

(A) Fund

(B) Copy

(C) Steal

(D) Sell

(E) All of the Above

This

# Education



What happens when you unleash an entrepreneurship evangelist on an education school? Meet Doug Lynch, the vice dean bent on making Penn GSE a hub for social entrepreneurs, venture capitalists, and next-generation educational reform. **BY TREY POPP**

**Sabrina Kay GrEd'09 was nobody's idea of a typical student.**

For one thing, the fashion-industry entrepreneur came to the United States as a 19-year-old Korean who didn't speak enough English—as she would say years later—to order lunch at McDonald's. For another, by the time she applied to Penn's Graduate School of Education, she had already retired. And really, what does a thirty-something California girl with “good, eight-figure money in my checking account” need with a doctorate in education?

That's a fine question, but put it aside for the moment, because in 2007 Sabrina Kay was facing a more pressing one: What does a doctoral candidate need with an eight-figure checking account?

She had been thinking about the performance gap between America's K-12 education system, which is lambasted every time US kids finish 20 places behind the Finns on an international test, and its universities, which remain the envy of the world. “What happens between 18 and 19 for these students?” as she somewhat facetiously puts it. “Do they get smarter overnight—in one year? Or do we drop a lot of our students on the street?”

She was pretty sure it was the street. Too many young adults were falling through the crack between four-year universities and community colleges. Pick any reason you wanted—breakneck tuition increases among the former, insufficient capacity among the latter, uncertainty about the real economic value of a diploma from either one—it didn't matter. Kay thought she knew how to deliver the kind of education that would help these overlooked people thrive. Namely, the same kind she was getting at what she called her Penn “brain spa,” the new Executive Program in Work-Based Learning Leadership, offered by GSE in partnership with Wharton.

The thing was, just writing a dissertation wasn't going to do it for her. “I'm more of a practitioner than an academic,” she says now. “I needed a laboratory to kind of test out some of my theories. So I bought one.”

To be precise, she bought a college in southern California about 45 minutes from where she lived. Nominally a for-profit institution, it was losing about

\$1.5 million a year for its private-equity owners. “They wanted to dump it,” says Kay. “And of course, here comes Sabrina, and I paid cash for it.”

She renamed it Fremont College, and got down to the task of remaking it—largely in the image of the very GSE-Wharton program she was now attending, via cross-country commute, in intensive week-long blocks.

“When you look at the Wharton Executive program, you're not just taking the brightest and the greatest—you're taking anyone who can pay the money,” Kay says. “And you have to inject the knowledge in one week, and give them a very specific outcome, which is either learn to read financial statements, or learning leadership so that you become a better person.” Kay wanted to do the same thing, albeit for mid- to low-income adults whose previous academic experience had, to put it gently, lacked rigor. “So I sat there and kind of did a data input of what we were doing, hour by hour, at Wharton, and drew up a model with six steps.”

This she showed to Doug Lynch, the vice dean of GSE and the person responsible for starting the Work-Based Learning Leadership program. She showed it to other GSE professors. She made adjustments and additions, sometimes appropriating whole classroom exercises into her curriculum plan. What she wanted to know was whether she could copy the most effective parts of her executive-doctorate program and paste them into the for-profit educational tracks at Fremont College—if, as she later put it at an education-industry conference, she could “knock off Wharton.”

Lynch answered with a memorable piece of advice: “Steal shamelessly.”

Lynch would not have been the least bit surprised by Kay's purchase of a for-profit college as a “laboratory” for her dissertation work. That was how she'd banked eight figures to begin with, as the founder of California Design College. After studying computer science and industrial design at California State University at Long Beach, Kay, whose parents owned a clothing business, intuited that computer-aided design (CAD) would figure huge-

ly in the future of fashion design. In 1991 she struck a mutually beneficial deal with a software company that was having trouble finding buyers for its new, quarter-million-dollar CAD suite. Give me the software for free, she said, and I'll train your first generation of customers. It worked. Kay hired space and faculty, built a curriculum, recruited students, and won the all-important regional accreditation. Her graduates got job placements at a rate that even Wharton might envy—consistently above 90 percent. And the software company had a growing market of fashion designers trained on its proprietary platform. A decade of work paid off in 2002 when she sold the school for a reported \$15 million to Education Management Corporation, a publicly traded company that would shortly be acquired by Goldman Sachs. (EDMC, which runs 71 for-profit colleges, is once again a NASDAQ-listed firm, currently valued at \$2 billion.)

If you think that talking about education—much less education reform—in terms lifted from venture capitalists is vaguely sacrilegious, listening to Doug Lynch might send you sprinting for the nearest exorcist. Ever since he was recruited to GSE in 2004, as a trained economist who'd never worked for an education school, Lynch has ordered his life as an administrator and classroom teacher around one guiding belief: that America's best hope for improving its educational outcomes lies in opening the marketplace as wide as possible to entrepreneurs. And graduate schools of education, it follows, should be doing everything in their power to equip and enable them.

Lynch has challenged and changed the status quo at Penn GSE over the past few years, though not necessarily in a way that's attracted a lot of outside attention. He negotiated a partnership with Teach For America wherein GSE would administer a custom-built certification program for TFA recruits—an idea he considered a “home run” but only managed to pull off after being “drawn and quartered by the faculty,” some of whom, he recalls, “basically said, ‘They're the devil. What are you doing? They undermine everything that we're about.’” (Because most TFA corps members only teach for two years before pursuing different careers—and there's a

lot of evidence that it takes three or four years of classroom experience to make teachers really effective—some scholars criticize TFA for sending inexperienced, if well-intentioned, college graduates into the country’s neediest classrooms. “There are folks who argue eloquently that teaching is an intellectual endeavor, and that it takes a long time to get good at it, and we’re one of the few decent ed schools in the country, so we should be sort of preparing the Jedi masters,” Lynch elaborates. “And here you are signing a deal with these 21-year-old kids who are going to last two years.” But the faculty came around, he says, when they started interacting with TFA recruits and realized, as Lynch puts it, “Oh, these are really smart, committed kids—and they really do need our help, because they’ve [only] gotten five weeks’ training.”)

He started the program in which Sabrina Kay enrolled—a first of its kind among Penn’s peers in that it was designed for senior-level executives in charge of corporate-based education and training. (“At first faculty were like, ‘What the hell?’”)

His most emblematic initiative, though, came to fruition in 2010: an annual education-business-plan competition, sponsored by GSE and the Milken Family Foundation, whose two top cash prizes were richer than the ones offered by the well-known Wharton Business Plan Competition.

“If you take early childhood all the way through K-12, higher ed, and then what you could call corporate learning,” Lynch likes to say, “more money is spent on education than on healthcare.”

But, he’ll add in his next breath, that market is strewn with barriers to entry. “If you’re an oncologist and you have an idea for how to cure cancer, there’s a whole system in place to help you vet the idea and bring it to market,” Lynch says. “Nothing like that exists in the world for education.

“And the interesting thing is that it’s not like curing cancer—a lot of these things are fairly, in theory, solvable,” he adds. Just not the way education reformers have gone about it in the past. “The old approach to education reform is that a bunch of policy wonks get in a room and sort of orchestrate the whole

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thing centrally: ‘We’re going to change the whole system, and we’re going to legislate it.’ Well, that’s been tried sort of for the last 50 years, and that’s gotten us pretty much nowhere.”

So he advocates jettisoning that top-down approach and replacing it with what amounts to an army of entrepreneurs who can test out ideas great and small—rather the way Supreme Court Justice Louis Brandeis envisioned state legislatures serving as the “laboratories of democracy.”

“The hypothesis is that by creating opportunities for entrepreneurs to experiment,” Lynch says, “and they could be for-profit, non-profit, it doesn’t matter—that folks who think that they have an interesting solution to a problem that they’re seeing out there, whether it’s access to college via technology, or training teachers better through a new sort of strategy ... whatever the thing is or the idea is, rather than trying to orchestrate it from up high, allow all these things to sort of percolate.”

And the unfortunate reality, Lynch concludes, “is that there’s no mechanism anywhere in the country to do that.” Which is why he wanted to sponsor the business-plan competition—along with a new network of for-profit education companies, non-profit foundations, and (mostly) venture capitalists that would serve as a built-in audience for it. Dubbed NEST (Networking Education Entrepreneurs for Social Transformation), it was what Lynch envisioned as a “safe place for people to meet”—everyone from the Walton Family

Foundation and the KIPP charter school program to La Guardia Community College and Rosetta Stone.

“Part of it is sort of being a yenta,” Lynch explains. “One of the big problems [in the education marketplace] is what they call ‘deal flow.’ Once you’re University of Phoenix, it’s pretty easy to get capital—you’ve got 500,000 students; you’re sort of worth a gazillion dollars. They’re worth, like, \$10 billion or something. That’s pretty easy. The problem is, think of University of Phoenix 30 years ago, when somebody said, ‘Okay, I have this idea for a totally different way of running a university. Oh, and by the way, I’m going to make it for-profit.’ It was impossible for them to raise capital.”

Lynch wants to spread the message far and wide: whether you want to be the next University of Phoenix or you just have an idea for a smartphone app that forces eighth-graders to solve an algebra equation before they can fire off a text message, Penn GSE wants to play the enabler.

AS it turned out, that smartphone app—the brainchild of Emily Durham GEd’10, the only Penn student to reach the competition’s final stage—didn’t finish in the money. But both of the business plans that did also came away with something more valuable: venture-capital funding.

The runner-up was a software tool developed by a TFA alumna that classroom teachers would be able to customize to track and quantify student progress in fine-grained detail, on a day-by-day basis. So it might crunch all the data from

homework assignments and pop quizzes, for example, to clue in a teacher that her kids are, say, getting a handle on multiplying decimals but still lagging with fractions. (The system is also currently being marketed, somewhat less inspiringly, as a way to streamline the implementation of classroom discipline.)

The winner was a fledgling company called Digital Proctor, which has developed a keystroke-based authentication tool designed to detect “outsourcing”-style cheating in Web-based classroom environments. (The underlying assumption, which is supported by some evidence, is that everyone has a more or less unique style of touch-typing.)

There’s little doubt that each of these tools addresses a fast-growing niche in the American education marketplace. The Obama administration lists “building data systems that measure student growth and success, and inform teachers and principals about how they can improve instruction” as one of the four specific ways states can win coveted grants from its Race to the Top initiative. And the explosive growth of online education hardly needs commenting upon. But still, the notion of a graduate school of education lending its weight to something like a cheating-detection business—or Sabrina Kay’s for-profit college, for that matter—strikes some people as, well, novel.

“*Entrepreneurship* wasn’t a word I used much before I came here,” says GSE Dean Andy Porter, who came to Penn from Vanderbilt in 2007. Asked about the education business-plan competition, Porter goes straight to the question that probably occurred to most people who heard about it: “Why in the hell would we do something like that?”

“Well, the GSE here at Penn wants to be the place the rest of the world looks to for ideas,” he says in answer to his own query. “Our mission is to provide leadership in education ... and in education, the kind of research that tends to make a difference usually has a development phase to it—you create a curriculum, you create a program, you create a tool—so we try to promote good research and development. Then of course you want to get good visibility for your ideas.”

Linking them to the profit incentive is sometimes the best way to do that, he

says. For instance, several years ago Porter developed a psychometric assessment tool that district administrators can use to evaluate the effectiveness of principals. “I’ve had various ‘tools’ I’ve invented over my career, and some of them I’ve kept in the public sector,” he says. “But this assessment-of-school-leadership thing I put out in the private sector, because I didn’t think it would ever get out there and be used if someone didn’t have a profit incentive.” So he sold it to a company that has since deployed it in about 2,000 schools.

“The profit motive can get lousy stuff out there—and does,” Porter allows. But in his view, that’s all the more reason for Penn GSE to insinuate itself into the process. “If you can make it a two-step deal,” in which the University brings its research expertise to bear on a product first, “and then you get somebody in there selling it, I think there’s a lot to be said for that.”

So does Joel Greenblatt W’79 WG’80. The hedge fund founder, philanthropist, and University trustee also serves on Penn GSE’s board of overseers. “There should be more educational entrepreneurship,” he says. “And I think Doug Lynch is trying to lead the way.”

Greenblatt has been on the front lines of education reform as an instrumental backer, along with John Petry W’93, of the non-profit Harlem Success Academy and Bronx Success Academy charter schools in New York. The lauded seven-school network (whose goal is to charter a total of 40 schools in high-need communities) is run by Eva Moskowitz C’86 [“Alumni Profiles,” May/June 2009] according to a philosophy that Greenblatt describes in terms that are strikingly similar to the advice Lynch had for Sabrina Kay.

“[Moskowitz] started out with the idea of stealing liberally from the best practices from other successful charters,” he says. “And the [measure of] success for us is that if we’re successful, other people steal as much as possible from the things that we’re doing, that work. Otherwise, well, it’s not exactly a waste of time—because the project will end up helping a lot of kids that are directly affected—but the real goal is to set up something that can be used by others ... Not much has changed in the way teaching has been delivered over the last 100 years. Now that information can be shared, and communication technolo-

gies have improved, this is an amazing time to really pursue different ways of helping kids.”

“Public K-12 education is a \$700 billion business,” he points out. “Philanthropy can’t be the answer. All the philanthropists can do is set up models that can be copied.”

### **This enthusiasm for alternative and untried models is not exactly breaking news in American education.**

The past 10 years have been boom times for charter schools, for-profit colleges, and a general faith that entrepreneurship is the way to “bring our outmoded school system into the 21st century”—to use the rhetoric of the believers.

This has lately culminated in a fervor for shaking up school systems by appointing as their leaders people with limited experience in public-school administration, or even in education. Two of the most visible have been Joel Klein, an accomplished prosecutor who had headed the antitrust division of Bill Clinton’s Justice Department before being named chancellor of New York’s Department of Education, and Michelle Rhee, a Teach For America alumna and founder of a teacher recruitment and training non-profit who was named superintendent of the Washington DC system partly on the basis of her outsider status. (Rhee stepped down in 2010 after the electoral defeat of her patron, Washington Mayor Adrian Fenty, in a Democratic primary wherein discontent over her school reforms was a major issue. In New York, Mayor Michael Bloomberg’s controversial choice to succeed Klein, announced in November, is another outsider, Cathie Black, who previously ran Hearst Magazines.)

“I think more economists should go into education,” says Greenblatt, explaining one of the things he likes about Lynch. “The incentive systems in education don’t work. They make no sense. And I think if there were more economists in education, people would figure out faster why they don’t work.”

But not everyone shares the faith. Diane Ravitch, who was a high-profile supporter of some of these ideas as assistant secretary of education under George W. Bush, has metamorphosed into an even-higher-profile apostate. In her widely discussed 2010 book *The Death and Life of the Great*

*American School System*, Ravitch characterized the emphasis on “applying the principles of business, organization, management, law, and marketing” (especially when those tactics focus primarily on “choice and accountability”) as a sort of bait-and-switch.

“Instead of dealing with rancorous problems like how to teach reading or how to improve testing, one can redesign the management and structure of the school system and concentrate on incentives and sanctions. One need not know anything about children or education,” she wrote. Ravitch now argues that curriculum development and teacher training—boring though they may sound as a reformer’s rallying cry—are the things we need most.

Penn GSE, to be sure, does both of those things. Lynch just has a much more expansive view of what the school’s mission encompasses. “Does curriculum matter? Heck yeah. Do teachers matter? Heck yeah,” he says. “The mistake is not thinking about it ecumenically. The problem with all these folks—whether you’re Randy Weingarten, or Diane Ravitch, or Linda Darling-Hammond, or Michelle Rhee—is that you’re orthodox. You think *your algorithm* is the grand unifying theory [that will work in every kind of classroom] ... And I think that’s intellectually boring, and it’s also just a pipe dream.”

He adds, “I think you need to be much, much more pragmatic than that. Simply because we have a moral obligation to learn, and to further the profession. And to simply sort of say, ‘We are going to ignore all this stuff that’s going on’—which is apparently what a lot of ed schools are doing—is to me both immoral and impractical.”

Of course one might make the argument that some things really ought to be ignored.

This an awkward time, for instance, for an elite Ivy League education school to give credence to for-profit colleges. Heavily dependent on federal student loans—which typically account for between 80 and 90 percent of their total revenue—for-profit colleges have lately come under withering scrutiny by regulators, Congress, and short-sellers.

For-profit colleges enroll about 11 percent of the nation’s college students, *The New York Times* reported in November, and collect 25 percent of all federal

student aid, while their students account for 43 percent of all loan defaults. Investigations have turned up an alarming catalogue of accusations. Nursing students at one institution graduated only to learn that their program had never been accredited, making their degrees worthless—but their five-figure debt loads quite real. Recruiters have trawled halfway houses and homeless shelters for new students (and thus, more taxpayer-provided revenue in the form of federally guaranteed loans). A Government Accountability Office undercover investigation of 15 for-profit colleges documented deceptive practices at all of them, and fraud at four.

Perhaps the most memorable statement about the for-profit college sector, which enjoyed a stupendous run on Wall Street over the last decade due partly to a softening of regulations by the Bush administration, came from hedge fund investor Steve Eisman C’84. At an investment conference last May, Eisman—whose prescient and lucrative bets against subprime mortgage lenders made him a central character in Michael Lewis’s *The Big Short*—lambasted the industry.

“Until recently, I thought that there would never again be an opportunity to be involved with an industry as socially destructive and morally bankrupt as the subprime mortgage industry,” he said. “I was wrong. The for-profit education industry has proven equal to the task.”

He charged that “the for-profit model seeks to recruit those with the greatest financial need and put them in high-cost institutions,” and that the for-profit sector’s tuition rates—which tend to be vastly higher than at community colleges and frequently eclipse those of state four-year colleges—bear little relationship to the underlying cost of the education they deliver.

(Tuition rates vary widely in the higher-education marketplace. For most of its associate-degree courses, the University of Phoenix charges \$385 per credit hour. By comparison, California community colleges charge \$26 per credit hour—but are often oversubscribed and lack the ability to add additional sections. For bachelor-level courses, the University of Phoenix charges as much as \$550 per credit hour, which is higher—in some cases by a large

margin—than in-state undergraduate tuition at the University of Michigan. Penn charges tuition on an annual basis, but the full tab for a student taking five courses per semester would work out to about \$1,300 per credit hour.)

Eisman offered the Apollo Group, which owns the University of Phoenix, as an example of educational entrepreneurship gone wrong:

“In fiscal 2009, Apollo, the largest company in the industry, grew total revenues by \$833 million. Of that amount, \$1.1 billion came from Title IV federally funded student loans and grants. More than 100 percent of the revenue growth came from the federal government. But of this incremental \$1.1 billion in federal loan and grant dollars, the company only spent an incremental \$99 million on faculty compensation and instructional costs—that’s nine cents on every dollar received from the government going towards actual education. The rest went to marketing and paying the executives.”

Lynch doesn’t dispute this. He just thinks it misses the point. “I think there are proprietary schools that are criminal. I think you could also make a case there are some not-for-profit institutions of higher education that are equally criminal,” he says. “I believe that the beauty of the American system is institutional diversity. And I think there’s room for good for-profits. I think what we need is a lot more scrutiny on *all* universities in terms of their outcomes and their outputs. But in this instance we are sort of being agnostic about it. What we’re just saying is, if you’ve got a good idea, let’s kick the tires of it. And if it seems like it’s viable, let’s help you get resources to explore it further.”

Which brings us back to Sabrina Kay.

When Kay first applied to Penn, she received something that confirmed her status as an atypical applicant: a one-page rejection letter.

It was not a feeling she’d had many opportunities to grapple with. “Everybody wanted me at that point,” she recalls. “I was on 21 boards! I was involved with charities. I was the commissioner on several very important boards in California. I was like, How could I be denied?”

When she picked up the phone to get an answer to that question, the person who'd signed the letter wasn't available. She got transferred to Doug Lynch. "And Doug told me—and I had thought it was just the biggest insult I had ever heard—'You do not belong here.'"

"And I was like, This is exactly what I wanted to do! I've been in education my entire life. I'm in my 30s—I don't think I can retire forever!"

Slow down, Lynch said. The fit between student and program is important. The one to which she had applied, GSE's executive doctorate in higher-educational management, primarily served senior university administrators. Of course, to her mind, Kay had the ultimate credential—college president—but the fact was that she'd been president of the wrong sort of college. Lynch gave her the impression that some on the admissions committee "looked at for-profit colleges as not even part of the higher-education system," Kay recalls.

But not Lynch, who added that she sounded just right for the new program he was launching.

Four years and one doctorate in education later, Kay comes across as both a true believer in democratizing higher education and a tenacious exponent of the for-profit sector as the way to do it.

Fremont College essentially competes with community colleges. It offers about a dozen associate's degrees in programs that range from the vocational (massage therapy, Web design) to the somewhat more academic (paralegal studies, accounting). Kay touts Fremont's pedagogical approach as a "unique six-step process" that "adopt[s] the framework of Work-Based Learning Leadership at the Wharton School" and her own "thesis on improved learning through practice and collaboration."

(Wharton, which in 2009 lost a \$435,000 lawsuit—later reversed—brought by a disgruntled graduate of the Executive Masters in Technology Management program, a collaboration between Wharton and the Engineering School, has actually removed its name from the Work-Based Learning Leadership program. Though numerous Wharton faculty still teach in it, GSE is now its sole sponsor.)

One of the central elements of "Professional Action Learning"—a term Kay has trademarked—involves group-based exercises structured around role-playing; students are variously charged with occupying the role of "presenter," for instance, or "evidence analyst" or "devil's advocate."

Asked why she chose the for-profit route over, say, trying to achieve her educational goals at a community college, she has a ready answer: "Immediate gratification."

"If I went to a junior college and said, 'I'm a student at Penn and I'm doing my doctorate thesis and let's test out Professional Action Learning,' I think the entire faculty would have hated me ... And by the time I was done with the presentation and all the politics [of getting faculty buy-in], I would be 70 years old."

Educational inputs are one side of the coin. But outputs are arguably more important, particularly given the increased scrutiny of for-profit colleges in Washington. In a suite of new regulations scheduled to be published in 2011, the Department of Education is expected to make federal aid to college vocational programs contingent, to some degree, on measures that include the dropout and job-placement rates of their students.

About three years into her tenure at Fremont, Kay is pleased with the results. "When I first bought the school, we had about 40 percent student retention; now we're up to close to 80 percent," she says. "And most important is our [job] placement rate, which went from 50 percent placement to 91.3 percent."

Compared to some of her larger for-profit peers, who have lobbied intensely against the DOE's proposals to tighten the regulations governing them, Kay is sanguine about the coming changes. (She says 80 percent of Fremont's revenue comes from federal loans and grants.) "Once all this shakedown is over," she says with confidence, "there will be a really big premium to the quality of the institution."

But like many of her colleagues, she argues that measures like student-loan repayment rates make for tricky comparisons. After all, the for-profit sector tends to serve a population that has little in common with "traditional" four-

year, full-time college students.

"Students who go to Harvard and Wharton, they start at a pretty high place," Kay says, "These are the students who, if you drop them off in the jungles of Africa, they'll still somehow survive and pay their student loans, you know? But if you take the single mother who is on welfare and already had defaulted on many different loans *before* taking out another student loan—more likely than not, that person will have a higher chance of defaulting."

Are society's interests best served when taxpayers guarantee such a student loan? Kay's answer is unequivocal. "One option is to leave her alone so that she can be on welfare for the rest of her life," she says. "The second option is to give her an opportunity so that she can better her life."

Lynch concurs. "You have to keep in mind that Penn students are *so* not typical. University of Michigan students are not typical. Something like 80 percent of students now are what they call 'nontraditional,' depending on the US Department of Education classification. So your typical college student now is like a 29-year-old working mother."

For Lynch, who is as apt to frame education in moral terms as in economic ones (references to the 19th-century Catholic educator Cardinal Newman crop up regularly in his conversations and papers), that makes Fremont College an excellent vehicle through which GSE can amplify its influence in the world. Kay "feels very strongly about providing similar opportunities to immigrant women." Lynch says. "And she doesn't apologize for the fact that her company is for-profit. Her argument is, 'If I don't provide a valuable service, then I go out of business.'"

**Wally Boston GrEd'10**, who was accepted by GSE's executive doctoral program in higher-education management the year after Kay was denied, echoes that sentiment. Boston is the president and CEO of American Public Education Inc., a publicly traded company that runs American Public University System (APUS), a for-profit college whose operations are entirely Web-based.

"I think a few of my classmates found it interesting that a for-profit institution could have a mission," he says



Sabrina Kay at Fremont College.

PHOTOGRAPH BY ETHAN PINES C'92

about his cohort at Penn. “But we do have a mission to be open-access and to be affordable, and we’ve had that mission since our founding.”

APUS was founded in 1991 as American Military University. “Our founder was pretty adamant that many of the traditional schools that served the military didn’t follow a soldier or sailor from base to base,” says Boston. “So if you started a program with, let’s say, a state school down in Texas when you were stationed in Texas, and then you went to North Carolina, and had to switch to a North Carolina school—that place may or may not have the same program you started with, and if it did, some of the

degree requirements might be different. So he wanted to start a school that would follow the soldier around.”

The guiding mandate was that undergraduate tuition be priced to allow a soldier to obtain a bachelor’s degree (a prerequisite for becoming an officer) without spending any of his or her own money. The military has a tuition-assistance program that will pay up to \$250 per credit hour at an accredited college. That is what APUS charges. The military’s tuition benefit level has remained constant for a decade, which factors into a point of pride that few other colleges of any stripe can match: APUS has not increased undergraduate tuition since 2001. (It has

increased tuition for some of its graduate-level and MBA programs, which primarily serve officers aiming to advance beyond the rank of major, or soldiers laying the groundwork for a transition to civilian careers.)

“Back in 2002, at \$250 a credit hour, our tuition was lower than private non-profits, and also many of the private for-profits, but it was higher than many of the state schools we viewed as competition,” says Boston. “But in the [last] nine years, the state schools have increased their tuition quite a bit. So right now we believe that [the combined cost of] our undergraduate tuition plus our book grant [for students who carry a minimum 2.0 GPA] puts us lower than

just about all the state schools we see.”

The convenience and price point, coupled with the increasingly interactive nature of its online classroom environments, has proven attractive to civilians as well. In 2002, when Boston came to APUS from the healthcare industry, there were about 2,200 students enrolled in its various distance-learning programs. Over the last eight years that number has ballooned to 75,000, of whom approximately 50,000 are active-duty or veteran military.

At Penn, Boston did his dissertation on a topic he had grown passionate about: student retention. “In an online environment, any institution that serves a lot of adults is bound to have a high percentage of churn with its students, particularly if the admissions process is not selective,” he says. “The most-selective schools, places like Penn, have the highest graduation rates; and the least-selective schools have the lowest graduation rates. We are not a selective school. We accept every student who can demonstrate that they have a high school diploma or at least a GED. And so over the years, having had a background in going to selective schools, I felt like I needed to understand the retention issue and solve the puzzle.”

It is not an easy code to crack. APU’s students face challenges that do not typically beset “traditional” college kids, who for the most part cannot be ordered to dodge mortar rounds in the middle of a semester. Nevertheless, Boston says his GSE doctorate has paid dividends. “We’ve designed all kinds of dashboards to monitor activity in classrooms and outside of the classrooms. We study the demographics of our students a lot more deeply. And we’ve actually created an early-warning metric that helps us flag students we think may potentially be in a position where they’re going to drop out, and try to provide them with a mentor and a coach before that happens.”

### **Internet dashboards designed to flag potential online-college dropouts will not solve America’s education riddle.**

Neither will the replication of an Ivy League executive doctoral program’s pedagogy at a small, for-profit college in Southern California. And no matter how much you like the idea of making your 10-year-old solve math problems to unlock her cell-

phone, that’s not a panacea either—even if you also gave her teacher software capable of categorizing the types of mistakes she made. But that’s exactly why Lynch is keen on giving all of them a boost. To his mind, the lure of the All-Encompassing Education Fix is a mirage. And if you can’t run a mile in one stride, you’d better take every small step that gets you closer to the finish ribbon, even if each one only pushes you an inch or two along.

“So many of these artificial lines we’ve drawn over time—traditional versus non-traditional, charter schools versus district, for-profit versus non-profit, higher-ed versus K-12—so many of these distinctions can be useful descriptions, but they can also become mental roadblocks,” says Frederick Hess, a scholar at the conservative American Enterprise Institute who also teaches in GSE’s mid-career doctoral program in educational leadership. “What I find neat about Penn is that I think Doug and Andy have very intentionally created an environment—and I think you’ve seen it at a couple other universities, Harvard and Stanford in particular—where the leadership is aggressively seeking people from all of these parts of the pie and recognizing that they all have important roles to play.”

Some education-policy wonks who stump for entrepreneurship can at times seem to be advocating it as an end in itself. Skeptics find it hard to credit as a coherent operational philosophy. After all, what do an executive program for corporate chief learning officers, a business-to-business relationship with Teach For America, and a psychometric tool for assessing grade-school principals—to take just three ideas this story touched on—have to do with one another? To non-believers, it suggests a massively fragmented attention span—as though the ADHD kids have stormed the education-reform castle, spilling all their Ritalin pills into the moat on the way in.

“In my mind, it’s all the same thing,” Lynch counters. “NEST, our executive programs, the TFA thing—they’re all simply ways of trying to get out of this box, which is graduate education as it was conceived a hundred years ago.”

They’re also ways to amplify Penn GSE’s influence. For example, research on the effectiveness of TFA teachers has not produced a consensus, but one of

the largest studies, by Stanford’s Linda Darling-Hammond, concluded that uncertified TFA teachers had an insignificant or even negative effect on student achievement compared to teachers who enter the field the old-fashioned way. Hence Lynch’s push to bring TFA corps members into GSE’s classrooms, even if it meant adjusting GSE’s curriculum for them to close the deal.

And even if you agree with Steve Eisman that for-profit giants like the University of Phoenix are the devil’s spawn, come to Earth to bilk the vulnerable at taxpayer expense, you might still see the value in lining up venture capitalists behind a TFA alumna who has a tool that might just help your child’s teacher catch what’s stalling her math progress before the problem snowballs into a C-minus on her next report card.

Yet surely, you might say, having extended the benefit of the doubt that far—surely it is another thing entirely to bring a for-profit-college mogul into your ivory tower and tell her to “steal shamelessly.” But Lynch confirms that those were his exact words to Sabrina Kay. And the truth is that they amount to the clearest distillation of what, to his mind, GSE’s mission should be.

Still, it’s worth hearing the long version.

For the last six years, ever since Penn President Amy Gutmann’s inauguration, the University community has heard the ceaseless beat of a simple-sounding imperative: that Penn must “rise from excellence to eminence.” For Lynch it is a profound mandate.

“It feels like a sound bite. But if you really pull it apart and try and manifest it, it’s really different as a way of operating,” he says.

“If you’re excellent, you’re still proprietary. In fact, you probably try to protect [your areas of competitive advantage]. But eminence implies being magnanimous. Which means that you can sort of give it away. You say, ‘Please, Fremont College, copy what we’re doing and see if it plays out.’ ... If we were only excellent, we would then file a lawsuit saying, ‘Hey, you’re copying what we’re doing.’ Whereas being *eminent* gives us this opportunity to be gracious. It sounds corny, but I would say we breathe it here.

“It’s license to do good.” ♦