10 million annually for participating schools. In a recent interview, Baker said, "This is a conversation we need to have … We need to have it and get somewhere with it."[27]

While much of the focus is on Division I athletics, these trends will likely impact smaller schools and Division II and Division III schools that do not have the means in terms of experience and funding to sway top athletes to their schools. This could result in these schools reducing their programs to club sports and having to make tough decisions about what sports they can continue to fund.

University presidents should be in the conversation

These and other proposals will continue to be discussed and debated, but university presidents need to have a comprehensive understanding of these issues regardless of the outcome. Presidents and their leadership teams should be prepared with risk mitigation strategies and be ready to take decisive action in partnership with other university officials, the National Collegiate Athletic Association (NCAA), their conference leaders, and state legislators.
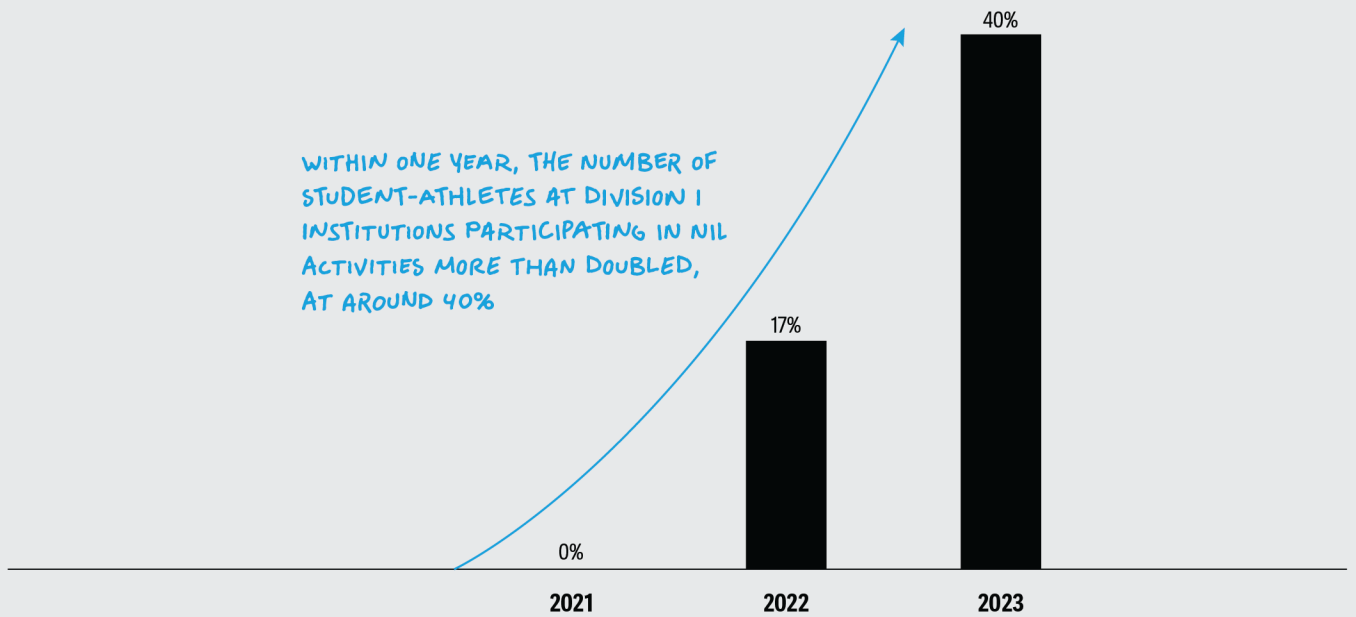
Historically, decisions regarding intercollegiate athletics have rested largely with athletic directors. However, university presidents must be involved in guiding their programs' future.

Presidents must be ready for the significant strategic and operational changes that will likely arise if student-athletes are classified as employees. Clearly, changes are coming, though their shape and extent are largely undetermined. Presidents should be prepared to deal with the potential implications of professionalism in college sports; if not, it is possible that the courts, the NCAA, and legislators will decide matters without their input. Planning for this transformation while maintaining the integrity of an institution's sports programs and core academic mission will require action on several fronts:

Clearly define the president's role in collegiate athletic programs: Public perceptions and threats of litigation are driving change in collegiate sports. In this environment, university presidents should assist

Figure 4

Division I student-athlete participation in name, image, and likeness (NIL) activities more than doubled in the first year

WITHIN ONE YEAR, THE NUMBER OF
STUDENT-ATHLETES AT DIVISION I
INSTITUTIONS PARTICIPATING IN NIL
ACTIVITIES MORE THAN DOUBLED,
AT AROUND 40%

0%

17%

40%

2021   2022   2023

Source: Bill Carter, "Seven data points that will tell the story of NIL in 2023," *Sports Business Journal*, January 17, 2023.

athletic leaders in making decisions in the institution's best interest. In evaluating the president's role in athletics decisions, the following questions must be considered: When should the president be consulted? What relationships should the president have with the NCAA, their conference leaders, and state legislators? How and when should the president be the decision-maker? In conjunction with the governing board, in-house counsel, and strategic communications teams, presidents should define their roles and develop plans for decision-making, risk mitigation, and crisis management.

Plan for financial impacts: The NCAA's proposed changes would affect scholarship requirements, health insurance, and tuition assistance. The institution should account for such effects and devise appropriate mitigation strategies. While universities entering a new subdivision may receive more media revenue, the potential costs associated with paying student-athletes as employees will require a variety of changes in budgeting and planning. Presidents should work closely with their finance, human resources, and legal officers to plan for these changes.

Establish institutional guidelines for the financial support of student-athletes: NCAA proposals would provide institutions with flexibility in determining how to pay student-athletes. Decisions about this pay, as well as

student academics, wellness, and business guidance, will require guiding principles. Since the initial impact will predominantly be on football and men's basketball, the institution should also consider the continued need for gender equity policies. As commercial opportunities for athletes increase, presidents should ensure that they are available to all athletes, regardless of their sport, and that athletes are equipped with the knowledge and resources they need to thrive in this environment.

Develop approaches to support student-athletes' mental and physical well-being: Professionalization and increasing revenue in college athletics will bring new opportunities and added responsibilities. As more freedom is granted to college athletes, universities should support them in a complex commercial environment, helping them manage the opportunities and challenges that come their way. Conference realignment, for instance, would force student-athletes to travel more extensively, inevitably taking them away from classes and other campus activities, which could adversely impact their academic outcomes as well as their sense of belonging and being a part of the broader campus community.

Establish processes and governance around Title IX implications: These changes raise gender equity issues,

Figure 5

More than half of sitting college presidents plan to step down from their current position in the next five years

Anticipated time frame of stepping down from current position, weighted 2022

- Within the next year or two
- 3–5 years from now
- 6–9 years from now
- 10 or more years from now
- ◯ Don't know and prefer not to answer
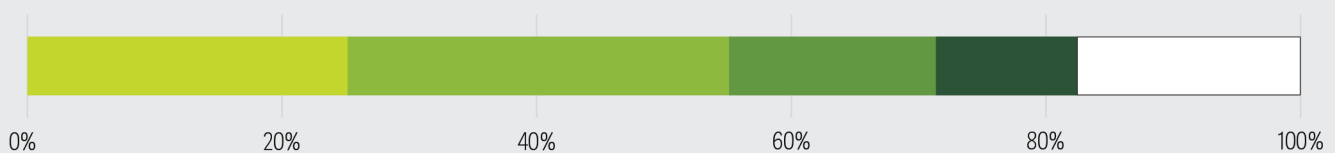
Note: Totals may not add up to 100 percent due to rounding.

Source: American Council on Education, *The American College President: 2023 edition,* April 14, 2023.

with football and men's basketball being the sports most affected by these changes. University leaders need to be proactive in their attention to this matter, the messaging to student-athletes, and practices that help ensure equitable practices when deals are brokered for student-athletes.

Develop long-term strategies for preserving the unique character of college athletics: The distinct culture, traditions, and experiences of college sports differentiate them from professional leagues. Preserving these characteristics in an evolving landscape will require strategies to prevent damage to the institution's connection with students, parents, alumni, donors, and community members. In addition, colleges need to look closely at student recruitment and retention in this new environment. Will prospective students at Division I schools still feel connected to the university? Will athletes at Division II and III schools get the support they need and the experiences they seek?

Profound change is coming to collegiate athletics. Institutions that mobilize their leadership teams to get ahead of it will be better positioned to manage the transition.

INSTITUTIONS TO WATCH

- The US Supreme Court ruling in the *NCAA vs. Alston* case in 2021 left unanswered questions about antitrust law implications for higher education institutions and their student-athletes. While the decision and the NCAA's policy changes that followed placed restrictions on compensation that student-athletes can receive unrelated to education, the debate continues.[28] *The House vs. NCAA* case, initially launched in 2020 by Arizona State University swimmer Grant House to challenge the NCAA's amateurism rules, remains one to watch. The ongoing case continues to reshape the landscape of college athletics and is expected to bring broad and sweeping impacts around the rights of student-athletes to profit from their names, images, and likenesses. A September 2023 federal court ruling paved the way for a class action suit from over 180,000 student-athletes that, if certified, could require the NCAA and defendant conferences to face damages between US$1 billion and US$3 billion.[29]

- As the NCAA rules continue to evolve, so too will the role of agents and marketers as managers of college athletes. These professionals will serve as the chief negotiators and brand advocates for individual players—who may well prize their individual brand over that of the university. This will inject a new level of commercial engagement and legal risk into institutions. Some institutions have tried to manage these relationships with university-appointed resources. Duke was an early adopter in this arena, hiring a general manager for the men's basketball team. Duke turned to a seasoned brand manager and charged her with "helping players enhance their personal and professional skill sets, capitalize on strategic partnerships, including NIL (name, image, and likeness) opportunities, and work to support players in navigating the opportunities and challenges that come with being a student-athlete at the highest level."[30]

- Some universities are at the forefront of what many believe to be an inevitable shift to reclassify student-athletes as employees. While the classification change could clarify name, image, and likeness issues that many student-athletes and institutions struggle to navigate, it would completely disrupt the current landscape. The Dartmouth College men's basketball team continues to edge closer to becoming the first unionized team in college sports. In February, a National Labor Relations Board regional official ruled that Dartmouth's athletes were employees and eligible to unionize. In March, the players voted 13-2 to unionize. Shortly after the historic vote, the college released a statement pushing back against the accuracy of the decision that enabled the vote—classifying the student-athlete experience as the educational experience. They are expected to file an objection—and the case will be one to watch.[31]

- The University of Michigan is a leader in student-athlete mental health. In 2015, they piloted Athletes Connected, a collaboration between the University of Michigan Athletics, the School of Social Work, and the Eisenberg Family Depression Center. From restorative yoga sessions to prevention, performance, and clinical care services from their Athletics Counseling Team, the program takes a holistic approach to well-being and support.[32] They also offer a **program manual** complete with resources and guidance for peer institutions looking to launch similar initiatives.

The future of AI in higher education: Embracing disruptive innovation

The rise of AI, especially the arrival of generative AI, which can produce a wide variety of media, has ushered in a new era of disruption. While the origins of AI can be traced back to the mid-20th century, the launch of ChatGPT in November 2022 thrust the technology—and the debate on its promise and peril—into the public consciousness. "The next 25 years will be known as the period where we started to work with machines in a way that accelerates human thinking and capabilities," observes Eric Horvitz, Microsoft's chief scientific officer, in a Microsoft WorkLab podcast.[33]

The debut of ChatGPT was unprecedented, with 100 million users signing up within just two months.[34] This adoption rate, which exceeded even the most optimistic predictions, demonstrated the widespread popularity of this transformative technology. The popularity of large language models has triggered a reassessment of the potential applications of AI across all sectors, including higher education. While an overwhelming majority of higher education faculty and administrators believe that gen AI will impact their institutions in the next five years, far fewer—just one in five—believe their institution is prepared for this change.[35]

Higher education can adapt and use generative AI, in concert with human judgment, across the entire academic enterprise, from shaping curricula and transforming core operations to performing routine business tasks more efficiently.

Leaders at the forefront of AI integration are considering the impacts on three distinct fronts:

1. *Curriculum evolution*: As academic programs evolve, colleges should consider how to prepare students to work alongside AI, capitalizing on its strengths and critically evaluating the appropriateness of its applications. This transition underpins the need for higher education to foster fundamental human skills, including critical thinking, creative problem-solving, and communication, which will be essential to complement AI-driven tasks.

2. *Enhancing core operations*: AI integration into core operations like teaching, learning, and community service will enable faculty and staff to strengthen human interventions, offering students highly personalized and accessible assistance at scale. AI integration will also enable the delivery of lessons and materials conducive to individual learning styles, catering to each student's unique needs and preferences.

3. *Streamlining routine tasks:* By using AI to carry out everyday business tasks, institutions can unlock opportunities to reduce costs and increase efficiency. Rule-based and routine activities and processes are ideal for AI assistance, enabling staff to reallocate time for more creative, specialized, and personal tasks that positively impact the institution.

Effective governance will be critical in the integration and management of generative AI. Robust governance structures are needed to ensure data integrity, guide AI development and deployment, and monitor risks. As the technology matures, campus governance committees can shift to overseeing crucial activities and risk management related to AI, establishing controls for its ethical and trustworthy use.

Successfully managing the change associated with adopting gen AI on college campuses will be integral to success. The introduction of AI signifies a substantial shift in the operational paradigm that could be met with resistance from faculty, staff, and students alike due to fear of the unknown or perceived complexity. Change management can help address these concerns by facilitating a smooth transition.

Figure 6

Although most faculty, administrators, and trustees expect AI to impact higher education in the next five years, very few believe their institution is ready for this shift

● A massive amount of change   ● Considerable change   ● A moderate amount of change

How much will AI tools change your institution over the next five years?

	All admin	All faculty	Trustees two year
A massive amount of change	7%	10%	8%
Considerable change	27%	31%	38%
A moderate amount of change	42%	40%	37%

Respondents who agreed that their institution is prepared for AI-related changes

All admin: 23% (4 years), 11% (2 years)
All faculty: 23% (4 years), 16% (2 years)
Trustees two year: 36%
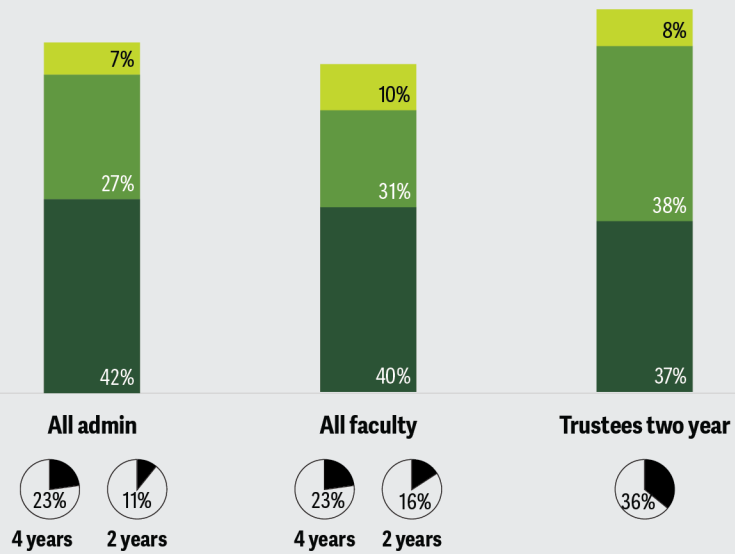
Source: Cengage and Bay View Analytics, *2023-2024 Digital Learning Pulse Survey*, February 6, 2024.

Perhaps more important, however, is a focus on providing training and learning experiences for staff and faculty across the university, building an understanding of where generative AI is showing up in our interactions even today, what the emerging use cases are, and how individuals can evaluate appropriate and ethical uses for gen AI. Careful and consistent attention here will be necessary to integrate AI into the campus culture, enhancing the learning experience, improving administrative efficiency, and fostering innovation in a way that is inclusive and well-received. A core element of these guidelines must focus on evaluating and establishing the third-party partnerships needed to keep pace with generative AI's evolution. Guidance aligned with the institution's mission will allow for rapid innovation within ethical parameters.

We are on the brink of a new era defined by the augmentation of human intelligence with generative AI. Leaders across sectors face the challenge of embracing the benefits this technology offers while preserving and enhancing human potential. Higher education is uniquely suited to serve at this moment by helping to envision a future in which society trusts humans and machines to work together while leveraging the promise of generative AI to make education more accessible and affordable for all.

INSTITUTIONS TO WATCH

- Third-party players will continue to influence higher education's options in the generative AI arena. Keep an eye on long-standing players such as MainStay, which is expanding its successful student engagement tools into the employee space.

- In January 2024, Arizona State University announced a new collaboration with OpenAI. The partnership involves an AI Innovation Challenge for faculty and staff and seeks to define how the power of AI can be used in higher education in service of institutional mission. As Arizona State University Chief Information Officer Lev Gonick explains in an article published in ASU News, "The goal is to leverage our knowledge core here at ASU to develop AI-driven projects aimed at revolutionizing educational techniques, aiding scholarly research, and boosting administrative efficiency."[36]

- Long before the popularity of large language models, Georgia State University conducted a research study to explore how AI could support high school students as they navigated tasks and decision points on the road to college. In 2018, their team found that individualized outreach and support enabled by AI—from Free Application for Federal Student Aid completion to questions about orientation programming—reduced summer melt by 21%.[37]

- The birthplace of AI, Carnegie Mellon University, continues to champion and apply the scientific method they teach their students to drive innovation across the institution. Their interdisciplinary approach includes the Simon Initiative, which leverages cognitive tutors and courseware to improve student learning outcomes. Carnegie Mellon University's Eberly Center for Teaching Excellence and Educational Innovation helps embed AI across the curriculum, working closely with instructors on course design and pedagogy, incorporating AI with purpose and intent.[38]

At the academic core: The rising influence and risks of public-private partnerships in higher education

Public-private partnerships have brought about significant changes in the delivery of educational services, combining the unique strengths of public and private entities to enhance the overall educational experience. Historically, these partnerships were largely confined to nonacademic sectors such as food services, power generation and distribution, parking, and bookstore management. More recently, however, they have begun to permeate the academic core.

Higher education leaders increasingly recognize the value of collaboration with the private sector, regarding these partnerships as a key resource. In a 2023 *Chronicle of Higher Education* and P3•EDU survey, 74% of respondents said these partnerships provide unique competencies and superior services compared to in-house alternatives.[39] Such relationships can provide specialized expertise and resources, generating considerable cost savings and improved efficiencies. They can augment the school's competitiveness by broadening the range of courses and programs available to students and improving its operations without significant capital investment. Public-private partnerships can also foster community engagement through collaborations with local businesses, community groups, or social initiatives.

However, public-private partnerships also carry certain risks that require regulation and careful management, particularly when they involve the core mission of teaching. The US Department of Education's Dear Colleague Letter GEN-23-03 spotlighted the critical importance of managing risk as a collective responsibility of the organization, emphasizing the necessity of cooperation,

clear communication, and shared accountability across institutions. It underscored the need for due diligence, monitoring, and adequate controls.[40]

As these partnerships become more common, it is crucial that institutions carefully evaluate the associated risks. These lie primarily in three critical areas: financial implications, reputational risk, and quality of education.

Financial implications

Outsourcing or co-sourcing through public-private partnerships can yield revenue and savings. However, these benefits are not always achieved due to factors such as market changes, cost fluctuations, disadvantageous contract terms, and regulatory shifts. The complex coordination between public and private entities can also lead to increased administrative costs, potentially offsetting any projected savings.

Frequent changes in higher education leadership can add another layer of complexity, bringing new emphases and directions that may not align with existing contracts. Such leadership transitions necessitate a delicate balance between honoring existing commitments and steering the organization toward new objectives—a task that becomes even more challenging when the contracts affect day-to-day operations and strategic goals.

The success of public-private partnerships should not depend solely on a single individual. Before entering into such an agreement, it is essential to ensure buy-in from *all* parties involved, including the wider institution and board.
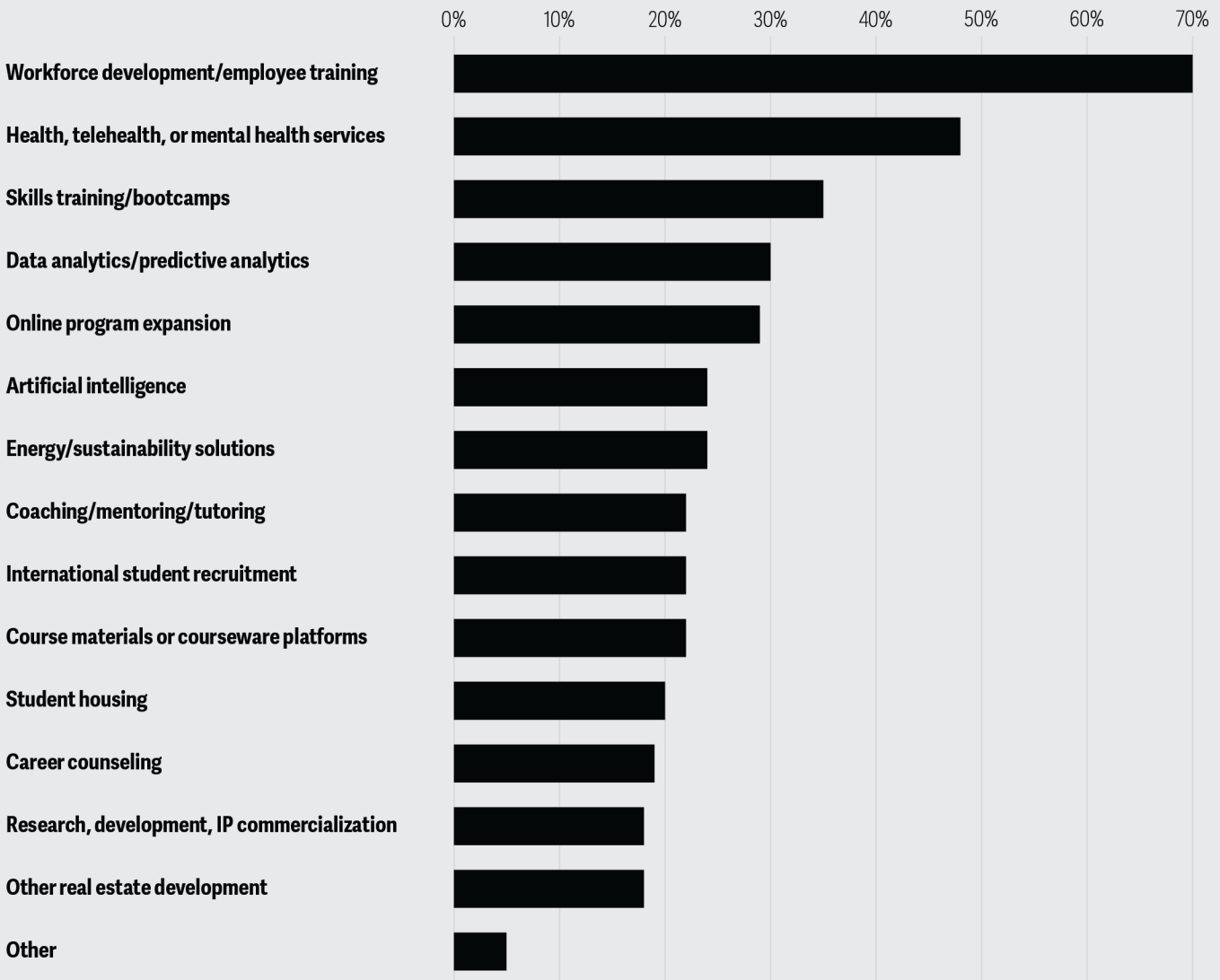
In a 2023 *Chronicle of Higher Education* and P3•EDU survey, 74% of respondents said these partnerships provide unique competencies and superior services compared to in-house alternatives.

Figure 7

Higher education leaders increasingly recognize the value of collaboration with the private sector and express interest in pursuing public–private partnerships across a broad range of areas

Areas of interest in partnering with private companies

Area	0%	10%	20%	30%	40%	50%	60%	70%

Workforce development/employee training

Health, telehealth, or mental health services

Skills training/bootcamps

Data analytics/predictive analytics

Online program expansion

Artificial intelligence

Energy/sustainability solutions

Coaching/mentoring/tutoring

International student recruitment

Course materials or courseware platforms

Student housing

Career counseling

Research, development, IP commercialization

Other real estate development

Other

Source: The *Chronicle of Higher Education* and P3•EDU, 2023 Public-Private Partnership Survey.

To ensure there is the appropriate awareness and buy-in, some institutions have found it effective to leverage their enterprise risk management programs, specifically through the enterprise risk assessment process, to identify, assess, prioritize, and manage risks associated with public-private partnerships. This process ensures that these risks are elevated to college and university leadership and board at the right time and, when positioned correctly, can enable these partnerships to become sustainable and contribute to long-term success. While a change in leadership might pose challenges, it can also allow for the evaluation and possible restructuring of the relationship to align with the new vision. New leaders should approach these inherited relationships with an open mind, acknowledging their value while being willing to adjust as needed to ensure they remain beneficial to all parties involved.

There is also a risk of regulatory noncompliance if the partnership does not adhere to relevant laws and standards. Any deviation from such standards can lead to severe consequences, including legal penalties and loss of reputation. The reputation of an educational institution is one of its most valuable assets, and any loss of trust among students, faculty, and the wider community can hinder its future growth and success.

For this reason, institutions need robust systems and service-level agreements to monitor the partnership's performance and conduct and to take prompt action if any issues arise. This can take the form of college and university central compliance programs and integrating the relevant laws and standards of public-private partnerships into the monitoring cadence to reduce the risk of noncompliance.

Reputational risk

If a public-private partnership fails to deliver a crucial service, it can create disruptions that could significantly affect students, faculty, and the entire institution. Such disruptions can vary widely, from issues arising in online learning platforms to problems with campus services provided by partners.

Quality of education

Any failure by a private service provider involved in the delivery of academic programs can jeopardize the institution's accreditation status, resulting in reduced student enrollment and ineligibility for federal financial aid. Institutions must ensure that their public-private partnerships comply with the standards set by their accreditation bodies.

INSTITUTIONS TO WATCH

- The US Department of Education is expected to release new guidelines for how higher education institutions can work with online program managers and other external providers. The federal policy changes could have broad and sweeping impacts—from potential shifts to fee-for-service models to further consolidation in the online program management market.[41] As many online program management projects face headwinds, their higher education partners are making changes to their agreements–sometimes taking dramatic steps to end relationships.

- For some institutions, on-campus housing shortages pave the way for public-private partnerships. The University of Michigan has embarked on the largest third-party development project in student housing, partnering with American Campus Communities to construct five new residence halls and a dining facility anticipated for completion in 2026. The project—worth over US$630 million—will require the university to reimagine its central campus to ensure that all new construction will earn LEED Platinum certification and advance its plans to achieve carbon-neutrality.[42]

- At Georgetown University, public-private partnerships have been a powerful tool to advance the university's sustainability commitments. In 2021, Georgetown launched a sustainable utilities partnership with energy services provider ENGIE North America and portfolio management firm Axium Infrastructure to support efforts to reduce energy-use intensity, increase their share of renewables, and mitigate their carbon footprint.[43]

As public-private partnerships continue to evolve, they offer promising avenues for enhancing the quality of higher education, increasing efficiencies, and fostering community engagement. However, these relationships must be created with a thorough understanding of the inherent risks and approached with collective responsibility, clear communication, and shared accountability. With robust monitoring systems and a willingness to adapt, public-private partnerships can contribute to the long-term success of educational institutions.

A call to action

Higher education institutions face complex issues that require them to adapt and evolve. This requires cultivating leadership from diverse backgrounds, reevaluating existing models, and embracing innovative practices. The primary mission of higher education is to deliver high-quality education and contribute to societal progress. To fulfill this mission today and in the future, institutions must be willing to challenge the status quo, take risks, and innovate. This is a call to action for universities to seize control of their future. We encourage you to take the lead in shaping this future.
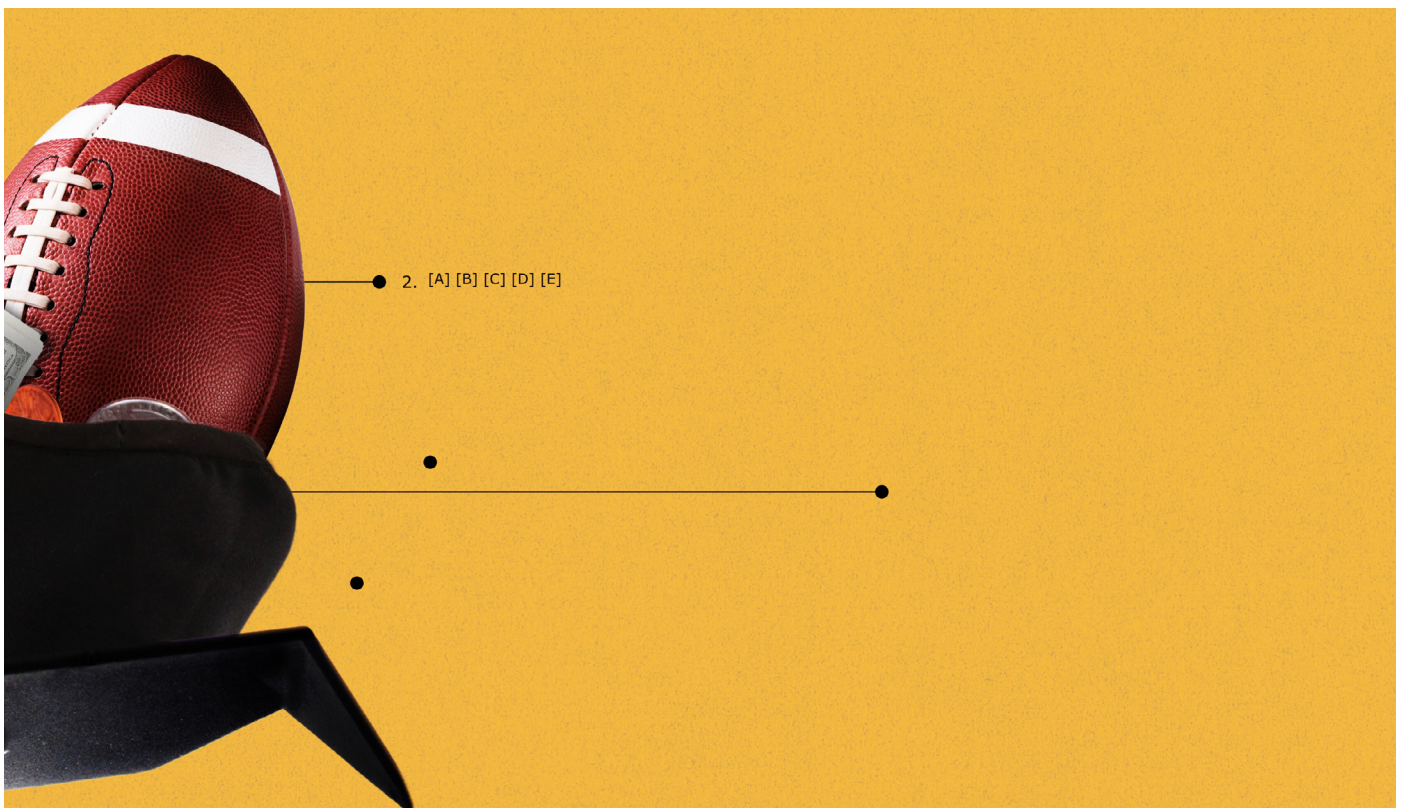
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