Leveraging partnerships in higher education

Authored by Dan Greenstein, Ph.D., P3EDU 2025 speaker

This article illustrates why engaging in partnerships is a vital strategy for higher education institutions to sustain and strengthen their operations, support the student experience and advance their mission.

Public-private partnerships (P3s) and outsourcing have been on my mind more recently as financial pressures, demographic shifts and political turbulence push colleges and universities to rethink how they operate.
At root, it's a story about higher education doubling down on what it does best, transferring knowledge, creating knowledge and, in a number of institutions, delivering healthcare. But there is also a third pillar we cannot ignore: the student experience. Whether on campus or online, in residence halls or in commuter programs, the student experience is central to both success and identity. And here, as with so much else, the question is not whether to partner or outsource, but how.

Pressures driving change

The higher education business model has been under stress for decades. Declining numbers of high school graduates, rising academic program delivery costs, shifting political expectations and new demands from students and families are all eroding the traditional scaffolding of colleges and universities.
In this environment, institutions are rediscovering an old truth: they cannot do everything. They must concentrate scarce resources on their core competencies. That means three things:

1. **Knowledge transfer and creation**: Teaching and research are at the heart of what colleges and universities do
2. **Healthcare:** In those handful of institutions that provide it, advancing medicine and community health is both mission and service
3. **Student experience:** The learning environment, both inside and outside the classroom, is decisive for recruitment, retention and success

But what about the rest? Housing construction, payroll, parking, compliance, food services – the list is long. These functions are essential to operating the institution smoothly. But are they core? Do schools have to own them? Increasingly, the answer is "no."

Outsourcing vs. P3s

It's helpful to distinguish outsourcing from P3s. Outsourcing happens when a university pays another organization to deliver a service: online program management, payroll processing, library subscriptions, etc. The university remains the "owner" of the service but contracts for its delivery.

P3s are different. They are partnerships that share not just the cost but also the risk and sometimes even the ownership. A private company might build and operate a residence hall for 30 years in exchange for a portion of the revenue. Or it might manage parking facilities, stadium concessions or even parts of research infrastructure.

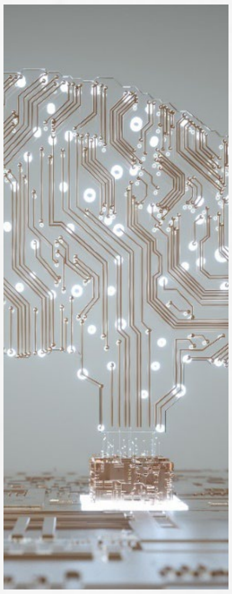
In both cases, the principle is the same: free up the institution to put as many dollars as possible into teaching, research and student success, while ensuring students get the services and support they need.

A long history of partnerships and outsourcing

None of this is new. Residential campuses have long partnered with private developers to build housing and dining halls. Athletic departments have negotiated naming rights and concessions. Libraries rely on subscription services from Elsevier or JSTOR.

More recently, entire business functions have migrated outside, including internal audit, research compliance and human resources (HR) management. Outsourcing and partnering have become baked into the DNA of modern institutions.

What is new is the scale and scope of what's at stake – and the recognition that P3s and outsourcing are not a sign of weakness but a deliberate strategy to sustain and strengthen higher education's mission.



AI and the next wave of partnerships

Artificial intelligence (AI) illustrates the point. Most universities cannot and should not attempt to become AI companies. But AI will shape every dimension of higher education.

Already, institutions are embedding AI in commodity services they license, such as search databases, plagiarism detection, student advising chatbots and early alert systems for struggling students. Increasingly, AI-enabled platforms are emerging for tutoring, grading assistance, even research compliance.

It makes sense to partner and outsource. Institutions don't need to own the underlying technology to harness its potential. They need to guide its use, ensure it aligns with academic values and integrate it into their mission. But the delivery mechanism can – and often should – reside with partners.

The changing federal compact

Another force is the shifting relationship between government and higher education. Federal and state support has declined in relative terms. Regulatory demands, meanwhile, have grown.

It is not hard to imagine a future in which federally funded research increasingly requires partnership for lab space, specialized equipment or shared data platforms. Similarly, as student-athletes are redefined as employees with compensation rights, universities are increasingly turning to (or at least considering) P3s to manage the significant financial exposure that results from these very significant changes.

The broader pattern is unmistakable. Partnerships are becoming a defining feature of the sector.

Core vs. peripheral: What must we own?

This raises the central question: what must universities absolutely own, "soup to nuts," and what can they safely share or outsource?

- **Must-own functions:** Teaching and learning, faculty governance, research integrity. These define the academic mission
- **Can-partner functions:** Housing/facility construction, dining operations, payroll, security, compliance, etc. These are essential, but they are not uniquely academic

Consider housing. Universities are not housing authorities. Many already rely on foundations or private developers to finance and manage residence halls. The result can be better facilities, built faster, without universities taking on unsustainable debt.

Or take **internal audit**. Why should a university maintain a costly in-house function if a specialized firm can deliver the same service more efficiently?

The gray zone: Student experience

Whether at a residential university, a commuter campus or a community college, the experience students have outside the classroom is critical. It is central to recruitment and retention. It is decisive in whether students feel a sense of belonging. And it often determines whether they persist to graduation. Housing, residence life, student wellness, advising and career preparation are not peripheral to the academic mission. They shape the culture and brand of the institution. They are what make one college feel different from another.

And yet, here too, institutions do not always need to own the full stack of operations. A university can partner on the construction and management of residence halls, while still shaping the living-learning programs that animate them. It can team with and even outsource to mental health providers while ensuring access and equity. It can license career platforms and still cultivate the mentoring relationships that integrate career readiness into the curriculum.

The student experience is a strategic gray zone: essential to the mission, inseparable from the brand, but not always best delivered solely by the institution. The challenge – and the opportunity – is to curate partnerships that enhance rather than dilute the distinctive experience students expect.

The talent wedge

There is another wedge reshaping the operating model of higher education, and that is talent. In today's labor market, it is not always possible, especially for smaller or resource-constrained institutions, to hire and retain the professionals they need. Data scientists, strategic planners, compliance experts, chief financial officers, enrollment managers, even specialists who can design academic programs aligned with workforce demand: these are roles that institutions know are critical but increasingly struggle to fill.

The result is a growing reliance on external partners. Audits and financial services are contracted out. Data analytics and institutional research are delivered through shared services or subscription platforms. Program design, market analysis and even aspects of enrollment strategy are provided by third-party firms.

This is not about replacing institutional leadership. The institution must still set strategy, establish priorities and hold itself accountable for results. But it is about recognizing that no single university can be an expert in everything. Leveraging effective partnerships or outsourcing for talent-intensive functions allow institutions to access the expertise they need without carrying the full cost of permanent staff – and focus their limited internal capacity on the work only they can do.

The risks of going too far

P3s and outsourcing arrangements have risks. The wrong partner or provider, the wrong contract, the wrong incentives can leave institutions vulnerable. A poorly structured residence hall deal can lock a campus into high costs for decades. A contract that prioritizes efficiency over student well-being can erode trust.

The line between core and peripheral is also not always clear. Career advising, for instance, sits at the heart of the student experience. Should it be outsourced? Perhaps components – job placement platforms, résumé workshops – can be handled externally. But the mentoring relationship between students and faculty, the integration of career readiness into the curriculum must remain internal.

The test is whether a partnership enhances or diminishes the institution's ability to fulfill its mission. If it enhances, lean in. If it diminishes, step back.

Journey toward a new business model

At bottom, this is about a fundamental rethink of the higher education business model. For much of the 20th century, colleges and universities aspired to run the entire stack: admissions, dining, research, payroll, housing, security and athletics. That model is unsustainable.

The alternative is an ecosystem of partnerships – some outsourced, some shared, some deeply integrated – that enable institutions to deliver higher quality education at lower cost. Not lower cost for its own sake, but lower cost in service of affordability, access and student success.

If institutions can save on housing, payroll or compliance, they can pass those savings on to students. If they can partner for AI-enabled advising, they can reach more students with timely interventions. If they can share research infrastructure, they can free faculty to focus on discovery. If they can access scarce talent through partnerships or outsourcing, they can ensure smaller institutions still have the strategic and financial expertise they need to survive.

Why this matters

The stakes are high. Higher education faces a crisis of affordability and public trust. Every dollar spent inefficiently is a dollar not available for financial aid, faculty support or program innovation. Every administrative distraction is energy diverted from the core mission.

P3s and outsourcing are not silver bullets. They can go wrong. They must be approached with eyes wide open. But when done well, they represent an opportunity – perhaps one of the few available in this moment – to realign higher education around what matters most.

This is not about penny-pinching. It is about designing institutions that can deliver better outcomes for students and society at a cost that families and taxpayers can bear.

Conclusion: Focusing on what institutions do best

So, am I "all in" on partnerships? Yes, with caveats. Yes, if we define them carefully. Yes, if we remember that their purpose is to sharpen, not blur, the focus on teaching, research and the student experience. Yes, if we see them as a means to lower costs for students and expand access to the transformative power of higher education.

We don't need to own everything. We don't need to manage everything. We do need to stay clear about what makes a college or university and what does not.

Knowledge transfer. Knowledge creation. Healthcare, in some cases. The student experience – distinctive, curated, but not always fully owned. And the talent to deliver on those missions, whether internal or through carefully managed partnerships. That is the core. That is higher education's contribution to society. Everything else is negotiable. And in that negotiation lies not only survival but the possibility of renewal.

Baker Tilly can help

At Baker Tilly, we work alongside colleges and universities every day to navigate these questions. We help institutions rethink their business and operational models, transform themselves so they can serve students more affordably and effectively and explore the full range of partnership opportunities available to them. We do this because we are mission-aligned with higher education. We believe in its power to drive workforce development, economic mobility and social progress.

That's why we are committed to ensuring it not only survives into the 21st century but thrives. And if your institution is ready to take that step, we would be honored to walk with you.

Contact us today to learn more.

Let's connect

Dan Greenstein, Ph.D.
Managing Director
Higher Education
+1 (215) 972 2333
dan.greenstein@bakertilly.com