



# Starting from Scratch

HOW HIGHER EDUCATION NEEDS TO CHANGE ITS CONTRACT WITH ITS STUDENTS

Heather Payne  
BCNET

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# Imagine this.

You've just graduated from college.

No job.  
Rent is due in three days.

And so is your next student loan payment, because  
you owe \$28,000 and your grace period is over.

That \$30K?

**An investment.**



# But does it feel that way?

What if the amount you owe isn't  
\$30,000, but \$50,000? Or \$70,000?

# What if it takes you 21 years to pay off your debt?

What if you're still making payments when you have  
kids and want to buy a house?

**How does that make you feel about  
your so-called “investment” in your  
future?**



# Hi, I'm Heather

**And I'll tell you how it made me feel.**

I spent \$100,000 on my education.

And then moved to a big new city.

# First day on the job

I got a call from my new boss, asking  
me to fetch him...

*A new toothbrush.*



**With my fancy business degree, the  
only job I had been able to find was a  
role as an Executive Assistant.**

I don't know what I  
expected, but it wasn't what  
I got.

And it definitely didn't require a university degree.

Question:

**Who here felt  
over-qualified for  
their first job out  
of school?**

Keep your hand up if:

**Your first job out  
of school really  
didn't require a  
degree at all?**

College isn't designed for students.

# Only a broken system would allow this.

An 18 year-old to borrow \$30,000 or more to major in film, English, history or even business with no idea what their job prospects would be post-graduation?

Asking students to take on tens of thousands of dollars a year in debt is asking them to take a huge risk, and it's not one young people are equipped to take.

# Let's talk statistics

We've all heard the statistics about the  
student debt crisis.



Collectively, 44 million  
Americans owe \$1.5 trillion  
in student loans.

Making it the second highest consumer debt  
category, outpacing credit card debt and second  
only to mortgage debt.

**In Canada, student loan  
debt is \$28 billion, or \$757  
for every Canadian.**

A few months ago, the Canadian government wrote off \$163 million in student loans that they just don't expect to collect – the fourth write-off in five years.

# Debt isn't our only problem.

It's just the one most likely to cripple  
our economies. 😊

**Our higher education system has its  
origins in medieval Europe.**

**The 'liberal arts' were seen as the subjects considered necessary to thrive in society.**

***Ancient Greece.***

It's no wonder higher  
education seems  
increasingly out of touch  
with the actual practical  
needs of students today.



Let's talk about the cost.

**It's up 213% between 1988  
and 2018.**

**Over a similar period, tuition  
increased 8 times faster than wages.**

# I'm happy I'm Canadian.

Students in America spend about twice as much as the average developed nation.

Only about 40% of full-time students at four-year schools actually graduate in four years.

And even worse – only 5% of community college students get their two-year degree in two years.

When they do finish, more than 40% of college graduates take a job that didn't require a degree.

And 75% of those people will be stuck in those lower paying jobs a decade later.

# Those who land good jobs aren't even prepared

Only 42% of employers say that recent college grads have the work ethic and professionalism they need to succeed.

If you started from scratch to design a system that would prepare young people to become happy, productive members of society, there's no way you would end up with today's higher education system.



**Not. Even. Close.**

# So many aspects are irrational and badly designed.

Take summer break. It's leftover from when young people were needed on the farm, but it's still around because professors and staff like having the summers off.

For students with well-connected parents (or those who get lucky!), a resume-padding internship can lead to better future job prospects.

For the rest of us, a summer spent making minimum wage only slows down the process of getting a degree.

Summer 2006

Became an expert filer.

# Let's talk about diversity

Higher education doesn't support or serve diverse populations very well.

# White students hold almost 2/3 of seats at selective public colleges

That's despite the fact that they make up just over half of the college-age population.

Meanwhile, Black and Latino students make up 36% of the college-age population, but hold only 19% of seats.

Black students are actually  
less represented at selective  
colleges today than they  
were 10 years ago.

We are not making progress.

**This “separate and unequal ‘two-tiered’  
system reinforces white racial privilege and  
marginalizes Black and Latino students.”**

- GEORGETOWN CENTER ON  
EDUCATION AND THE  
WORKFORCE



So much for the promise of  
meritocracy.

A woman with glasses and her hair in a bun is focused on her laptop in a modern office. Other people are blurred in the background, and a coffee cup is on the desk. The text "Higher Ed, Redesigned" is overlaid in the center.

# Higher Ed, Redesigned

**Let's say you were going to redesign the higher education system from the ground up.**

College X

First, let's tackle the revenue  
model.

# Today, students take on all the risk.

They receive a tuition bill and they have to pay it, through savings or a loan or with help from family. They have to pay it whether or not the education they're about to receive will be any good. They won't even know if it *was* any good until after they graduate, when they've already paid in full. It's not like they can ask for a refund.



# So here's a radical idea: let's make tuition just \$1 upfront.

We'll give students the opportunity to sign an Income Share Agreement. With this agreement, students will only pay \$1 until they land a high paying job making at least \$50,000 a year. At that point, they'll pay College X 17% of their gross monthly income for 24 months.

# Meet Rachael

Upfront tuition: \$1

Salary upon graduation: \$50,000

Monthly payment: \$708

Total paid after 24 months: \$17,000





**If Rachael never lands a job making more than \$50,000, she never pays. If she loses her job or takes time off to spend with children, payments pause. And after five years, no matter how many payments she's made, she doesn't pay another cent.**

# Income Share Agreements align incentives.

When students win, schools win. The more a student makes, the more the school makes. The quicker a student finds a job, the sooner the school starts getting paid back. And if students get raises during their payback period, the school makes more – incentivizing the exact behaviours we'd all like to see from our Career Services Departments.

*And if College X does a really  
great job?*

**With most Income Share Agreements, there's a cap. At College X, a student will never owe us more than \$30,000. A student would only owe that if they were making almost \$90,000 – and that's straight out of school.**

**If that was a student's result, honestly, I'd take the money, bonus all the staff and give ourselves a pat on the back.**

# The opportunity for Income Share Agreements is huge.

We can train students in any vocation where there is employer demand and starting salaries are expected to be over \$50,000. There are 25 schools in the US currently offering Income Share Agreements, and by the end of the year, there will be 100. This is the future of our industry.

**“Once you’re 10x better, you escape competition.”**

- PETER THIEL  
ZERO TO ONE: NOTES ON  
STARTUPS, OR HOW TO  
BUILD THE FUTURE

**A model where a student pays just a dollar until they're employed is easily 10x better than today's model.**

Suddenly, education is accessible to anyone, and anyone can learn, without worrying about a dime of debt.

With this model, you only pay when higher ed works for you. No more risk.



Revenue model: ✓

Let's move on to everything else.

# **Bloom's 2 Sigma & Mastery Learning**

Bloom's 2 sigma problem refers to an educational phenomenon observed by educational psychologist Benjamin Bloom and initially reported in 1984 in the journal *Educational Researcher*.

Bloom found that the average student tutored one-to-one using mastery learning techniques performed two standard deviations better than students who learn via conventional instructional methods.

**The average tutored student was  
above 98% of the students in the  
control class.**

# One-to-one tutoring is too costly to be possible at scale

But Bloom suggested that a combination of two or three altered variables may result in a similar performance improvement. Bloom thus challenged researchers and teachers to "find methods of group instruction as effective as one-to-one tutoring".

Lectures ain't it.

# Let's look at the length of our programs.

Why are all programs the exact same duration?

That makes no sense. The length of a program should be directly related to how long it takes to build employable skills.



I can't imagine a single vocation  
in which four years of full-time  
learning is required for an entry-  
level job.

Programs should last weeks  
or months, not years.

**And when students finish  
their program but aren't  
quite job-ready, the  
perfect school would offer  
additional courses to level  
them up, at no extra cost.**

# What about mental health?

It's neither an exaggeration nor is it alarmist to claim that there is a mental health crisis today facing our university and college students.

# The mental health crisis

Evidence suggests that today's university and college students have greater levels of stress and psychopathology than at any other time in history.

- 95% OF COLLEGE COUNSELLING CENTRE DIRECTORS SAY THE NUMBER OF STUDENTS WITH SIGNIFICANT PSYCHOLOGICAL PROBLEMS IS A GROWING CONCERN
- A 2013 SURVEY FOUND 57% OF WOMEN AND 40% OF MEN REPORTING EXPERIENCING EPISODES OF "OVERWHELMING ANXIETY" IN THE PAST YEAR
- THE AMERICAN FRESHMAN SURVEY FROM 2012 FOUND THAT 30% OF COLLEGE FRESHMEN REPORTED FEELING FREQUENTLY OVERWHELMED
- COMPARING ACROSS GENERATIONS IS DIFFICULT, BUT ONE STUDY FOUND THAT THE AVERAGE HIGH SCHOOL STUDENT IN 2000 HAD THE SAME LEVEL OF ANXIETY AS THE AVERAGE PSYCHIATRIC PATIENT IN THE 1950S



A group of seven diverse students are gathered in a modern, open-plan environment, possibly a library or a common area. They are all smiling and looking towards the camera, creating a warm and collaborative atmosphere. The students are dressed in casual to semi-formal attire. The background shows a bright, airy space with large windows and modern architectural elements.

# At College X, students learn in cohorts

Spending their entire program with the same 40-70 people. It allows students to form bonds, build a community, access peer support and build skills. It's easily 10x better than learning with a new group of people for every course, most of whom you'll never even speak to.

Even better, team-based learning has been shown to improve students' comprehension of course material. Cohorts are win-win.

**Let's start new cohorts  
at many points  
throughout the year,  
not just September.**

Summer break serves almost no one, so students graduating from high school might prefer to start in July, and someone who is laid off in February won't want to wait for valuable re-training.



# At College X, students can apply when they want.

For any cohort starting within the next year. And once they start, they keep working intensively, with no breaks except school-assisted Co-ops, until they graduate. We're minimizing wasted time.

# At College X, Career Services will be really busy.

They won't just share handouts full of out-of-date resume tips, they'll actually book interviews. Plus, they'll teach grads how to conduct a job search, improve their resumes and cover letters, complete mock interviews and more.

They'll negotiate every salary, on each student's behalf.

Plus, since schools are paid back over two years, and paid more if students get raises, there's an incentive to actually help students in their first two years as an alumni.

Career services will be  
closely connected with  
employers.

Everyone at College X will be.

**There is NO POINT in training people in vocations where there is no employer demand.**

**By working closely  
with employers, we'll  
know when lessons or  
entire programs  
should be canned.**

We'll know because our placement rates  
will be affected (and yes, we'll keep and  
publish all that data for all to see).

# We'll also know when to spin up new programs.

We'll be able to move quick and create new programs on topics like Machine Learning, Data Science and Artificial Intelligence. Employers will tell us what they need, and within months we'll be able to make it happen.

**At College X, admissions aren't based  
on grades or your high school  
transcript.**



# Admissions are based on the skills actually needed to succeed in the program.

For example, students can join short, part-time courses on the topic they're interested in, and we'll see how they perform. If they do well, it's a strong indicator that they'll do well in the full-time program.

*And if they can't afford the  
price tag of the short, part-  
time course?*

We'll offer tons of scholarships, with 30% reserved  
for underrepresented groups, improving the  
diversity of College X while we're at it.

Here's another fresh idea for  
College X: no research.

# **We're require that professors focus on their customers.**

We want them to spend their energy coaching, mentoring and guiding the leaders of tomorrow. Research in higher ed has been nothing but a distraction at most schools, taking away from the student experience.

No tenure.

The argument in favour of tenure says that professors need protection so that they can pursue knowledge freely.

I call bull\*\*\* on that.

**Maybe when  
professors had a  
reason to fear the  
church, but not today.**

Tenure is job protection that none of the rest of us have access to, nor is it something any of us should want for our society. It removes the incentive to improve and keeps professors in jobs they should move on from.

At College X, we'll work hard to make  
sure the best instructors want to stay,  
and we'll expect them to improve every  
single day.



**The physical location will be  
bright and spacious.**

Instead of 400-person lecture halls, we'll have classrooms with desks and chairs on wheels to facilitate collaboration.

**We'll have break out  
rooms and giant kitchens,  
designed to give students  
space to connect.**

And it won't look like a school - it'll look  
more like a cozy living room. The kind of  
place that you'd want to hang out.

We'll take on exactly the square footage  
that we need to serve students.

Spoiler alert: we'll never need a stadium.

**At College X, we'll keep costs low,  
we'll graduate happy students faster,  
we'll help them land high-paying  
jobs, and we'll never let a student  
take on a dime of debt.**

**What do you think of the  
hypothetical school that I  
described here?**

**Does it sound like something that  
could be possible?**

To me, it sounded so practical  
that I built it.



**It's called HackerYou, and we offer or  
will soon offer everything I mentioned,  
including tuition that's \$1 upfront.**

**Welcome to the HackerYou  
World.**

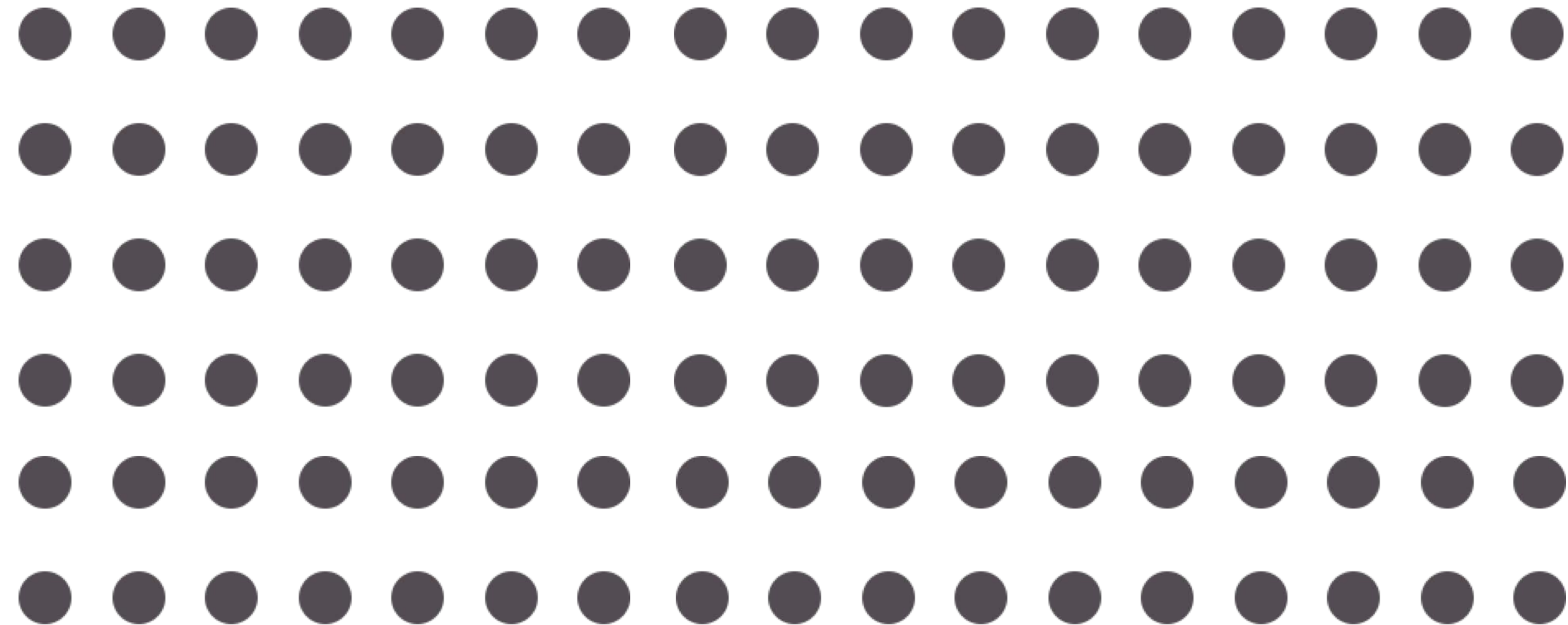
# The idea for HackerYou

*As a 25 year-old, I incorporated a  
company and called it HackerYou.*

# HackerYou today



# Hacker You tomorrow



# Creating a college from scratch is a regulatory nightmare.

For good reason – the government wants to protect people from degree mills and people who promise jobs and can't follow through.

It's also really expensive.

Between those two things, it  
makes it really hard for a young  
person to start a school.

Even if you think you have a really great idea.



# But I did it.

In 2016, HackerYou became a registered Private Career College in Ontario. We could legally offer a vocational program. We chose Web Development, and started working really hard to make sure our graduates landed great jobs.

**In 2017, we placed 97% of our  
graduates – over 80% of them  
within four months of graduating.**

The average salary was over  
\$53,000. And the length of our  
program? Nine weeks.

**Last month, we announced Income  
Share Agreements.**

Once approved, our students will have the option to pay \$12K in tuition upfront, or to pay just \$1 upfront and only pay more once they've landed a high-paying job.

In the two weeks after launch,  
we received 5x our normal  
number of applications.



A woman with her hair in a bun and wearing glasses is focused on her laptop in a bright, modern office. Other people are blurred in the background, and a coffee cup is on the desk. The text is overlaid in the center.

Through Income Share Agreements and  
our scholarship program, I'm hoping to  
have more stories like Shawna's.

# Before HackerYou, Shawna worked as a bartender making minimum wage.

She excelled in our program, but due to her lack of work experience, the best job we could help her land upon graduating was one where she made \$38K.

(Note that if we'd offered Income Share Agreements back then, at this point she would have only paid us \$1.)



Today, Shawna is one of my  
highest-earning graduates,  
making well over six figures.

**More importantly, Shawna has a new direction, is contributing to our economy and she says she's really happy.**

# We've helped people transition from every industry



BARTENDERS

BARISTAS

FLIGHT ATTENDANTS

JOURNALISTS

TEACHERS

ARTISTS

SALESPEOPLE

UNEMPLOYED UNIVERSITY  
GRADUATES

OFFICE MANAGERS

PERSONAL TRAINERS

SERVERS

DESIGNERS

HIGH SCHOOL  
GRADUATES

A woman with glasses and her hair in a bun is focused on her laptop in a dimly lit office. Other people are blurred in the background, and a coffee cup is on the desk. The text "I want to find all the Shawnas." is overlaid in the center.

I want to find all the Shawnas.





**I was one of the lucky ones.**

**Thanks to working my butt off  
throughout high school and university, I  
graduated without any debt.**

It is **THE REASON** I am an  
entrepreneur today.

**In my career so far, I've created  
over 100 jobs.**

Question:

Who here  
graduated with  
student debt?



Keep your hand up if:

**Your debt influenced  
your early career  
decisions?**

# How can it not?

The Gallup Organization tells us that 2/3 of the population is not engaged at work. If more people could escape the clutches of higher education without debt, we'd have more people following their passions and interests in their early careers. We'd have a more creative and engaged workforce, which would definitely have a positive impact on our economy, and our happiness.

Imagine a new generation of students –  
your children, your grandchildren – not  
wasting four years and tens of thousands  
of dollars on an institution that has not  
changed with the times.

**Instead, imagine them going  
through a new kind of university  
that's been completely reimagined  
to be focused on them and what  
they need.**

Imagine a generation of students who not only start their careers, start their families, without the burden of debt, but start with their school firmly in their corner, helping them succeed.

If you can afford to go to  
Harvard, you should  
absolutely go to Harvard.

Spend four years reading great books and thinking  
great thoughts and networking with future  
Presidents and Supreme Court Justices.

**But for the rest of us, the students  
who need college to get a leg up and  
succeed in the workplace – the  
doors at my school will always be  
open to anyone who's willing to do  
the work.**



A group of seven diverse people, including men and women of various ethnicities, are gathered in a modern office setting. They are all smiling and looking at each other, suggesting a collaborative and positive work environment. The background shows office furniture and a bright, open space.

I am starting from scratch  
to redesign higher  
education.

And I'm not the only one doing it.



You may not be able to  
completely redesign your  
program, but you can  
reimagine it.

I'm going to leave you with a challenge.

**What's one thing you can do,  
today, to make your department  
more responsive to the needs of  
today's students?**

**More project-based learning?**

**Create a mentorship program?**

**Help a diverse group of students  
land summer internships?**

*Ask yourself what your  
department would look like if  
you started from scratch to  
redesign it today.*

**And then take one step in that  
direction.**

Because I promise you



*This is my life's work*

*And I'm coming for you.*

# Thank you.

#BCNET2019



@heatherpayne