



Red4EdNC

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Policymakers: Apply These Three Business Principles to Education Policy

Angela Scioli, Wake County Public School Teacher

As much as education advocates (like myself) like to draw lines between education and business (exhibits [A](#) and [B](#)), there are some undeniable parallels. For example, there is a LOT of money at stake. In 2014, we spent [\\$634 billion](#) on public education in the United States.

Basic business principles are at work every day in our schools.

Principle #1: Branding “works”

Question: Which type of schools consistently demonstrate better educational outcomes when you control for variables such as income, race, and educational attainment of the parent? According to recent [polls](#), most parents would get this question wrong. The answer is public schools, not private or charter schools. [Research](#) shows that charter schools vary widely in quality and that private school students’ educational outcomes are [below](#) those of public school students. Many education “consumers” don’t realize that private school teachers are typically not certified and [charter](#) and [private](#) teachers earn lower salaries than public school teachers.

How did consumers get such positive impressions of private and charter education despite their less than impressive academic track record? Simple – branding. Charter and private schools must attract students, and to do so they put a lot of time and energy and money into marketing. They produce well designed brochures, carefully staged and timed tours, and [control](#) what teachers can say about the school. They also create application processes that create an impression of scarcity and exclusivity– a tried and true driver of increasing demand. Marketing shapes community perception, and that perception becomes “reality”, even if teacher turnover and test scores tell a different story. The truth is that educating children is a complicated stew of pedagogy, educational theory, a healthy dose of “edutainment”, mastery of child developmental stages, social psychology, and nuanced behavior management. Given that fact, a parent at a school tour is a bit like a single guy looking for a date at a bar. They really want to make the right choice, but it’s easy to get distracted by variables that on the surface seem important, but will matter very little in the long run.

Alternatively, public schools do not flaunt, market or gloat. And while a high percentage of parents are happy with their public school ([77%](#) give their child’s school and “A” or “B”), happy news is rarely the subject of conversation.

While branding by charter and private schools is inevitable, it’s a case of “buyer beware” and we need to develop resources that arm parents with more transparency and information. An emerging model might be the information provided by the US Department of Education on its “College Scoreboard” [website](#). Another remedy might be understanding the paradox of choice.

Principle #2: Choice is a paradox.

In America, we have been raised on a steady diet of “choice = freedom = good”. That mentality has led us to have supermarkets with [175 choices](#) of salad dressings and 285 types of cookies. Ironically, [research](#) shows that an excess of choice can actually make us less, not more, satisfied. Market [analysts](#) believe that one explanation for the success of stores like Trader Joes is that they help consumers navigate what is not known as the “choice conundrum”.

I would suggest that we have met the choice conundrum threshold in some of the more metropolitan areas of our state. This became evident to me when a former student informed me that she was moving to Charlotte, NC. She inquired about which high school would be best for her daughter. When I informed her of the complex choices to be made even within the public school system, let alone considering charter and private, she became alarmed. It was clear that hours of research on schools would be required before she could even begin considering which neighborhoods to look for a home in. We weren't even sure where her research should begin.

What does it cost us when we pursue our individual freedom and agency rather than committing to the social and communal institutions around us? In Barry Schwartz's book, [The Paradox of Choice](#), he [asserts](#) that “Americans are paying for increased affluence and freedom with a substantial decrease in the quality and quantity of community. What was once given by family, neighborhood and workplace now must be achieved and actively cultivated on an individual basis. The social fabric is no longer a birthright but has become a series of deliberated and demanding choices.”

What if the school-choice movement is just a dead-end rabbit hole that on the surface seems ideal, but at the core will lead to a debilitating choice paradox that leaves us never quite feeling certain or satisfied? Would we actually be better off if we had *fewer* schools, committed collectively to their success for all students, and invested in creating a strong and dense social fabric for our communities? Business seems to be pointing in a surprising direction – less may be more.

Principle #3: Economies of Scale = Efficiency

There is a real chicken and egg controversy brewing about charter schools and children with learning disabilities. First, it should be stated up front that no charter school can turn away a student with disabilities. However, charter schools on the whole consistently have [fewer](#) disabled students, and, merely attending a charter school [decreases](#) the likelihood a child will be diagnosed with a learning disability in the first place. Why might fewer disabled kids attend charters, and why are charter school kids less likely to be diagnosed? I think it's a simple answer: economies of scale.

You can imagine the feeling of a charter school administrator when a parent asks about special education services, or when a teacher suggests a child might need to be tested. On one hand, you know the law, and on the other, you know the school's revenue and expenditure streams. If you can avoid hiring or contracting with special education providers, that will create more flexibility with already tight budgets. And so, you don't turn the parents away. You just say that special education is not the “focus” of the school. You encourage the teacher to make modifications without testing and identification. You don't say no, but you don't say yes. And over time, the “problem” just kind of takes care of itself.

But that “solution” is just a Band-Aid that sidesteps the real business principle at work. It is inefficient to have multiple schools serving the same purposes, and that inefficiency is hurting kids. And not just disabled ones. Take AP classes. I teach at a large comprehensive high school. There are 2400 kids at the school and nineteen people in my department. We offer five AP courses in social studies. Enough students register for those classes that our teachers teach only one AP course and most teach multiple sections of it a day over the course of many years. They know the curriculum, they hone their ability to teach it, and they have a track record of student

scores to be analyzed. Many go on to be exam assessors in the summer and contributors to online teacher communities focused on masterful teaching of that course.

Smaller charter (median size 286) and private schools (average size = 140) offer fewer courses at the high school level, and teachers are more likely to teach several different subjects within their department. They might teach an AP course once a day, every other year, for example. A teacher with three or more different lesson preps a day is in a qualitatively different position than a teacher with one or two. Small school teachers' ability to master the subject, create detailed and effective lessons and assessments, and give quality feedback is compromised by how many lessons they must prepare for a single day. A parallel in the business world is developing a pitch to sell one unique product as opposed to selling four. Division of labor and specialization wins the day.

Bill Gates and the Gates Foundation learned this the hard way. One of their first reform ideas was to create smaller schools, and in 2003 they spent \$20 million in North Carolina alone to make that dream a reality. But by 2015, they were closing or [reorganizing](#) those schools, citing evidence that the reform had not improved student outcomes in any significant way.

Larger schools also provide capacity for students with special needs. If you already have a speech therapist on staff, you can identify and serve more students that need therapy. The same is true for learning disabilities, autism, hearing impairment and behavioral disorders. If you think about it, public funds should not be going to schools that in any way, subtle or unsubtly, fail to fully serve students with disabilities. To do otherwise goes against the letter and spirit of the law.

What are the business principles, applied to education, that might produce the best societal and student outcomes? Understand the power of branding and arm consumers with information, or, avoid the choice conundrum altogether by offering fewer, larger schools that benefit from economies of scale, have the full support and investment of the entire community behind them, and better meet the needs of teachers AND students.