
The Marketplace and Supplemental Education Services

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Why are private companies
attracted to tutoring?

We begin with two understandings:

1. Since 1990, there has been steady growth in the privatization of education.
 - Private for-profit schools (Edison, National Heritage)
 - Home-schools (800,000 to 1 million students)
 - Charter schools (public schools based on market principles of choice and competition)
 - Supplemental Education Services recognized as important part of child's education
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And second,

2. The 1990's showed that it is not easy to beat public schools.
 - No easy administrative savings
 - No demonstrably superior pedagogy
 - Additional costs in marketing, establishing brand equity, politicking and community building
 - Competitive response from public schools
 - Few economies of scale (franchising not easy)
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Private tutoring allows companies to reap financial benefits without engaging in the messy business of running a school...

or dealing with regulation
and close public scrutiny.

Demand for tutoring

Public schools that fail to make adequate yearly progress for three consecutive years must use Title I funds to offer after-school tutoring, mentoring, or extended instruction time.

Problems

- State and school districts do not have the resources to provide additional services.
 - Districts that fail to make adequate yearly progress are prohibited from providing tutoring services.
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Private suppliers of tutoring

- Who are the private providers?
 - High-profile for-profit education service companies (e.g. Kaplan, Platform Learning, Princeton Review)
 - In-state, “mom and pop” businesses
 - Community organizations (e.g. YMCA, Kiwanis Clubs)
 - Emerging niche providers (In-home Tutoring, Kumon)
 - A national market is emerging.
 - Eduventures estimates that private tutoring generates \$2 billion in annual revenue
 - Kaplan reported net sales of \$838.1 million for 2003
 - Large cities typically have 24 different providers
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Arguments for privatized tutoring:

- Nationwide, 20% of all students may be eligible, but most are not being served.
 - 325,000 students eligible in Illinois, but only 5.5% received tutoring,
 - Most eligible students isolated in urban centers where resources are scarce.
 - 400 of New York City's schools qualify for aid.
 - Money is already being spent.
 - 91 districts in 30 states spent between \$200 and \$300 million on 205,000 students according to 2005 study.
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Arguments against private tutoring

- Disrupts public school practices
 - Chicago public schools initially asked to suspend district tutoring services mid-year by DOE.
 - Compromise reached, but \$5 million transferred from other programs to cover costs.
 - Lack of quality control mechanisms
 - Chicago papers reported under-qualified tutors and tutors failing to show up for work at Platform Learning
 - Large sums of public money used to support unregulated private providers
 - Difficult to evaluate private providers
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Too soon to know

Little is known about the actual impact of private tutoring

- Self-evaluations by companies of little use
 - customer satisfaction reports
 - gain scores that do not account for additional learning
 - State evaluations are not being conducted
 - 2003-04 report of 29 states discovered that only 6 had begun the process of evaluating private providers
 - No compelling, scientifically-based evidence of effectiveness
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The danger of limited knowledge

By 2002, more than \$1 billion was being spent on the 21st Century Community Learning Centers program, created to provide safe and drug-free learning environments for children after school. A thorough evaluation by Mathematica, released in October 2004, found little if any impact on academic achievement from participating in the program and few if any decreases in suspensions or detentions.
