

POLICY BRIEF

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Opportunity through Education Two Proposals

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ADAM HUNGER / REUTERS

From online courses to kid-friendly laptops and virtual teachers, technology is spreading in America's classrooms.

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The new normal for local, state and federal governments is fiscal austerity. Although President Obama supported education during his State of the Union address and in his budget proposal to Congress, cash-strapped localities and states—which foot most of the bill for educating America's children—may have to balance their budgets with cuts to schools and teachers. The recession exposed a long-developing structural imbalance between public expenditure versus raising the revenue for public services. Especially on education, reality has set in, with a vengeance.

Cutting public expenditure is not necessarily a bad thing. There are, however, some activities that have become so fundamentally governmental and so critically important to the nation's future that they require special care during a period of severe budget trimming. Education is one such example.

The Brown Center on Education Policy at Brookings has recently developed proposals to ensure that federal investments in education have impact. These proposals present the dual advantage of low costs of implementation at the federal level coupled with the promise of considerable leverage at the state and local level. Two of those proposals are presented in this brief: increasing digital and virtual education and expanding consumer information on higher education.

Investing in Education: Background

Roughly 90 percent of elementary and secondary students are educated in public schools. About 75 percent of students in colleges and universities attend public institutions, and many private postsecondary institutions receive a large portion of their operating revenue from public sources, including federal tuition grants and subsidized loans to students.

This large public investment in education is predicated on the belief that individual opportunity, as well as national competitiveness, is enhanced by higher levels of educational attainment. Indeed, recent changes in the U.S. economy have highlighted an increasing

Recommendations

One important path to individual opportunity is higher levels of educational attainment. The U.S. economy is marked by an increasing economic divide between those who are educated and those who are not. In a time of fiscal austerity, every federal dollar invested in education must have a return.

Congress should:

- *Increase digital and virtual education.* In reauthorizing the No Child Left Behind Act, provide that parents of economically disadvantaged students who are eligible for federal Title I funding should be able to direct that the funding associ-

ated with their child be spent to cover the costs of enrolling their child in virtual courses or in a virtual school.

- *Expand consumer information in higher education.* Amend the Higher Education Act (HEA) to require that states that receive federal funds for statewide longitudinal data systems provide information on completion rates, employment levels, and annual earned income for each degree or certificate program and for each degree-granting institution that operates in the state. This information could be disseminated on the Internet.



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economic divide corresponding to the level of education a person has achieved. For example, the difference in income between Americans who complete high school and those who drop out after 10th grade exceeds 50 percent. Such income differentials extend throughout the continuum of education attainment, with a particularly large gap occurring between those with an advanced degree compared to those with no more than a four-year degree.

Such evidence supports the notion that we cannot dig our way out of an economic hole by sacrificing our citizens' opportunity to obtain better education. More years of schooling prepare them for the higher-paying jobs that, in turn, bolster the tax base and reduce budget problems. Since so much of the education industry is public, there is no immediate market-based solution to dramatically cutting this public investment.

Only one way forward appears obvious: We must increase productivity in education. In the current fiscal climate this translates into doing more with less. For too long, the productivity curve in education has been headed in the wrong direction. That is, per student costs at both the K-12 and postsecondary levels have increased much faster than the rate of inflation with little to show for the investment in terms of increased student achievement or degree attainment.

Increasing Digital and Virtual Education

Traditional forms of schooling are labor intensive and offer few economies of scale. The game changer for education productivity will have to be technology, both in lowering labor costs and in introducing competitive pressures to improve the quality of education. Virtual education—online education through the Internet—offers a cost-effective way to reach more students.

According to a 2008 report by the North American Council for Online Learning, the number of K-12 students involved with virtual education was estimated at over a million, a 47 percent increase over that number in 2006. The cost per student of virtual education is less than the cost in brick-and-mortar classrooms. For example, operating costs for Florida Virtual School, one of the country's leading virtual schools, are about 30 percent less per student than in traditional public schools in that state.

One emerging model of schooling blends virtual education with traditional instruction. Students spend parts of their school day using online instructional materials and other parts of the day with a teacher who supplements and supports the online materials. Teacher staffing levels in such blended education settings can be 25 percent less than for traditional classroom instruction.

Although the future of education will almost certainly include more virtual and digital learning, local and state control of virtual schooling stands in the way of its growth. Under current K-12 models of virtual education, a state and/or the local school district is able to determine whether the virtual schooling plan meets its standards and is acceptable toward graduation. This places the local bureaucracy, which may be most disrupted by the introduction of virtual education, in the position of gate-keeper. These local self-interests can easily manifest themselves at the state level through routine political processes. This generates a fractured and uncertain market for the developers of virtual and digital education, who have to sell their products in an often hostile market, one district at a time.

To break this logjam, the federal government has a simple, straightforward and budget-neutral option. In reauthorizing the No Child Left Behind Act, Congress should provide that parents of economically disadvantaged students eligible for federal Title I funding be able to direct that the funding associated with their child be spent to cover the costs of enrolling their child in virtual courses or in a virtual school. A similar extension to virtual education could be applied to federal Advance Placement (AP) incentive programs. By making expensive AP courses available to students in underserved schools through technology, the cost would be considerably less than when delivered in a traditional classroom.

Quality control of virtual education could be handled through an accreditation process similar to the one that governs postsecondary education. Quality could also be ensured by requiring online providers to make standard information on student progress and achievement publicly available.

This simple legislative action would offer educational options to parents who too frequently have no choice other than to send their child to a low performing public school in their neighborhood. By providing a more certain marketplace for developers of online materials, the reauthorized elementary and secondary education law would spur innovation within traditional public schools as they compete with and adapt to the new digital education providers.



University students attend a commencement ceremony in California.

Expand Consumer Information in Higher Education

On a per-student basis, the United States spends two and a half times the developed countries' average on postsecondary education. Although our elite research universities remain remarkable engines of innovation and are the envy of the world, our postsecondary education system in general is faltering. The United States used to lead the world in higher education attainment, but is now ranked 12th among developed countries.

A growing body of research suggests that policymakers should pay more attention to the link between job opportunities and what people know and can do, rather than focusing on the blunt instrument of years of schooling or degrees obtained. In international comparisons, for example, scores on tests of cognitive skills in literacy and mathematics are stronger predictors of economic output than years of schooling. Within the United States, evidence shows that the receipt of an occupational certificate in a competitive trade will yield greater economic returns for many youth than the pursuit of a baccalaureate degree in the arts and sciences.

Better information is required on the performance of postsecondary institutions so that students can make wiser choices. Currently, prospective students and their families are provided almost no information

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on the likely outcomes of enrollment in particular programs of study at particular institutions. No national databank exists that can offer a prospective student comparative details on one program over another or project average earned income from completing a course of study. It is easier to get information on the true costs and performance of a used car than on a postsecondary degree or certificate.

Publicly accessible information should be made broadly available on the graduation rates and employment outcomes associated with particular degree and certificate programs at particular institutions. Forty-five states have at least one postsecondary unit record system that contains student demographic and postsecondary enrollment information. Of these, 26 have postsecondary information and workforce information linked at the level of individual records. It would not be technically demanding or expensive to create these linkages in the remaining states. Presently only one of the 26 states with linked data provides the public with the information on graduation and employment rates that is available in its administrative data.

Congress should amend the Higher Education Act (HEA) to require states that receive federal funds for statewide-longitudinal data systems to provide information on completion rates, employment levels, and annual earned income for each degree or certificate program and for each degree-granting institution that

operates in the state. This information could be disseminated on the Internet.

To allow states to comply with this requirement, the HEA or other relevant statute should be modified to require, first, that any degree-granting institution that accepts federal funds in any form, including Pell grants and federal student loans, must provide information to the state at the student level on enrollment and graduation rates from each of its degree and certificate programs; and second, that state labor departments provide information to the state on employment and wages at the level of the individual workers through unemployment insurance records. States would further be directed to comply with promulgated standards for protecting the personal identities and privacy of individuals whose education and employment records are linked for purposes of this reporting requirement.

The U.S. higher education system is diverse, with over 6,000 institutions serving students of many ages and needs. In contrast, the higher education systems in most developed countries are centrally managed and homogenous. We should make diversity our strength by establishing national policies that encourage institutions to adjust quickly to changing needs in the marketplace for learning. Creating a higher education marketplace vibrant with transparent and valid information on performance would be a powerful driver of reform and innovation. ■

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