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Silicon Valley investors embrace a new vision of college

July 21 2017, by Emily Deruy, The Mercury News

Make School, a for-profit startup in this city's South of Market district, is one of the most unusual schools in the country: It lets students enroll in classes for free if they agree to pay later after they land a job.

"We can only make money if the students are doing well," co-founder Ashu Desai, 24, said during an interview at the school, an airy space where students sit side-by-side at long rectangular tables pounding away at Mac laptops.

Desai, who attended the tony Menlo School in nearby Atherton, helped create Make School in 2012 after dropping out of UCLA after just one year.

The goal at Make School is not getting good grades. It's putting together a portfolio of practical work capable of impressing Silicon Valley companies like Google and Facebook - and prompting them to make lucrative job offers.

But the nontraditional approach to higher education is raising red flags for some experts. The model, they worry, creates an incentive for the school to admit only students it thinks can succeed - which some education officials worry could disadvantage "risky" students who come from low-income backgrounds.

Make School runs programs of varying lengths. Its "Product College" is a two-year computer science program that combines internships at bigname Silicon Valley companies with classes that are light on lectures and heavy on projects. The goal is for graduating students - most of them 18- to 24-years-old - to have created games or other apps they can take to job interviews.

That, Desai argues, is often worth more in Silicon Valley these days than a traditional bachelor's degree in computer science - and some well-known investors are betting on the idea.

The school just picked up $2 million in financial backing from a San Diego-based asset management company. And Mitch Kapor of Kapor Capital and Reddit co-founder Alexis Ohanian also have invested in the school.

"Make School does something that many ed tech companies don't," Kapor said. "They actually narrow gaps in access to computer science education. There are a lot of coding academies out there for people who can pay full freight up front."

The company relies on something known as an "income-share agreement," which allows students to go to school at no cost initially - meaning they don't have to take out loans - if they agree to pay the school a portion of their future earnings.

Students who opt for the income-share agreement pay 25 percent of their pre-tax salary to the school for three and a half years. The agreement kicks in only if students earn more than $60,000, which Desai says encourages everyone - Make School, students and investors - to do their best to help students land lucrative jobs.

"In the last five to 10 years," Desai said, "things have really shifted away from folks focusing on a degree to folks focusing on: What can you build? Can I see your code? These are the things that get our students in the door."

About 60 percent of the 40 or so students in last year's Product College class chose the income-sharing option. About 20 percent paid $60,000 in tuition out of pocket, and the rest chose a partial income-share agreement.

While the school touts income sharing as a way to expand access, Tom Harnisch, director of state policy at the American Association of State Colleges and Universities, is somewhat wary of the model in general.

"Some students are more risky investments than others," he said. "They need to have confidence that their students will enter the marketplace and then do reasonably well from a financial perspective. The question is: Are they really expanding the number of students, or are they selecting students who would be going to these programs anyway?"

Desai insists he's giving students who wouldn't otherwise have the opportunity to pursue higher education - including minorities who are underrepresented in the tech industry - a chance. According to Desai, about 10 percent of students in the Product College are black and 25 percent are Latino.

About 85 percent of the Product College students are male. But Desai said the school is working to raise the percentage of women through partnerships with organizations like Girls Who Code.

Lauren Weiss, 18, has attended two summer programs at Make School. While she's heading to college in her home state of Colorado this fall, it's mostly because she earned a full-ride scholarship, not because she thinks it'll be better than the Product College.

"They're able to teach students more than any other program ever could," she said. "People really are pushed to grow."

The school isn't alone in adopting income-share agreements. Several programs in the area, including the Oakland-based Learners Guild, use them, but the programs are typically a couple of months as opposed to a couple of years. Purdue University in Indiana is also experimenting with the model, and more universities are considering offering the agreements to help students avoid being burdened by loans.

But Barmak Nassirian, director of federal policy at the American Association of State Colleges and Universities, warned that while the idea might be in vogue now, there are few regulations, so students can fall into traps if they don't read the terms carefully. "They have you on a tight leash because you have to fork over X percent of your earnings regardless," he said.

Nassirian said he was somewhat encouraged by Make School, though, in part because of the investors who have backed it. But he also questions how much a certificate will be worth in the long run compared to a computer science degree from, say, Stanford.

The school opened in 2012 but mostly offered programs lasting just a couple of months until last year, when the first group of two-year Product College students enrolled. Exactly where they will land or how much they will make is still unclear.

Make School has no interest in being accredited, and only about half the Product College students from last year are returning to finish the program. But Desai said he isn't concerned.

He said many of the students who dropped out received lucrative offers from tech companies like Facebook and the San Francisco-based shipping company Shyp - which Desai noted is the ultimate goal.

It might be risky, but Andrew Tsukuda is sold on the school.

The 18-year-old just finished his first year at Loyola Marymount University. But next year he's heading to the Product College.

The university, he said, seemed too focused on computer science theory. At Make School, he said, "everything you learn is about practical skills."