In all the understandable buzz about Massive Open On-line Courses (MOOCs) and alternative models for delivering content, it's important not to lose sight of an important fact:

Residential campuses will continue to be critical to higher education and to preparing a competitive 21st century workforce.

Why?

For starters, as MIT President L. Rafael Reif wrote recently in The Wall Street Journal, high-quality on-line education and affordable residential campuses are intertwined. Online education, as he pointed out, can make "residential education better and less expensive" for literally unlimited numbers of people. At the same time, Reif wrote, "the quality of purely online education will depend on the residential education from which it stems."

We know that when students live on campus, they do better academically and socially. They graduate at much higher rates. They make deeper connections to faculty and are involved in ways that further help them navigate college and prepare for the careers that follow.

So, that combination -- the most technologically advanced learning options in the context of a residential campus that fosters interdisciplinary education -- will help set the course for the success of American education and our economy in the future.

Perhaps the most pressing question confronting institutions like the University of Kentucky is how to provide that 21st century education in the midst of what remain daunting economic circumstances?

One approach is to undertake partnerships that make economic and educational sense.

Right now, we are in the midst of working on a public-private partnership to completely rebuild and expand the University of Kentucky's entire student housing system. In the process, we may become the first large public university in the country to have its housing operation financed and operated completely by a private company.

Such an arrangement leverages what the private sector does best -- building housing quickly and operating it efficiently -- with what we do best: educating and preparing students for lives of leadership, meaning and purpose as they ready themselves to compete in a 21st century, global economy.

The need is clear. Our existing housing stock is, on average, 50 years old. And, using the university's traditional financing mechanisms, we would at best only be able to construct one new residence hall every couple of years.
At the same time, because we are working with private sources to completely finance the new housing, we don't impact our existing debt capacity, which we need to preserve for constructing additional classroom and research space -- all moves that will continue to enhance the education we provide and the research and service we conduct across the globe.

Here's how it is working: With the leadership of our Board of Trustees, we recently finalized agreements to work with a publicly traded, private developer -- EdR -- to construct nearly 3,000 residence hall beds on our campus between now and Fall 2014. The first 600 beds -- part of a new residence hall devoted, in part, to Honors students -- will be on-line in August 2013. The next five residence halls will follow just one year later.

And our hope over the next 5 to 7 years is to re-build our entire housing stock. That means tearing down and rebuilding most of our existing 5,100 residence hall beds and then expanding up to as many as 9,000 total beds, depending upon demand.

Our partner is bringing 100 percent equity financing -- potentially $500 million -- to the table to finance the construction. We'll continue to own the buildings and the land, but engage in a long-term lease with EdR to manage and operate the facilities.

With the university's existing, strong debt capacity, our plan over the next several years is also to finance new classroom buildings and research and lab space.

The truth is that in this current economic climate, we must look to ourselves for much of the funding for our building needs. Traditional sources of funding in recent years -- state appropriations for capital and federal funding for research -- have been significantly cut or are flat. So, we have to earn our way forward, finding new ways to address old challenges.

Such approaches are how we continue to honor what we call the Kentucky Promise, the idea that for nearly 150 years we have provided education, research and service to a Commonwealth and world in need of all three.

With this ambitious project, we are moving rapidly, but deliberately, to honor that Promise anew in a world changing rapidly, but still very much in need of the kind of leadership provided only by strong and vibrant residential higher education.

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