

The Moral Hazard of No Fault Schooling

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Part one: The hidden cause of the system's dysfunction

Although rather illicit-sounding, 'moral hazard' is in fact a term used by economists to describe the phenomenon whereby an insured party's behaviour becomes less vigilant due to the belief that they are protected from the risks they are insured against.

The term has left the halls of academia and found its way into the daily discourse of North American life. In 'The Designated Hitter as Moral Hazard', **Daniel Pink** describes how batters are on average 15% more likely to be hit by a pitch in the American League where there is a designated hitter than in the National League where pitchers go to bat themselves. American League pitchers, it seems, are less worried about hitting a batter's body when they are 'insured' against, as Pink says, 'retaliation in the form of a 95-mile-an-hour fastball to the ribs.'

It is schools though, not baseball leagues, that have become the most potent breeding ground for moral hazard. A few facts about schools and education:

- A review of British pre-school programs which included 'free nursery education for all three-year-olds' found that the 3 billion pounds spent since 2001 resulted in no discernable benefits. One study found that the children of teen mothers actually did worse.
- Peer-reviewed studies consistently show that home-based learners outscore their schooled counterparts with the relative gains being greatest for those from lower socio-economic backgrounds.
- The Conference Board of Canada's 2007 'Report Card on Canada' found that, "Over 7.5 million adult Canadians have low basic skills and low levels of literacy," even though many had graduated from high school.
- There is compelling evidence that before the implementation of compulsory schooling in New England, the literacy rate far surpassed that of today, even when controlling for greater numbers of non-English speakers now.
- Research two years ago at the University of Connecticut discovered that many graduating students at four year American colleges knew less about civic issues, including history, government and economics, than those entering the institutions.

Why is it that more schooling can actually hinder learning? Perhaps it's time to start pointing the finger at **moral hazard**, the blanket scholastic insurance policy that induces those insured – students and their parents – to become less inclined to take an active role in securing their own education. Examples abound of the phenomenon at work.

The first comes from a story told by a remedial reading teacher. After a week of individualized instruction, the mother of one of her students announced she would no longer need to read with her son at home because the 'teacher was taking care of that at school'. The mother thought her son's literacy skills were 'insured' so she became negligent about insuring them herself, even though the vigilance a parent provides –

reading with a child at home – has a much greater long-term impact than that which schools can offer.

And then, for those with failing marks, there is something called ‘credit recovery’, in which the high school student is actually encouraged to succumb to moral hazard. In an attempt to boost graduation numbers, standards are so watered-down in these second-and-third-chance courses that students are all but asked to relinquish responsibility for their own education. Last year, the New York Times reported that one school in their city “let students earn a year’s worth of science credits by responding to 19 questions on 5 topics” and that another offered a credit recovery program comprised of “two days of full instruction from 9-2 p.m. and three days of classroom instruction and field trip experiences.” (Ontario appears to be taking more drastic action: that province has something called credit ‘rescue’ initiatives.)

A third and final example of moral hazard – and one that more closely lives up to its name – involves the visit paid to me by a mother of one of my grade one students during a year of heavy schoolyard brawling. She was surprised this would happen in a Catholic* school because she thought discipline would be stricter. As I indicated to her, behaviour could actually be worse for that very reason – because parents thought the ‘moral and behavioral education’ of their children was being insured, they were less inclined to be involved in it themselves. (Public school parents are not immune to this phenomenon due to that system’s highly self-regarded ‘character development programs’ which are increasingly appropriating the role of moral educator there as well.)

But blame can hardly be placed on parents or learners themselves because this kind of moral hazard has been built into the system to create a dependency that justifies, through circular logic, its continued existence. Indeed, since the advent of common schooling in the mid-19th century, parents have been browbeaten into relinquishing both their money and their desired responsibility-to-educate. In 1841, **Horace Mann**, the originator of American compulsory schooling (from whom Canadian counterparts cribbed many of our system’s set-up notes), stated:

“Let it be shown that the money which is now clung to by the parent, in the hope of increasing his children’s legacies some six or ten per cent can be so invested as to double their patrimony, and the blind instinct of parental love, which now, by voice and vote, opposes such outlay, will become an advocate for the most generous endowments.”

In the same double-your-money-back rhetoric used to push for more (and ever younger) schooling today, his goal was to gain a monopoly over the delivery – the means – of education.

But, it is the self-defined ends that the school system also gained control over that are our greater concern.

What all students – public, catholic and private (who eventually have to funnel back into the process) – have in common is their forced functioning within a system that has come to define the ends of education as a product that only it can bestow – the graduation certificate and the academic credential. Tomorrow we’ll examine how we can ban these ‘products of education’ that play such a large role in the destructive force that is educational moral hazard.

***Due to an historical quirk, Ontario has a fully publicly-funded Catholic system, something that many think should be abolished due to the discriminatory nature of this preferential government funding.**

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Part two: Ending the exit exam

To guarantee the education of our young we need to make sure they never graduate. Yesterday I wrote about how moral hazard wreaks havoc in our school system through the false sense of educational security it gives to the learner.

Upon closer scrutiny, what the system promises is not an education but a product – a graduation certificate or academic credential – which is then mistakenly taken as 'proof of education'. Only when we eliminate this 'exit' token and replace it with its mirror image – the entry qualification – will real and sustained education occur.

Standardized exit exams are not strong indicators of educational attainment. A recent American study found that, "Exit exam policies now influence the education of 65% of U.S. public high school students, yet colleges report increasing need for remedial education. Federal statistics indicate that 40% of college students take at least one remedial course." Recognizing that these tokens of educational attainment are often not worth the paper they're printed on – at the high school or post-secondary level – there is an emerging call for them to be eliminated and to be replaced with entry qualifications.

In a pivotal 2008 New York Times Op-ed, 'Should the Obama Generation Drop Out', **Charles Murray** argues that, "The benefits of discarding the bachelor's degree as a job qualification would be huge for both employers and job applicants," and that our mantra must become: "It's what you can do that should count when you apply for a job, not where you learned to do it."

Murray is a conservative libertarian, controversial for his 1994 book *The Bell Curve*. To preempt a shooting-of-the-messenger, an all too frequent occurrence in education reform debates, I offer you the late **Ivan Illich**, the unassailable ex-Catholic priest whom the über 'progressive' Utne Reader lauded as the greatest social critic of the 20th century. In his 1971 groundbreaking book, **Deschooling Society** (in which he presages the power of the internet to revolutionize education – see tomorrow), Illich not only made the same points as Murray but went further by arguing it should be illegal to require academic credentials or to discriminate based on as he put it, 'one's educational pedigree' when applying for further educational pursuits or employment opportunities.

And Illich was only echoing arguments put forth by that greatest of liberals, **John Stuart Mill**, when 150 years ago he wrote, "degrees, or other public certificates of scientific or professional acquirements, should be given to all who present themselves for examination, and stand the test; but that such certificates should confer no advantage over competitors other than the weight which may be attached to their testimony by public opinion."

Illich, a left-libertarian, argued his point on social justice grounds knowing that the rich have the much greater ability to obtain the products of our current monopolistic school system. Murray speaks from the perspective of a conservative recognizing the time and money wasted on unproductive scholastic activities. And, Mill's arguments are classically liberal, involving the balance of individual and societal rights. But the common thread coursing through each of their arguments is that entry evaluations – which require

a person to actually prove their ability to do the task at hand – are the driver that forces individuals to obtain a much higher and necessary degree of knowledge, skill and competency.

“It would be giving too dangerous a power to governments were they allowed to exclude any one from professions, even from the profession of teacher, for alleged deficiency of qualifications,” Mill also wrote. His choice of teacher as example is a timely one to illustrate the futility of exit evaluations because of the Ontario government’s proposal to have four and five year olds in school all day with ‘certified’ teachers working alongside ‘Early Education Instructors’.

The numbers alone expose the inverted reward system – and glaring meaninglessness – of current certification procedures. On average, ECE instructors earn half of what teachers make for a similar number of working hours and responsibilities. But, while their training requires them to spend between 500 to 700 hours of face time with little kids before being certified, credentialized teachers are legally permitted to work in a class full of 4 year olds without ever once having stepped foot in a Kindergarten classroom.

The official counterargument is that teachers are better trained in the art and science of imparting literacy skills to youngsters, their ‘exit credentials’ guaranteeing us this fact. But some myth-busting occurred this past September when it was revealed that on average teachers receive only 24 to 36 hours of instruction in literacy pedagogy before being certified (out of five years of mandatory post-secondary education).

‘Plus ca change’ – I remember that as a soon-to-be ‘qualified’ elementary teacher, a week away from graduating, I felt so ill-prepared that I was compelled to make an emergency plea for more concrete literacy instruction.

This feeling of being ill equipped to perform to the standard implied by an exit certification is not unique to teaching and is rarely an issue of aptitude – rather, it is due to an often gross misalignment of prescribed graduation requirements with the interests and goals of the student. The fundamental principle of learning theory – interest equals education – is woefully disregarded in our school system.

It is this fact more than any other that highlights the destructive nature of educational moral hazard: the result of having students insure only the bare minimum requirements of their exit papers, is that the much greater amounts of knowledge, wisdom and experience that exist outside the schoolhouse are rendered insignificant, even if they are a more keen match-up with students’ aptitudes and life goals and a much richer source of educational experience.

Tomorrow we will see how entry qualifications not only raise educational standards, but allow each and every person to play to their strengths, something that benefits both them and society in general.

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Part three: Entry qualifications – the driver of an educational revolution

Entry tests, apprenticeships, mentoring and monitoring programs, previous work assessments and personal certification (would you hire a contractor to repair a leaky basement based on the number of years they'd been at school or on a recommendation from a trusted friend?) are all devices that until recently – and still throughout much of the world – are used to qualify a person for employment.

What all entry certifications have in common is their superior accuracy at gauging an applicant's ability to perform the functions requested of them – to more accurately answer the question, 'can this person get the job done'. Their other distinguishing commonality is their mitigation of the risk of moral hazard, an example of which can be seen by turning once again to the schoolhouse, or more accurately, outside the schoolhouse, to look at the way in which homeschoolers apply for admission to Ontario universities.

Unlike schooled individuals who gain entrance to most institutions by submitting just their 'exit' transcripts, 'entrance' requirements for homeschoolers are exhaustively comprehensive. One university requires: SAT I, SAT II or ACT results and a portfolio stating, among other things, 'why you and your parents decided to homeschool', 'your study plans for university' and 'your career aspirations', as well as an actual copy of a grade 12 subject essay and a 'résumé including any volunteer experience'. The process at another university involves both a lengthy interview and an extensive 'proctored' exam which "aims to assess the potential student's ability to: effectively summarize a written piece of popular work; clearly organize their thoughts in an essay format; critically assess a situation or idea or concept; demonstrate problem solving abilities; think independently, in a creative way" and ...so on and so forth. What is obvious to anyone with even a fleeting acquaintance of current high school graduation requirements is that to gain entrance to university, the bar is set much higher for these non-schooled students.

These independent learners, who in the States routinely gain acceptance to top-tier universities, clearly do not – indeed can not – succumb to educational moral hazard. But, what will it take to eliminate moral hazard as the factor that so dis-educates the rest of us? For better or worse, it is to the courts we must turn.

As discussed yesterday, Early Childhood Educators work the same number of hours and have similar responsibilities to elementary teachers. A test case could see an E.C.E instructor launch a legal challenge due to discrimination based on, as Illich referred to it, 'educational pedigree'. The goal would not be to create another entitled group of workers but rather the opposite: with employers no longer legally able to discriminate on the basis of 'a priori' qualification criteria, candidates from diverse backgrounds could, with some efficient retraining, successfully compete for a wide range of employment opportunities.

This has all the hallmarks of a 'flick-of-the-switch' societal correction: because of the increasing opportunities for self-directed learning, once it is legally codified that a person has a right to self-insure their own education, one would not have to wait for the

system to play catch-up. Indeed, it will be the system that will be forced to play catch-up and, the answer to the question of which reform will finally prevail – back to basics, child-centered education, all-boy schools, longer hours, shorter hours, charter schools, vouchers, alternative schools, direct instruction or experiential learning – will be yes, yes to all, as people will demand control over the ‘ways and means’ of their own education.

In critical ways, this educational reform switch has already been thrown.

In ‘Who Needs Harvard’, **Fast Company’s** September 2009 take-down of university-as-we-know-it, the exhilarating possibilities for the radical democratization and effective delivery of education are both breathtaking and limitless. MIT’s entire “syllabi, lecture notes, class exercises, tests, and some video and audio for every course MIT offers, from physics to art history” can now be found online; “free, not-for-profit, online public charter high schools that draw on open courseware” are being developed and finally, by capitalizing on the necessary but underused one-room-schoolhouse-effect, there now exists the Peer2Peer University in which “students can use the Web site to convene and schedule classes, meet online, and tutor one another”.

And, in the logical next step and in a move that comes ever closer to the concept advocated throughout this series, the article highlights the not-for-profit online **Western Governors University** which offers a “series of assessments that measure competencies, and on that basis, awards the degree.” Even though most students participate in a complete course load, the example is given of an IT professional with 15 years self-employment who “passed all the required assessments in six months and took home his bachelor’s without taking a course.”

Because it designed its assessments based upon competencies identified by employers as necessary but so often lacking by those in receipt of a traditional exit – ‘graduation’ – certificate, the Western Governors University, far from being a degree mill, functions as a de facto ‘certification assessment service’. It is a pioneer in an industry that will only grow in the years ahead as learners claim ownership over their education, a development that in turn will force universities and colleges to relinquish current business practices such as capitation fees and ‘bundling’ (the unique privilege of monopolies) and replace them with a fee-for-service model, whether this service is in-person lecture style instruction, hands-on-training or online courses.

When moral hazard is eliminated, when an individual’s right-to-insure their own education is guaranteed, the term ‘drop-out’ will no longer be heard and the ‘lifelong learner’, nimble and responsive to their own changing needs and those of the much discussed global economy, will become the norm. We will be trained to train ourselves and we will finally build upon one of the most basic facts of human nature: that we exist, indeed thrive, on a need-to-know-basis and continually apply this principle to all that matters in our lives.

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