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Peter Thiel's $100,000 Offer to Skip College Is More Popular Than Ever

More Americans are rethinking the value of a college education

By Gregory Zuckerman Follow

Feb. 24, 2024 5:30 am ET

Peter Thiel is trying harder than ever to get young people to skip college.

Since 2010, Thiel, an early Facebook investor and a founder of PayPal Holdings, has offered to pay students $100,000 to drop out of school to start companies or nonprofits.

Early on, he met intense criticism. Some accused Thiel, who holds philosophy and law degrees from Stanford, of hypocrisy. Others said it was wrong to discourage young people from finishing their education. Former Harvard University President Lawrence Summers called it the "single most misdirected bit of philanthropy in this decade."

In the next few weeks, Thiel's program will announce 20 new fellows, chosen from an applicant pool that is bigger than ever. Winners plan to launch companies in hot areas including artificial intelligence and cryptocurrencies, according to executives of the program.

Since its first fellows were chosen in 2011, Thiel's program has backed 271 people. Those involved in the effort say they've had successes and frustrations. Along the way, they've discovered common traits that help them do a better job identifying talented individuals.

Some big successes include Vitalik Buterin, co-founder of Ethereum, the blockchain network; Laura Deming, a key figure in venture investing in aging and longevity; Austin Russell, who runs self-driving technologies company Luminar Technologies; and Paul Gu, co-founder of consumer lending company Upstart.

Thiel's program has backed 271 people, including Vitalik Buterin, co-founder of the blockchain network Ethereum, and Laura Deming, an investor known for her focus on aging and longevity.

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When he began his fellowship, Thiel, a vocal libertarian who was an active supporter of Donald Trump in 2016, was disenchanted with leading colleges and convinced they weren't best suited for many young people.

His aim, at least in part, was to undermine the popular view that college was necessary for all students, and that top universities should be accorded prestige and veneration.

Since then, public opinion has shifted toward his perspective. More Americans are rethinking the value of a college education. At the same time, America's elite universities have come under fire for their handling of a surge in antisemitism and for maintaining what critics call a double standard regarding free speech.

And investors have become more willing to back startups launched by young people without college degrees.

Thiel's program was never meant to last forever, he says. In fact, he recently considered disbanding it, partly because it's no longer as revolutionary or perhaps necessary as it once appeared.

"The debate has changed," says Thiel, a billionaire who founded and is chairman of Palantir Technologies and lives most of the time in Los Angeles, where the fellowship is based. "That creates questions about whether (the fellows program) should be self-abolishing."

Thiel, an active supporter of Donald Trump in 2016, began his fellowship because he was convinced leading colleges weren't best suited for many young people. PHOTO: SHANNON STAPLETON/REUTERS

Instead, Thiel ultimately decided to "double down" on his program, he says, and to take a more vocal role in arguing why more young people should be launching their own efforts and skip college. Few of the critics of universities who have emerged recently are urging students to leave or avoid school, he says.

"Even conservative politicians generally don't want to speak out because they want to get their kids into these schools," he says.

Another reason for Thiel to stick with the program: Things are only getting worse on campus, in his view.

"Over the last three to four years it's even more woke, it's even less meritocratic," and student debt remains a big concern, he says. "It's just hard to fix from within."

Those trying to reform U.S. universities shouldn't waste their time, he argues.

"It's incredibly hard to reform deeply corrupt institutions from the inside...I don't think schools like Stanford or Harvard will go away or really reform," he says. "Our view is it's still an outside game, getting people out" of the schools, either by encouraging them to either quit or elect not to go to college.

Thiel and executives of the fellowship acknowledge they have learned painful lessons along the way. Some applicants pursued ambitious ideas that turned out to be unrealistic, for example.

"Asteroid mining is great for press releases but maybe we should have pushed back early on," he says.

Others were better at applying to be Thiel fellows than they were starting businesses, it turned out.

"Some people told a good story about being entrepreneurs, which is somewhat correlated with being a good entrepreneur, but not tightly," Thiel says. "Are people dropping out because it's a narrative or they actually have something entrepreneurial to do? We want someone actually doing something, who's started something, not someone talking about it."

They've also learned that lone geniuses with brilliant ideas aren't usually the kinds of people who can build organizations.

"It's a team sport to get something going and build on it, you can't just be a mad genius, you have to have some social skills and emotional intelligence," says Michael Gibson, an early leader of the organization who is co-founder of a venture fund that invests primarily in those who don't have a college degree.

Thiel hasn't attempted to build a better education system, which program officials acknowledge has made it harder to develop talent in the program.

"We don't believe education systems are working but that doesn't mean we have a better way of education, so we've leaned into identifying talent and letting them figure it out," Thiel says.

Thiel fellows say they don't receive much more than funding from the program and have limited contact with Thiel, though access to a network of former Thiel fellows can be useful.

"Meeting some of the other members inspires you to think bigger," says Boyan Slat, a 2016 Thiel fellow who is chief executive of The Ocean Cleanup, a Netherlands-based nonprofit developing technologies to remove plastic from oceans. Slat says he has spoken to Thiel "three or four times."

Former Thiel fellow Boyan Slat says, 'College is a big-time investment, but for many people it's the right path.' PHOTO: GETTY IMAGES FOR SXSW

As a result, Thiel and other staffers have concluded they can't grow beyond the 20 or so young people chosen as fellows each year.

"If you scale the program," Thiel says, "you will have a lot more people who aren't quite ready, you would then have to be super-confident you can develop them"—which Thiel and his colleagues say they aren't skilled at doing.

Some fellows say the program isn't for everyone.

"College is a big-time investment, but for many people it's the right path," says Slat. "Society needs trained engineers and scientists, you don't want it to be such a prestigious move to drop out—you don't want 150 copies of me."

About a quarter of the Thiel fellows eventually returned to college to finish their degrees, suggesting that even the dropouts see enduring value in higher education.

Thiel says they "got way more out of it by going back" after launching their businesses.

"The other 75% didn't need a college degree," he says.

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Appeared in the February 26, 2024, print edition as 'Thiel's Offer to Skip College Draws Many'.