

Google's Disruption of Higher Ed Is Just What Students Need

My wife and I recently hired a financial advisor who is helping us map out our financial future.

He seemed stunned that we didn't want to take advantage of the U.S. tax code's [529 provision](#), which helps parents save for their children's education.

"You have three kids," he said. "Odds are at least one will go to college. It's a no-brainer."

We nonetheless demurred. I like shaving my tax liability as much as the next guy, but the truth is both my wife and I have serious doubts about higher education. Though we both attended college ourselves, options today look less promising than they once did.

College might have been a "no-brainer" at one time for parents and students who could afford it, but that is no longer the case. Soaring costs, grade inflation, diminishing degree value, the politicization of campuses, and a host of other issues have made the once-clear benefits of college less clear.

Despite all this, a large part of me still *wants* my kids to go to college because it feels like so few other options are available. That could be changing, however.

Google's Effort to Disrupt the College Diploma

In July Kent Walker, Google's Senior Vice President for Global Affairs and Chief Legal Officer, announced on Twitter that the company was expanding its education options.

It was a direct salvo at America's higher education industry.

"College degrees are out of reach for many Americans, and you shouldn't need a college diploma to have economic security," Walker [wrote on Google's blog](#). "We need new, accessible job-training solutions—from enhanced vocational programs to online education—to help America recover and rebuild."

Today [@google](#) is rolling out a comprehensive new digital jobs program to help Americans get back to work, break down educational barriers by prioritizing skills, and support the country's economic recovery. Details in my post and highlights below. <https://t.co/c4GrH50A6h>

– Kent Walker (@Kent_Walker) [July 13, 2020](#)

To be sure, it's hard to imagine anyone taking on America's \$600 billion [higher education](#) industry. Nevertheless, a quick look at Google's model shows why colleges should be worried.

Google is launching various professional courses that offer training for specific high-paying jobs that are in high demand. Program graduates can earn a "Google Career Certificate" in one of the following positions: Project manager (\$93,000); Data analyst (\$66,000); UX designer (\$75,000).

While Google didn't say how much it would cost to earn a certificate, if it's anything close to Google's IT Support Professional Certificate, the cost is quite low, especially compared to college.

That Google IT support program costs enrollees \$49 per month. That means a six-month program would cost about \$300 – about what many college students cough up on textbooks alone in a semester, [Inc points out](#).

Compare that price tag to that of college, where [students on](#)

[average pay about \\$30,000 per year](#) when tuition, housing, room and board, fees, and other expenses are factored in.

Unlike college, Google won't just hand you a diploma and send you away, however. The company has promised to assist graduates in their job searches, connecting them with employers such as Intel, Bank of America, Hulu, Walmart, and Best Buy.

Graduates will also be eligible for one of the hundreds of apprenticeship opportunities the company is offering.

Is College 'Worth It'?

In economics we use a simple term to talk about something's worth: *value*. We know that value is subjective. But if consumers freely purchase something, it suggests consumers place a value on that good higher than the price.

Judging the value of a degree is tricky, however. It's not like buying steak at a grocery store. Buyers are mostly shielded from the costs in the short term, and the benefits of the purchase are extended out over many years.

We know that for many students, college is a wonderful investment that increases their earnings, while for others it will turn out to be a poor investment because they don't graduate or they acquire job skills that do not translate into increased earnings. (For example: I was a bartender after I received my undergraduate degree; I didn't make more money because I had a degree.)

We also know that the prices and value change over time. In the case of higher education, prices have increased sharply in the last 30 years while the value has diminished.

As Arthur C. Brooks pointed out in *The Atlantic* [in July](#), from 1989-2016 university costs in tuition and fees increased by 98 percent in real dollars (inflation-adjusted), about 11 times

that of the median household income.

At the same time, there is compelling evidence that while the price of college is increasing sharply, [the value of degrees is diminishing](#) because of a surplus of college diplomas.

For parents like myself, the idea of spending \$350,000 to send my three children to university is, to be frank, slightly nauseating. All things being equal, I don't see the value there. (As I tell my wife, however, this doesn't mean I won't send my child to Princeton if he or she is admitted and I believe college is the right fit for that particular child.) Over the last couple of years, whenever I'd think about my children's futures, I'd find myself growing more and more nervous.

If not college, then what? Why are there not better options? There's a huge need.

The beautiful thing about free markets is that needs do not go unmet for very long. In a free system, innovation has a way of filling the gaps to fulfill what consumers want.

Google's expansion of its accreditation system offers two things young people (and their parents) highly value: 1) job training skills; and 2) *prestige*.

Do not underestimate the power of the latter. Prestige matters *a lot*. In fact, when you look at actual education many college students receive today, prestige is what they're purchasing, not education.

The value of degrees might have been diminishing for years, but parents and kids could still rationalize the excessive costs because there was a certain amount of status and recognition conferred simply for being in college and then graduating.

Major corporations like Google have more to offer than they

realize. In today's marketplace, having Google on a resume can offer the same prestige as a university – and arguably far more in terms of job skills.

Once corporations figure out their brand can offer commodities consumers want – job-training and validation – it could disrupt the current education model. It's possible corporations could also bring on a resurgence of the once-popular apprenticeship-style learning that can be traced back to [the Code of Hammurabi](#) in Ancient Babylon through to business-training programs of today like [Praxis](#) and Google.

At the very least, programs like Google Career Certificates will offer much-needed competition to the university system and additional options to young people looking to take their next step in the world.

Parents of the world, rejoice!

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