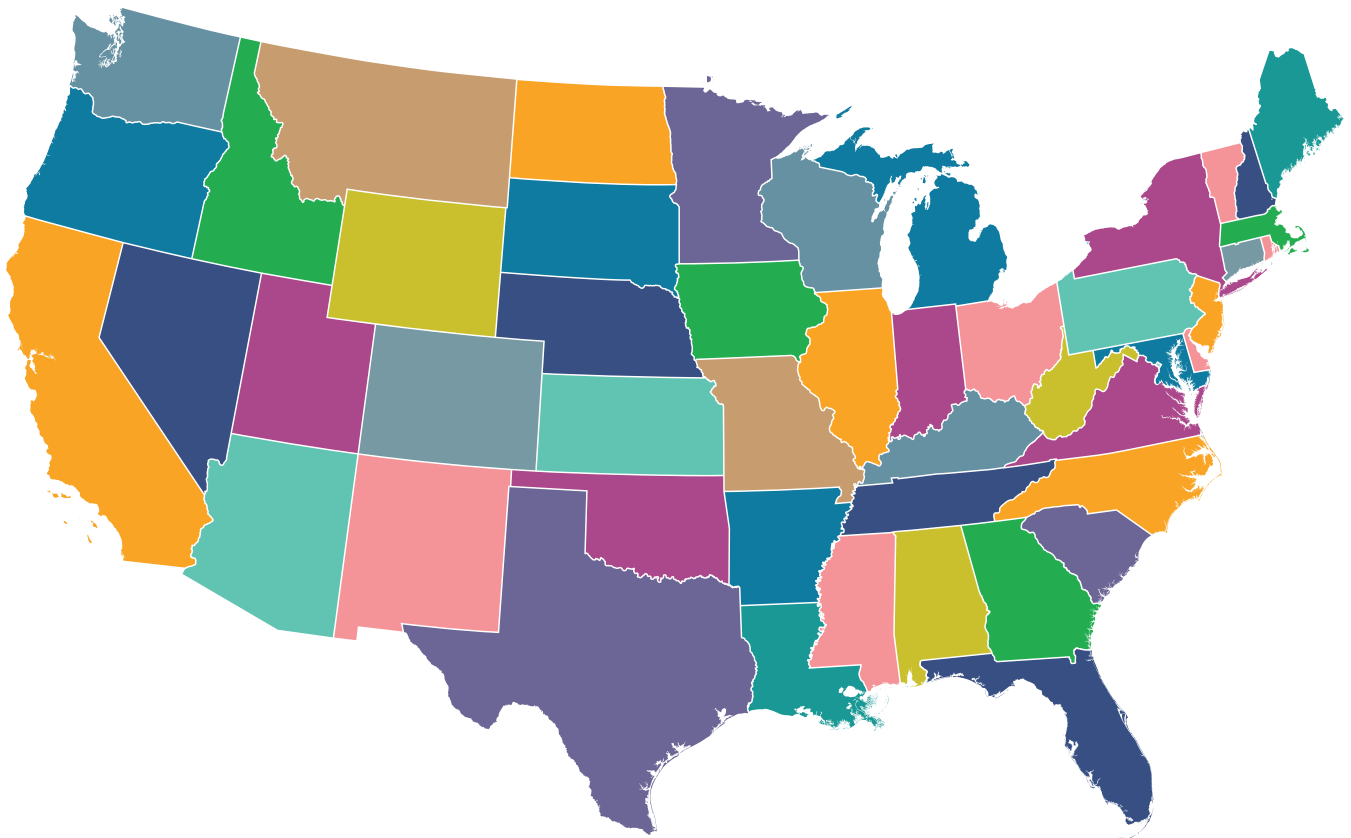


AN  
**EDUCATION AGENDA  
FOR THE STATES**

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FOSTERING OPPORTUNITY FROM  
PRE-K THROUGH COLLEGE



**Katharine B. Stevens, Michael Q. McShane, and Andrew P. Kelly**  
Foreword by **Frederick M. Hess**

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A M E R I C A N   E N T E R P R I S E   I N S T I T U T E

# Foreword

Above all else, the American creed is one of liberty and opportunity. In the 21st century, whether the topic is economic opportunity, responsible citizenship, or political engagement, the role of education is more significant than ever before. That means political and civic leaders committed to a vision of opportunity—and especially to equal opportunity—have to be serious about improving education.

To help state lawmakers and executives in their efforts to pursue the kinds of education reform needed to truly deliver on the promise of an opportunity society, my talented colleagues in AEI Education have penned some crucial dos and don'ts for K–12, higher education, and early-childhood education reform.

American education is sorely in need of fresh thinking, but even the best ideas can flounder when executed clumsily—especially when self-impressed federal bureaucrats try to foist them on the states.

In education, with all its rich human dynamics, what often matters is less *whether* a reform is attempted than *how* it is executed. Given our system of government, with its checks on federal authority, it is exceedingly difficult for even the best-intentioned federal officials to do very much that will ultimately deliver the hoped-for results for students and families. The US Constitution leaves education to the states for a reason: states are close enough to their communities and have sufficient control over schools and colleges that they can promote reforms in a manner that is actually likely to deliver.

This vision of American government may frustrate those education reformers who are so convinced of the moral urgency of the problem and so confident in their ideas that they feel compelled to put them into action everywhere at once. Yet while the motivations of these reformers may be admirable, a wealth of experience suggests that their approach is immensely problematic at best—and self-defeating at worst.

That is why I think it a wiser and more constructive course for education reform to be led by states (just as I prefer to see innovative models emerge from schools, districts, private providers, and colleges rather than government entities). State leaders passionate about opportunity and about ensuring that every American has a fair shot need to have a robust education agenda: one that embraces a coherent vision of how to do much better when it comes to K–12, early childhood, and postsecondary education.

We hope that this brief can share some key lessons and point to some promising ideas. If this is useful, please also note the provided list of additional resources, and know that we welcome the chance to hear from you and discuss any of these issues and ideas more fully.

—Frederick M. Hess  
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# Early Childhood Education

Katharine B. Stevens

As common sense has long suggested, the early experiences of babies and young children have a dramatic impact on the rest of their lives. A growing body of scientific research shows that children's early years are crucial for learning and brain development, laying the groundwork for lifelong cognitive ability, social functioning, and emotional well-being. Researchers from Harvard University's Center on the Developing Child explain, "Early experiences determine whether a child's developing brain architecture provides a strong or weak foundation for all future learning, behavior, and health."<sup>1</sup>

Because of the importance of the very early years, significant adversity—such as poverty, neglect, maltreatment, or absence of one parent—can cause long-term damage to children's learning and development that is difficult to reverse. At the same time, substantial evidence shows that high-quality care and education for at-risk infants, toddlers, and preschoolers can actually help them overcome the negative consequences of being born into disadvantage, giving children a fair chance to succeed in life and significantly reducing costs associated with social and economic dysfunction in their later years.

Yet while its importance is increasingly clear, the early-childhood education field is still nascent. This gives state leaders an extraordinary opportunity to build effective systems right, from the ground up.



## **Do: Expand focus beyond pre-K.**

As states look to expand access to early learning, it is essential that they think carefully about the most effective allocation of limited resources. Research suggests that pre-K can be almost too late for the most disadvantaged children who are often the primary target of these programs in the first place. Learning starts at birth, making the brain development of children from ages zero to three especially crucial.

So while pre-K can be valuable, an exclusive policy emphasis on programs for four-year-olds is likely to be counterproductive in the long run. Investments in programs such as high-quality child care and voluntary home-visiting programs for at-risk infants and toddlers may provide even greater long-term returns. In fact, the well-known programs for disadvantaged children that are most widely cited by pre-K advocates—the Abecedarian Project and the Perry Preschool Program—included child care and home visiting as central components.

Child care has conventionally been provided to help lower-income parents—especially mothers—remain employed and off welfare. But there is a growing understanding that it can also have a significant, positive impact on the rapidly developing brains of very young children. For example, the recently reauthorized bipartisan Child Care and Development Block Grant Act now encourages states to maximize the benefit of child care for children by providing them with high-quality learning opportunities, while enabling their parents to work.

Home-visiting programs that help young, low-income parents better fulfill their role as their children's first teachers have also been shown to greatly improve children's academic and social outcomes. A recent study of the Nurse-Family Partnership program, which provides voluntary home visits to high-risk women with young children, showed that it produced an average net savings of \$17,000 per family served through the program's down-the-line impact: improved children's health, reduced child abuse and neglect, increased readiness for school, and reduced future crime.



### **Do: Design initiatives that test what works while serving children.**

The pressure to do something to help young children can be strong but, at the end of the day, how programs are designed and implemented is as important as whether they exist at all. As University of Chicago economist and early-childhood education proponent James Heckman has stressed, "Quality really matters."<sup>2</sup> New initiatives should be built using existing knowledge and, at the same time, be designed to build understanding of what works best and why. Evaluations of smaller-scale pilot programs can be used to generate essential new knowledge, which can then inform ongoing, larger-scale expansions.



### **Don't: Scale new programs up too quickly.**

Waiting for perfect information before moving forward with much-needed programs does not make sense, but neither does hasty expansion of untested approaches. Premature, overly rapid scale-ups will shortchange children, entrench less-effective program models, and undercut the longer-range potential of early education to make a real difference in the lives of disadvantaged youngsters. It is much easier to do things correctly at the outset than to fix them once they are in place.



### **Don't: Require early education teachers to have bachelor's degrees.**

Teacher quality is the primary driver of program quality in early childhood education, and many argue that early education teachers should have bachelor's degrees to ensure their effectiveness. Yet all K–12 teachers have bachelor's

degrees (almost half have master's degrees as well), and years of experience with failing public schools make it very clear that credentials in no way guarantee that teachers will be effective in practice.

Research shows that what counts is not what degrees teachers have but how they teach. That is especially crucial in early education where interactions between teachers and students, not content knowledge, is what drives success. Requiring bachelor's degrees for early education teachers will not ensure quality, and the cost of college will prevent many potentially wonderful teachers from entering the profession, greatly limiting the pool of prospective early education teachers.



### **Do: Explore innovative models for training effective teachers.**

Teachers have to be adequately prepared for their jobs. But college does not provide the unique skills needed to teach young children effectively. Those skills are best learned through specialized training combined with on-the-job practice under the supervision of an expert teacher. And although it is important to ensure that teachers meet minimum standards of academic ability, bachelor's degrees are not the only way to accomplish that. In the United Kingdom, for example, prospective teachers are required to pass skills tests in both numeracy and literacy to qualify for teacher training programs.

Apprenticeship-based training models open to bright, hardworking high school graduates hold promise as an effective and less expensive approach. This will expand, rather than limit, the pool of potential high-quality teachers for early learners, while also providing a good, meaningful job for talented people who do not have a college degree.



### **Don't: Tack a 14th year onto the K-12 public schools.**

Advocates often promote expansion of public pre-K as a "fix" for the poor performance of the K-12 public schools. But adding new preschool programs into failing, government-run schools as an extra grade is a poor strategy for building a robust early-childhood education sector. This approach will simply entrench some of K-12's worst problems in new pre-K initiatives: emphasizing teacher credentials rather than effectiveness, holding programs accountable for compliance rather than outcomes, and relying on centralized control rather than innovation. Rather than tacking pre-K onto the public schools, states should explore options that create new, innovative systems.



### **Do: Create room for systems to adapt and evolve to needs of local communities.**

**Empower parents:** Centrally managed systems have a poor track record of improving K–12 schools, and there is little reason to think they will do better with early education. A market system that gives power to parents has a much better chance of success. For this to work, parents need the freedom to choose programs that meet their needs, good options to choose from, and the financial resources to actually utilize what is available.

**Encourage entrepreneurs:** To improve both quality and availability of programs, states should encourage new and existing providers to establish and expand programs that respond to the needs of local families. Low-income families should be provided with vouchers or subsidies to defray costs for the programs they decide are best for their children.

**Ensure transparency:** Parents need clear and accessible information to choose wisely. States should require that programs publicize data on their services and outcomes in formats that parents of varied language backgrounds and reading levels can understand. Local governments should also facilitate other ways of ensuring that parents have access to information, such as creating guides, providing referral services, and working with community organizations to create opportunities for families to come together to share information on programs.



# K-12 Education

**Michael Q. McShane**

Maintaining a quality K-12 education system is a central task for our nation's governors. Improving K-12 education means improving opportunity in their states, so governors and legislators are right to look for strategies that can provide the highest-quality education to the largest number of students. Some strategies, though, are more promising than others.



## **Do: Complete a comprehensive regulatory review.**

According to the Texas Association of School Boards, every district in the Lone Star State must create 52 different reports every year for the state education agency. This is in addition to the 159 data elements that must be collected for the state's Public Education Information Management System.<sup>3</sup> What's worse, even schools designed to have lighter-touch regulations find themselves drowning in paperwork. A charter school operator in the Northeast documented more than 50 reports she had to complete each year for various agencies, detailing items as mundane as the number of books in the school.<sup>4</sup>

Are all of these requirements necessary? Do we think they actually make schools better for kids? In every state, you can likely find old, outdated rules and regulations that do nothing but waste educators' time and energy. A dedicated commission of educators and legislators should be able to take a hatchet to them.



## **Don't: Issue more regulations to micromanage schools.**

The past 15 years has seen a substantial expansion of standardized testing and of school and teacher evaluation based on the results of these test scores. Standardized test-based school accountability and teacher evaluation systems tend to assume a traditional classroom arrangement: a constant set of students spending the majority of time with a particular teacher for a school year. As schools move toward competency-based instruction methods or leverage technology more to allow students to progress through coursework at their own pace, it is important that the tools used to hold their schools and teachers accountable have the flexibility to allow for alternative arrangements. Giving waivers for new school models is one strategy, but is only a small bandage on a gaping wound. Rethinking how to make accountability more flexible is a much stronger long-term strategy.

**Do: Calculate, and speak in terms of, return on investment.**

As state tax dollars get increasingly scarce, simply asking whether or not a program “works” is no longer enough. The question is, does this program work *in comparison to the other things we could have done*? Many expensive, intensive programs have similar outcomes to low-cost, light-touch programs. Savvy state leaders need to be able to go beyond the top-line results and understand the great variability in the cost of education programs.

**Don't: Make your track record hinge on increasing spending.**

The party in power will always lose to the party out of power in the education spending arms race. No matter how much is spent, more can always be promised. The real question is not *how much* money is being spent, but *how* money is being spent. Are we getting the most bang for our buck? What programs can be cut to reroute funding to more-effective programs? What are the compliance costs for needless regulations?

Money can be found in existing state budgets. Before any calls for increased funding should be heard, leaders have to be confident they are doing everything they can with what they already have.

**Do: Help school choice work.**

In the past five years, states have made incredible strides in increasing the number of students who attend charter schools and who attend private schools financed by public dollars. Although this has created space for new schools to open and meet the needs of students, nascent education marketplaces have run into several chokepoints.

New schools in a competitive marketplace need new teachers and leaders with a different skill set than their traditional public counterparts. Creating new teacher-preparation programs or tracks within existing programs for charter school and private school teachers and leaders could go a long way in helping solve some of these human capital problems.

In addition to human capital, schools need financial capital to start and scale. Most choice programs fund students at the marginal cost of adding an additional student to an already-efficient school. Schools looking to build a new building or invest in technology simply do not have access to the capital they need. Extending bond financing, providing startup funds, or creating low- or no-interest loan programs could help.



**Don't: Judge all private school choice programs equally.**

Across the country, private school choice programs vary widely. From how much money is available to students to how much regulation is placed on schools, meaningful differences shape the education marketplaces that emerge as a result of these programs. Voucher programs that give little money to families and place high burdens on participating schools are less likely to spur new, high-quality schools and may not be worth the political capital needed to pass them.

Education Savings Account programs encourage families to be wise consumers by giving them the freedom to spend their education allotment among numerous providers. Tuition tax credit programs engage civil society and use scholarship-granting organizations to manage much of the administrative burden. Providing adequate funding and minimizing the compliance costs and regulatory burden of participating schools should be a central goal in the design of any school choice program.

# Higher Education

Andrew P. Kelly

When it comes to higher education and workforce development, governors and state policymakers are actively searching for reforms that will increase their stock of human capital without breaking the bank. What policies should they pursue, and what pitfalls should they avoid?



## **Do: Increase transparency to empower consumers and taxpayers.**

On average, getting a postsecondary degree or certificate pays off, but that average obscures the fact that the return on investment varies dramatically across students, institutions, and programs.<sup>5</sup> Significant numbers of students fail to complete their programs, and among those that do, the labor-market value of their credentials varies widely.<sup>6</sup>

Unfortunately, it is difficult for prospective students to estimate their expected return before they enroll, in part because we lack the information needed to answer even basic questions about calculating value. We have incomplete data on graduation rates, and information about how graduates of particular programs fare in the labor market is systematically available in only a handful of states.

State leaders can make headway on these market failures by collecting and publishing better data on higher education costs and outcomes. They can follow the lead of forward-thinking states that have successfully linked postsecondary and wage records to measure the earnings associated with particular programs and institutions. In states as politically diverse as Texas, Florida, California, Colorado, Minnesota, and Missouri, stakeholders can now compare programs on the basis of how their graduates fare in the labor market.<sup>7</sup> These efforts are a useful start, and state leaders who want to help students and families make good investments can learn much from them.

But wages are only one part of the cost-effectiveness equation. The costs of higher education—to both students and taxpayers—is the other. College costs are notoriously opaque; students do not know what they will actually pay in tuition (as opposed to the sticker price) until after they have applied and been accepted.<sup>8</sup> In addition, colleges' accounting standards rarely allow for reliable estimates of what it actually costs to deliver undergraduate education. State-based transparency efforts should therefore push public institutions to collect and publish more detailed

information on what students actually pay to attend and what institutions spend this money on.



### **Do: Promote credit portability and stackable credentials.**

Traditionally, the postsecondary system has not allowed learning to flow freely across institutions. The current approach to credit transfer empowers individual campuses to decide which credits they will accept, leaving students at the mercy of registrars and department chairs. Even when institutions sign articulation agreements, these agreements do not ensure that students will be able to apply particular course credits toward their major. The result is, effectively, a tax on the more than one-third of students who move from one institution to another: Lost credits extend students' time to degree and cost them extra tuition dollars; from a taxpayer perspective, excess credits represent instructional expenses that did not lead to a degree.<sup>9</sup>

State leaders should promote the portability of credits across state colleges and universities. Reforms could require state institutions to sign articulation agreements that allow students to transfer all of their credits when they move from one public institution to another. Moving to a common course-numbering system—where general education courses share the same course numbers across state colleges—can help alleviate uncertainty around which credits will transfer. These agreements could also ensure that transfer students with an associate degree are automatically granted junior standing that allows them to finish a bachelor's degree in four years.

The lack of portability also hurts students who opt for shorter-term career and technical training. Research suggests that some occupational certificate programs can lead to a middle-class wage (or better) after graduation, despite being shorter than degree programs.<sup>10</sup> As workers advance in their careers and the economy changes, however, some certificate holders would benefit from the opportunity to retool. Unfortunately, workers are often unable to layer new credits and competencies on top of those they may have earned elsewhere in pursuit of a higher degree.

In response, some community college systems have developed "stackable" credentials that break up the pathway to a technical degree into discrete certificates, each of which is designed to have labor market value on its own. In Texas, for instance, community colleges have partnered with energy companies to create a set of core courses for energy workers that will transfer to institutions across the state and later count toward an associate degree (and potentially a bachelor's degree).<sup>11</sup>

Policymakers should identify ways that existing public investments could encourage more institutions and firms to pilot such efforts. Enabling a more flexible, checkerboard-like path through postsecondary education—where workers jump in and out of the system as needed—can help career and technical students find immediate economic success and avoid being tracked into a career with a low ceiling.



### **Do: Deregulate to encourage innovation and entrepreneurship.**

Reforming existing public institutions is important, but state leaders must also look beyond the existing system to create new, more affordable postsecondary options. Entrepreneurs have capitalized on advances in technology to create entirely new models of college that are more flexible, affordable, and closely tied to labor-market needs. Online course providers like Udacity, Udemy, and StraighterLine provide college-level courses and job-training modules at a fraction of what they would cost at a college. Meanwhile, new “boot camps” are providing short-term, immersive training in web and app development, design, and data science.<sup>12</sup>

Unfortunately, although state licensure and authorization processes are ostensibly designed to protect consumers from diploma mills, they can act as barriers that keep new firms and new ideas out of the market. State licensure boards often act as cartels that work to protect the market share of existing institutions and limit competition from upstarts. And the regulations themselves tend to focus on inputs—how many features of a traditional college the program possesses—which essentially excludes alternative models from getting licensed.<sup>13</sup>

To encourage greater entrepreneurship, state leaders should first examine the licensure and authorization processes that govern market entry. They should assess whether licensure boards are staffed with objective judges of quality and work to strip away burdensome and antiquated requirements centered on inputs and processes. The idea is not to adopt a laissez-faire attitude; on the contrary, state policymakers should establish rigorous, outcomes-based standards and then hold new providers to them.

Leaders can also invite entrepreneurs to help where the existing system is clearly failing state residents. For instance, many public institutions have not created enough seats in courses that students need to graduate, forcing them to spend additional semesters in college and take on excess credits. Forward-thinking state leaders should look to entrepreneurs to create the necessary capacity to allow hardworking students to finish a degree in normal time. In California, for example, the leader of the state Senate introduced a bill that would allow students who were locked out of a required class to substitute an online course from an approved provider.<sup>14</sup> The bill was tabled in the face of faculty resistance, but it is one example of how policymakers might target clear pain points with innovative solutions.<sup>15</sup>



### **Don't: Just throw public money at the problem.**

Traditionally, public institutions have been funded based simply on the number of students who enroll, giving schools every incentive to bring in students but less incentive to ensure those students are successful. This is partly why blanket calls to reverse “state

disinvestment” by increasing appropriations for higher education are problematic. Merely providing more per-pupil funding will not change these misaligned incentives.

In response, states have experimented with outcomes-based funding systems, under which a portion of public funding is tied to outcomes such as the number of degrees produced, graduation rates, and, in some places, the number of low-income students who graduate. Texas State Technical College has taken an alternative approach, tying the state funding formula to the economic value graduates create for the state. Specifically, Texas’s “returned value” formula measures how much more graduates of particular institutions earn in the labor market than somebody making minimum wage and then bases the institutions’ state aid on the size of that economic benefit.<sup>16</sup>

Other states could experiment with alternative funding formulas that reflect different measures of value, ranging from success rates with low-income students to research productivity and entrepreneurship. The key idea is to leverage funding policies to align incentives between institutions and the students they serve.

Policymakers should also find ways to leverage private money to promote post-secondary opportunity. One option is to experiment with social-impact bonds, in which the government enters into a bond agreement with private investors who fund a particular social service. Unlike traditional state or municipal bond programs, the government repays investors only if the social program meets agreed-upon performance targets. If the program fails, the government pays nothing. And if it exceeds expectations, resulting in public savings, investors reap a return on their investment.<sup>17</sup>

This logic lends itself to workforce training, which can boost the state economy. Local employers could sign on to a bond agreement with the state, partner with a job-training provider, and provide the initial funding. If the program were successful, the state would pay the investors a portion of the economic benefit it creates.

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## About the Authors

**Frederick M. Hess** is a resident scholar and director of education policy studies at AEI. His books include *The Cage-Busting Teacher* (Harvard Education Press, 2015), *Cage-Busting Leadership* (Harvard Education Press, 2013), *Breakthrough Leadership in the Digital Age* (Corwin, 2013), and *The Same Thing Over and Over* (Harvard University Press, 2010). He has also edited widely cited volumes on the Common Core, the role of for-profits in education, education philanthropy, school costs and productivity, the impact of education research, and the No Child Left Behind Act. He is also the author of the popular *Education Week* blog Rick Hess Straight Up and a regular contributor to the *Hill*. Hess's work has appeared in many scholarly and popular outlets, including *Teachers College Record*, *Harvard Education Review*, the *Washington Post*, the *New York Times*, and the *Wall Street Journal*. Hess is executive editor of *Education Next*, lead faculty member for the Rice Education Entrepreneurship Program, and on the review board for the Broad Prize for Public Charter Schools. He also serves on the boards of directors of the National Association of Charter School Authorizers and 4.0 SCHOOLS. He is a former high school social studies teacher.

**Andrew P. Kelly** is a resident scholar in education policy studies and the director of the Center on Higher Education Reform at AEI, where he works on higher education policy, innovation in education, financial aid reform, and the politics of education policy. Kelly's findings have appeared in the *American Journal of Education*, *Education Next*, *Educational Policy*, *Policy Studies Journal*, and *Teachers College Record*. He has also been published in popular outlets such as the *Atlantic*, the *Chronicle of Higher Education*, *Education Week*, *National Affairs*, *National Review*, and the *Wall Street Journal*. He has edited many books on higher education, including *Reinventing Financial Aid: Charting a New Course to College Affordability* (Harvard Education Press, 2014), *Stretching the Higher Education Dollar: How Innovation Can Improve Access, Equity, and Affordability* (Harvard Education Press, 2013), and *Getting to Graduation: The Completion Agenda in Higher Education* (Johns Hopkins University Press, 2012). In 2011, *Education Week's* Policy Notebook blog named Kelly one of its 16 Next-Generation Leaders in education policy.

**Michael Q. McShane** is a research fellow in education policy studies at AEI. He is the author of *Education and Opportunity* (AEI Press, 2014), editor of *New and Better Schools* (Rowman and Littlefield, 2015), and coeditor of *Teacher Quality 2.0* (Harvard Education Press, 2014) and *Common Core Meets Education Reform* (Teachers College Press, 2013). His commentary has been published widely in outlets such as *USA Today*, the *Washington Post*, and the *Huffington Post*. He has also been featured in education-specific outlets including *Teachers College Commentary*, *Education Week*, *Phi Delta Kappan*, and *Education Next*. His academic and policy work has been published in *Education Finance and Policy*, the *Journal of School Choice*, *National Affairs*, and numerous white papers. He is a former high school teacher.



**Katharine B. Stevens** is the inaugural research fellow in early childhood education at AEI, where she focuses on the research and policy surrounding early childhood development, the role of early learning in expanding opportunity for low-income Americans, and the implementation challenges of rapidly growing early education initiatives, especially around issues of accountability and teacher quality.