

Let's Help Parents Wise Up!

Well Informed Parents Are Essential In The K-12 Education Marketplace

By

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Our theme in this update, about well-informed parents being essential to the schooling of their children, is based on a fundamental principle of economics:

- Consumers need reliable information about the goods and services they seek to purchase. This is a necessary condition for a healthy marketplace.

Without that information these consumers will likely make unwise purchases. Perhaps more importantly, the private and public suppliers of education will “have an incentive to cut costs by reducing quality.”¹ The providers of education will be able to “get by” selling their “lemons” to the unsuspecting.²

In the context of K-12 education, we need to help these parent consumers ***wise up***, so they'll know better how to *direct* their children's education.

Looking ahead to our conclusions, parents must not only learn how to be good consumers of education, they must also learn how to *direct* and manage their children's educational services beyond just choosing the better school to “do it all.” In this sense every parent becomes a homeschooler by being ultimately responsible for each child's academic development.

They're Unwittingly Lost In A Fog Of Misinformation

Most parents and other stakeholders of K-12 education have mixed opinions about the quality of American schools, but on average regard their local schools as acceptable or better. Having little information to the contrary, they don't worry much about corruption, incompetence or lax standards that might affect these schools. In their minds there is no crisis. The status quo is OK.

They Rely On Public School Systems' Propaganda

In their reliance on published information and word of mouth most parents and other stakeholders of K-12 education have been misled into believing their schools are much better

than they really are.

In nearly every state, the state department of education administers and reports on student achievement through assessment testing mandated by the No Child Left Behind (NCLB) legislation. Sounds good- right?

The actual legislation allows states to dumb down their proficiency criteria and most have yielded to this temptation. In a typical state this means that published proficiency percentages are about double what a more acceptable standard would require.³ In 2013 at the 8th grade, the highly regarded Nation's Report Card (more formally the National Assessment of Education Progress- NAEP) reported⁴ about 34% of American public school children being proficient in math and reading; that's not an encouraging number. But the states, on average, will report that 60% of these children are proficient or at grade level.

The course or class grades given out by the schools tend to be even more exaggerated than those of the NCLB testing. These considerations result in a situation not unlike this:

- The teacher gives passing grades to 95% of the students in any typical class.
- The state testing reports only 65% of these children are proficient.
- The NAEP assessments measure a far smaller 34% of them as proficient.

It would be a rare parent who would know about this last estimate and only a few would be aware of the state testing results. Most parents, even some of the ones whose children received a failing grade, would not regard the school as failing their child. They'd probably blame the child for not performing better. So they give the school an "A OK."

They Rely On Supposed Private School Superiority

Some parents, particularly ones who can afford private school tuition, seek to enroll their children in private schools that they regard as much better than the public school alternatives.

To the extent that the private schools publish information about their students' performance levels, the statistics do show, on average, superior performance as compared to the public schools.

Nationally, the NAEP actually tests samples of children in reading and math. In 2013 for 8th graders, in private and public schools, they showed 47% and 34%, respectively, were proficient.⁵ These numbers barely changed from 2011 testing when they were 48% and 32%, respectively. Information like this can be deceptive. They can lead one to the conclusion that private schools are significantly better (despite not being really very good!). Consistent with this, it is a widely held opinion among parents, whether well educated or not, that the private schools are superior.

But this comparison is not fair. It is not fair because public schools have many more economically disadvantaged children to educate than private schools. What does a fair

comparison say?

The NAEP also breaks out the testing results for children who are economically disadvantaged. For them the private and public schools are in a dead heat- statistical tie. Those 8th grader proficiency percentages, measured in 2011, were 19% and 18%, respectively. In 2013 they tied again at 21% and 20%, respectively.

Thus on average, private and public schools are equally mediocre. The number of parents who are aware of this is so small as to constitute an almost vanishing percentage of the population.

Critical Achievement Percentage (CAP)

Based on the fact that fair comparisons between schools need to be based on the same demographic, we propose a new figure of merit: The ***Critical Achievement Percentage***. It is simply the NAEP proficiency percentage of the economically disadvantaged children. Thus the ***Critical Achievement Percentage*** or ***CAP*** for private schools nationally was 21% in 2013 while the corresponding number for public schools was 20%.

The 2013 overall NAEP proficiency percentages for private and public schools that we cited above, of 47% and 34%, respectively, are not very useful for comparisons because they include other inputs and influences that are not related to school quality.

This academic parameter, ***CAP***, probably more than any other number, shows the mediocrity of American K-12 education for both private and public schools. In our relatively recent mapping work, we have already estimated ***CAP*** for tens of thousands of public schools at grade levels 4, 8 and 12.

They Rely On Word Of Mouth

In most communities it is almost impossible to find reliable information about schools. Anecdotal information is often all a parent has to rely on. Their supposedly informed choices are more like a lottery ticket.

Putting The Financial Cart Ahead Of The Information Horse

You have the money to spend but you don't know much about the items in the bazar. Worse than being ignorant, you are misinformed and prejudiced about the goods for sale. Are you going to make good choices?

The Failures Of School Vouchers

Most advocates of giving parents school vouchers believe that the children of these parents will benefit. By enabling the child to attend a better school one presumes that academic performance will improve.

But the research has shown little improvement except for the demographic of black children.⁶

In the previous section we reported the parity of public and private schools in the way they educate those children who are economically disadvantaged. We believe that, on average, a parent using a voucher will simply transfer their child from a public school to a private school that is no better. One should not then be surprised to find little or no improvement.

School Vouchers Can Help If Parents Have Good Information

If parents had reliable information about the private and public schools in their community, it is likely that they would only use a voucher if there were a school that could provide their child a superior education.

If such information were available, the lackluster schools would lose market share while the better performing schools would gain.

How To Explain The Lack Of Good Information?

Part of the explanation for understanding the absence of good consumer information rests on the understandable desire among all school officials to make their schools look good- even if they aren't so good. Public schools, which enjoy a near monopoly in K-12 education with nearly 90% of all students enrolled in them, similarly want to maintain or increase their market share by portraying themselves positively.

It does not look good when a school has a high retention rate (in which students repeat a grade) or has a high dropout rate. Local politics puts pressure on school authorities to lower these rates and they do it through social promotion policies. To justify social promotion policies, school administrators often hide the practice by inflating the scores children receive in their courses of study. Teachers are pressured to pass the vast majority of children and to be consistent with that are pressured to "grade on the curve" in such a way as to insure very few children ever flunk. Consistent with this, research has shown less than 3% of children are retained in the average public school class.⁷

It has hardly ever occurred to school authorities that there is a conflict of interest when they have the dual responsibilities of instruction and testing. Because this combination is traditional it is rarely viewed as corrupt- though corrupt it is.⁸

Non-profit private schools enjoy a reputation, probably not deserved, that they are significantly better than the public schools. Sometimes they publish information about their graduates' test results to show their superiority. But as we described above, their customers don't usually understand the demographic issue. This ignorance leads them to overestimate the quality of

the private schools. And it means that private schools need not strive to be better when they can "get by" on appearances and a false narrative. To maintain this deception they'll surely avoid publishing accurate performance statistics.

For-profit schools are so small in number that they don't affect the education marketplace very much. But why have they not gained a foothold? We believe that they are intimidated by the education establishment that would try to put them out of business if they compete too aggressively. So the for-profit schools meekly go about their business knowing that their small market share might be tolerated if they remain quiet and inconspicuous.

How To Produce Reliable Information

Given the fact that most of the published information about school performance is exaggerated it is necessary to find means of obtaining honest numbers.

In States Using ACT Tests The Information Already Exists

In some states, particularly those which use ACT's various tests for their NCLB compliance one can find the ACT figure of merit "percent on track" to be "college ready." A preliminary survey shows Illinois, Michigan, North Dakota and Wyoming using ACT for high school testing while Kentucky and West Virginia appear to use ACT's 8th tests. Other states, including Colorado, have announced plans to participate as well.

For Other States There Are Methods To Estimate The Info

But in most states the testing systems report grossly exaggerated performance numbers, which are useless unless they can be converted to reliable statistics.

This latter defect can be remedied by using a mapping procedure by which the exaggerated numbers are "deflated" down to reliable estimates of how those students would have performed on the well-respect NAEP. Even in states using the ACT tests, such mappings to the Nation's Report Card can be done to insure that comparisons across state lines are consistent. We can also generate estimates of the ACT's "percent on track" number.

We have performed many of these mappings in recent years for well over 10,000 public schools at grades 4, 8 and 12. Thus we have at least one method for making realistic estimates of student performance that can be applied in most if not all states and the District of Columbia. Our methods are in the public domain and can be used by anyone who is interested in generating such statistics.

Still Left Out Are Private Schools And The Home Schooled

Performance information for any given private school or home school arrangement is generally not available in a form for which useful comparisons can be made.

At the high school level, some private schools do report ACT and/or SAT scores for their graduates and sometimes for 11th grade students. In those situations, linear regression methods can be used to estimate the proficiency percentages to use in comparisons.

Despite the general lack of quantitative estimates, parents of these non-public school students should consider having their children tested by a tutoring center or other supplementary education service provider. We presume that their testing options include ones that produce statistics that can be compared to the proficiencies reported or estimated for the NAEP or ACT assessments?

How To Get This Information To Parents

Information about schools will not be sought by parents when they believe all is well. Nor will they seek information if they don't know where to look. The Internet is not much help because most of the school information websites are simply regurgitators of public school system propaganda. An example, containing some of this self-congratulatory nonsense, is the website GreatSchools.Org. I have offered them the use of my mapping methods so they could publish more reliable information, but they seem reluctant to go in that direction. If they did, they'd probably need to rename the website. Maybe it could be called LaggingSchools.Org?

Or we could consider starting such a website and accompanying service ourselves? Or someone reading this could undertake the project?

The Education Industry Does Not Want To Do It

Let's consider the naiveté of this writer and his Asora Education Enterprises. One relevant effort we undertook was within the Education Industry Association (EIA)- where we were once members. We solicited the interest of supplementary education providers- such as tutoring services- to use our estimates of NAEP proficiencies in their communities as a marketing tool. Not one such enterprise expressed interest in learning more or in using our methods. Not one!

When we explored this disappointment with public relations advisors to the EIA their observation was essentially this:

These firms also do contract work for public schools and do not want to be seen competing with their own patrons.

So you can imagine these for-profit supplementary education providers would not want an advertisement saying in effect,

“Gee, What Lousy Public Schools Are Here In Our Town. We Can Help Bring Your Kids To/Above Grade Level. Bring Them In For Testing And Tutoring.”

As the saying goes, they'd be “biting the hand that feeds them.”

Our naiveté continued when we took the next logical step of concluding that those supplementary providers who only service private pay clients would not be afraid to engage in

such aggressive marketing. Among such enterprises are for-profit private schools. One such company, when made aware of this marketing tool, ran in the other direction! Despite being significantly better than most private schools in their area they were annoyed that our NAEP estimates didn't show them at an even higher performance level consistent with their own egos- and they said so.

It Puzzled Milton Friedman

These questions about the cowardice of for-profit education providers' reminded me of a question that the late Milton Friedman once pondered⁹. As he put it,

"...I have long been puzzled by the situation in cities like New York and San Francisco: there are strictly private elementary and secondary schools which charge very high tuitions and have long waiting lists, and I keep asking why is it that other private enterprises haven't taken advantage of that situation as a source of profit. Somehow there is a customer base there; there is a market opportunity."

This reluctance of a private enterprise to get involved suggests that it fears retribution from the education establishment. Are they simply afraid that the supporters and players in public education would use propaganda to diminish their market share or does it go farther? Are they worried that government officials will impose onerous regulations upon them? We don't know. However we do know, in the context of for-profit colleges, that the federal government has found ways to bankrupt some of them.

I think part of the answer to Friedman's question is that the two states in question, New York and California, are probably among the worst legal and political environments in which to launch for-profit schools. Left unanswered is the question about other states. Some of them might be better venues in which such enterprises could be established.

Also of possible relevance to Friedman's question is the history of FedEx and of UPS. These enterprises successfully established themselves in the parcel delivery industry and profitably took market share away from the government run Post Office.

Who Could Put This Information Out And Attract Consumers Attention?

It is clear from the foregoing that consumers are not seeking this kind of information and very few organizations are making this information available. How can that be addressed?

It seems that we have come full circle on the question of reliable performance information. No one wants to use it. No one wants to compete. According to their organizational types we have:

- The non-profits are comfortable in their niche where they rely on public misconceptions about their superiority; so they definitely don't want to discuss actual performance numbers.

- The public schools surely don't want their low performance numbers known as it might actually spur some competition.
- And the for-profit operators understand that by keeping a low silent profile they might survive without retribution. Are they gutless?

So who could provide reliable information to consumers after stimulating their interest in it?

The answer: Stakeholders in K-12 education that are organizationally capable of its production. Among stakeholders there are two possible motivations for doing this: Altruistic and financial. Some of these concerned organizations and their interests are:

1. Religious congregations that almost always voice support for having their children well educated.
2. Taxpayer organizations that seek cost-effective schooling for children in their midst.
3. Business organizations such as Chambers of Commerce, which benefit from well-educated employees in their member businesses.
4. Individual for-profit enterprises that provide products and services to K-12 education.
5. Trade organizations of firms in the education sector.
6. Research organizations that work in the education field- including think tanks, universities and related contractors.
7. Home schooling parents and organizations representing them.

Who Should Do What?

We can go down the preceding list in an effort to understand why each of these kinds of organizations has not taken up the challenges involved and what each might do in response. Taking them in turn we have:

1. Among religious congregations their attitudes on this depends somewhat on their denomination. For example, Christian protestant congregations in the 19th and early 20th centuries saw public schools as mostly protestant schools because of the overwhelming protestant demographics in most communities. Their affiliation with the evolving public schools became a tradition even as the schools became more secular. Like so many other parents and stakeholders in K-12 education these religious groups have not scrutinized or challenged the statistics published by the public education establishment. They also don't want to challenge the opinions of their members who mostly remain supportive of the public schools. Some denominations run their own non-profit schools, such as those operated by Catholic churches. They probably want to avoid the

publication of reliable performance statistics for fear of being seen less competent than their public image represents. Similar issues, we believe, are also relevant in schools run by Jewish congregations.

To avoid conflicts within any given congregation, we would propose that the regional authorities within any denomination consider obtaining and publishing school performance information such as the CAP statistic. Within any state, this might be at the state level itself or could be within some other administrative region.

2. Taxpayer organizations would probably show interest in sponsoring some of this performance information if they could be made aware of the problem and how it affects their members and other taxpayers.

Such organizations could publish the relevant information for two purposes: It would be a public service. And it could be used to solicit an expanded membership within their taxpayer groups.

3. Business organizations such as Chambers of Commerce should be interested but generally avoid this topic- even when brought to their attention. Most local Chambers of Commerce give prominent roles, within their organizations, to the leadership of their local public education systems. As such they seem reluctant to engage in activities that might embarrass their “friends.” This is a conflict of interest.

We have yet to find a Chamber of Commerce willing to take this on, although we presume some would take interest. We’d suggest that businesses form alternative community and regional business alliances that would exclude government and non-profit organizations from their voting membership. They might solicit participation from such outside groups through non-voting affiliate memberships.

4. Individual for-profit enterprises resist any involvement in the publication of performance information that might prejudice their business relationships with public schools. And, in any case, some of these enterprises are often too small to afford the costs of data processing and its dissemination.

Even then, a small firm could use some of the information Asora has developed in the past (that’s in the public domain) to raise questions in its advertising in an effort to solicit clients to their business. Or for a few hundred dollars we at Asora might be able to produce CAP estimates for their locality- depending on the details.

5. Trade organizations of firms in the education sector might be interested if there were more of them. We are aware of only one such organization: The Education Industry Association.¹⁰

We wonder if trade organizations were established at the state level what efforts they might undertake to help their members. We imagine that in some states they might decide to use realistic performance information to help their member firms market themselves. Even if this was done in only a few states at first, we can imagine others doing it later once it had been successful among the pioneering states. So our advice to

the EIA is: Consider remaking your organization into a federation of state based trade associations.

6. Research organizations that work in the education field have an opportunity here. Their motivation to get involved would be both scientific and humanitarian. The former because they'd want to discover and understand policies that succeed and the latter because they want to help the schools improve.

Depending on their finances, such institutions might sell the performance data they have obtained or they might be funded sufficiently to publish it gratis?

7. Advocates of home schooling probably would like information that supports their claims about the presumed superiority of home schooling over other K-12 educational formats. If they tested the children within their home schooling organizations with tests that are statistically comparable to the ones used by the states, they could demonstrate how their performance compares to that of the others.

They could then publish their performance data. If it was as positive as some claim, it could be used to attract more parents into the homeschooling arena. And it would be a wakeup call to brick and mortar schools.

Conclusions: What Is A Parent To Do?

The foregoing discussions not only provide advice to parents and other stakeholders about improving the consumer knowledge of education customers, they also hint at the importance of parents taking control of their children's instructional services.

In the material presented above, we focused on the quality of schools but didn't say much about individual students. Performance levels of schools, when known by parents, surely help them choose among the available institutions, but that doesn't help a parent deal with the more specific individual needs of each child.

In many cases, the child can benefit from services that supplement what they are getting from their school. Unless he or she is an expert in the area, the parent needs to find professional help- say from a supplementary education services provider. Such a vendor can likely provide individualized testing followed by appropriate remediation or even advanced instruction.

For a home schooling parent, it is advisable to consult with supplementary service providers to ensure that the child is being adequately taught. In this context, particularly at the high school level, home schooling parents often hire tutors or other instructional services to provide instruction in courses where they lack the knowledge to teach the material themselves.

The basic idea is the same for a parent who enrolls a child in a brick & mortar school. There is still a need to identify where the child's knowledge base is weak and then to address whatever problems are found. Supplemental service providers again can fill this need.

Thus in a general sense every parent is a homeschooling parent because each one is

responsible for the management of each child's education. In the usual case much reliance is placed on the school while in the case of traditional home schooling the parent is doing the basic instruction. But in either case, the parent bears the responsibility for ensuring that the child is adequately tested and remediated.

So parents must not only *wise up*, they also need to *take charge*!

Whatever your role in the K-12 education sector, some of the ideas proposed in this report may be worth considering. When parents have a better idea about school performance and other characteristics they will become better customers. Schools, public and private, and other education providers had best pay attention to them or lose market share.

If you do nothing else, look at what you can do to give parents reliable information about schools and other education services. Once they have a better idea of what is going on, their participation in the education marketplace will incentivize the necessary reforms. So, for example, if you are a tutoring service it is both in your financial interest as well as for your self respect that you market yourself with honest and accurate information. Don't be afraid of the education establishment; don't be timid and yield to their pressure.

Epilogue

Asora Is In Suspension

Unless paid to do so, Asora Education will no longer devote significant resources in K-12 education. We remain available to perform contract research and data processing as described elsewhere on this website.

Asora has suspended most of its activities and its CEO, David Anderson, is now working with the Heartland Institute of Chicago as an Education Research Fellow.

Participation In The Education Industry Association Has Lapsed

We appreciate the involvement we have had with the Education Industry Association. Many of the colleagues with whom we share our quarterly updates and many others we have met at EIA meetings have been very helpful to us. It has been a good learning experience. And we made friends.

But we also understand the "facts of life" of the *Education Industry* in the sense that it is considerably different from other economic sectors. Very little of the activity of firms within this sector is between the enterprises and the private pay customers. A very large fraction of it is contract work driven by the needs of the public education sector. That's not what we want to do.

We believe that the EIA should consider an organizational "revolution." In this major revision the EIA would rebuild itself as a federated organization comprised of state chapters. Each

state chapter would organize itself around the laws and needs of its state. Each such chapter would be in a position to be an information source that would enable it to help its members market their services. Each of them could be a resource to parents and others seeking accurate and reliable information about schools and student performance. In doing this, the EIA would also temper its crony capitalism aspects. A healthy vibrant education marketplace would grow and children would benefit.

Our focus is summed up well by the quote from Joseph Bast and Herbert Walberg,

Temperance, orderliness, frugality, industry, honesty, moderation, and humility are all capitalistic values. We should not fear having our children attend schools operated by businesspeople who share those values.

Though we will be suspending most of our education activities, we will remain available to consider future contracts and collaborations. Call us if you're interested!

¹ Gwartney, James D., Stroup, Richard L. and Sobel, Russell S., *Economics: Private and Public Choice*, The Dryden Press, 2000, p. 132.

² Akerlof, G., *The Market for Lemons: Quality Uncertainty and the Market Mechanism*, Quarterly Journal of Economics, **89**, 1970, pp. 488-500.

³ Peterson, Paul E. and Hess, Frederick M., *Keeping an Eye on State Standards*, Education Next, Summer 2006, p. 28.

⁴ We used the NAEP Data Explorer at <http://nces.ed.gov/nationsreportcard/naepdata/dataset.aspx>. In each case we use the combined overall proficiency for math and reading that we define to be the minimum value of the two separate proficiencies.

⁵ Here we also used the NAEP Data Explorer at <http://nces.ed.gov/nationsreportcard/naepdata/dataset.aspx>. We obtained the national average proficiencies for both private and public schools. This done for all students and for the subset of them who were economically disadvantaged, which by their definition are those children eligible for free or reduced price lunches (FRL). In each case we use the combined overall proficiency for math and reading - that we define to be the minimum value of the two separate proficiencies.

⁶ Howell, William G. and Peterson, Paul E., *The Education Gap--Vouchers and Urban Schools*, The Brookings Institution, 2002.

⁷ Warren, John Robert; Hoffman, Emily and Andrew, Megan, *Patterns and Trends in Grade Retention Rates in the United States, 1995-2010*, Education Researcher, **43**, #9, pp. 433-434.

⁸ Anderson, David V. and Walberg, Herbert J., *Are Md. schools really No. 1?: Social promotion, testing conflicts of interest sap the value of a diploma*, Baltimore Sun, Commentary, May 20, 2012

⁹ Friedman, Milton, Private correspondence, 2003.

¹⁰ The Education Industry Association website <http://www.educationindustry.org>. On its first/home page (as of today: July 3, 2015) we glean its emphasis under its heading "News & Policy." It appears to be entirely on contractual relationships with public school systems with no mention of private pay markets.