



Image by Mike Albano

Exclusive: Uncommon costs

By: Claude Solnik April 23, 2015 5 Comments

More than 80,000 students on Long Island and twice that number state-wide gathered in auditoriums, gymnasiums, libraries and classrooms for three days last week – neither to take tests nor to learn something new. Meanwhile, others toiled over lengthy tests designed to evaluate teachers more than the students taking them. They gathered again to repeat the ritual for three more days this week.

As parents pondered the best choice to make for their children, one company scored big profits over six days that shook the school system.

While debate rages over whether to opt out of the rigorous testing, little attention is being paid to the British company that helped craft the Common Core curriculum and created those tests administered in New York and much of the nation.

Headquartered in London and with U.S. operations based in Iowa, Pearson PLC has quietly grown into possibly the most powerful education firm in the United States. It has \$16.7 billion in market capitalization, \$7.2 billion in sales and \$357 million in 2014 profits globally.

At a time when teachers are being fired due to budget shortfalls, hundreds of millions of dollars are being pumped into testing companies, with Pearson emerging as the biggest winner in this race to the top of the testing world.

Pearson, which did not provide comments for this story despite repeated requests, has grown by buying competitors, spending millions in lobbying and research and developing tests rapidly that some say measure little beyond the tests themselves.

Supporters say testing means accountability, while critics say quantity isn't quality. Even if the Common Core works, they say two tests shouldn't take six days (1/30th of the school year) – and a whole year to prepare for.

Thirteen-year-olds take tests that last as long as the bar exam – without ever learning the correct answers.

"They're not teaching kids," said Allison White, co-founder of Port Washington Advocates for Public Education. "It's not just the time (lost) for the testing. It's weeks and months they spend prepping for the tests. I don't see any educational purpose for the individual kid."

Supporters say students get grades, even if they never find out what they got right or wrong. But a new debate has formed over whether there's too much testing and too little benefit.

"The results won't be in until they're in the next grade," said Alan Singer, a professor of education at Hofstra University. "This is not for evaluating or helping students."

New York State Education Department spokeswoman Jeanne Beattie says the state must obtain official data from all 700 districts before it can evaluate the scope of opting out. But South Huntington School District Superintendent David Bennardo believes high-stakes testing has taken over schools on Long Island, where education has long been an asset.

"Anything good about Common Core is being eclipsed by the testing system, which is broken right now," he said. "The sad thing is that this was terribly handled."

It's the economy

While much of the debate around testing focuses on education, the shift may be driven by economics. To evaluate what's occurring, it may make sense to look at who backs it, believes in it and benefits from it.



Alan Singer / Photo by Bob Giglione

"I really believe it's 'follow the money,'" said White, who leads one of dozens of groups critical of what they view as excessive and inefficient tests. "Where is it leading us? None of this makes its way back to my local school district."

President George Bush created "No Child Left Behind" in 2002, calling for national education standards. The federal government – while increasing its role in healthcare, education and finance – pumped billions into persuading states to adopt standards through "Race to the Top," a program created in 2009.

Related:

- **Uncommon costs – how the company behind Common Core took over testing and cashed in**
- **Pearson's digital products subject of debate**
- **Are you smarter than an eighth grader?**
- **Joe Dowd: Casualties of common core**

The federal government is barred from creating the curriculum. But the feds set aside \$4.35 billion to support the shift to the Common Core curriculum, developed in conjunction with firms such as Pearson that would get big contracts.

New York State was offered \$700 million if it implemented Common Core and linked its test results to teacher evaluations.

"They promised money based on acceptance of these standards," said Estelle Kamler, a professor of educational leadership and administration at LIU Post in Brookville and a former public school superintendent. "Everything was tied to the standards and testing."

White sees the billions of dollars as "the way the federal government bribed states to adopt the Common Core."

The problem was, no curriculum existed or had been approved. Companies like Pearson worked quickly, creating tests used to evaluate students.

"If you look at many questions, all the answers appear correct," Singer said of one flaw. "They ask questions as if they're fact questions. Really, they're opinion questions. When you say, 'What is the best answer?' you and I might have different opinions."

While many public school parents are opting out, Common Core is turning into great news for private schools. One parent of a child in Catholic school sees private schools' freedom from these mandates as a big plus.

"Private schools don't have to take these tests," White said. "If these tests are so important and the only way to measure whatever people pushing them claim they measure, why don't we require them in private schools?"

Core values

While Pearson is a relatively recent entry in the exam business, it has a rapidly growing educational testing empire. The College Board, which makes the SAT, and ACT, producer of the eponymous test, are nonprofits.

Pearson, a public company traded on the London and New York stock exchanges, invested heavily in buying businesses as the Common Core was adopted in 45 states.

Founded in 1844 in London by Samuel Pearson as an engineering firm, Pearson acquired a stake in the London operation of Lazard Brothers. Pearson acquired publications such as the Financial Times and then set its sights on education as a promising market. While publishing faced challenges, Pearson saw testing as the future.

The firm acquired the education division of HarperCollins in 1997 and, two years later, absorbed Simon & Schuster's education business. Pearson later acquired National Computer Systems, which did educational assessments.

The firm in 2006 acquired National Evaluation Systems, which did state assessments for teacher certifications in the United States. In 2007 it acquired Harcourt Assessment and Harcourt Education International from Reed Elsevier for \$950 million.

The firm grew to 41,000 employees in more than 70 countries and an army of temporary workers who grade tests typically for \$13 an hour. Pearson, in its quarterly reports, refers to the United Kingdom as its "core" business, but its biggest business is in the United States.

The firm generates 60 percent of revenues and has more than half of its employees in North America. More than a quarter of shareholders are registered in the United States.

"I think we are every bit an American company as we are a British company or anything else," Pearson CEO John Fallon said in a call with analysts in March.

The firm snagged a \$32 million contract (up to \$38 million with amendments) in New York in February 2011 to create tests for millions of students.

But the big money may be in serving the state's 4,530 public schools (there are roughly 1,700 private schools). It found an effective way to sell books: Create the tests and everybody will want your texts.

"The schools are spending a fortune on new materials that are, in many cases, worthless," Kamler said. "They really should be spending on professional development."

Pearson's donations problem

While Pearson is evaluating students and teachers, the firm has come under fire for how it won contracts. Pearson says it donated \$130 million through its charitable foundation.

But New York State Attorney General Eric Schneiderman last year announced Pearson agreed to a \$7.7 million settlement for violating laws banning companies from using "charitable assets to benefit their affiliated for-profit corporations."

Pearson gave grants to school officials to attend summits around the world, paying travel and lodging expenses for officials, speakers and presenters.

Schneiderman said, "Sales personnel attended these international summits, while no employee of any other for-profit education company ever attended."

Schneiderman said \$7.5 million is going to hire teachers with the remaining \$200,000 used to pay legal bills.

"Pearson has positioned itself to influence education," Singer said. "The Pearson Foundation was taking superintendents and school-based personnel all over the world to conferences."

Pearson late last year dissolved its charitable foundation. But the firm still has contracts including one that expires at the end of this year in New York.

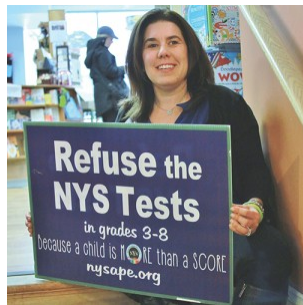
From A to Z to K Street

While Pearson may have crossed the line, testing companies have been pumping up lobbying to unprecedented heights.

Pearson Education, ETS (Educational Testing Service), Houghton Mifflin Harcourt and McGraw-Hill spent more than \$20 million on lobbying from 2009 to 2014. Pearson spent more than \$8 million, including more than \$1 million in 2012 in New York State.

Although President Barack Obama promised not to hire lobbyists, he sparked a controversy when he hired Broderick Johnson, a lobbyist at Bryan Cave, whose clients include Pearson and Microsoft. Johnson donated more than \$150,000 largely to Democratic candidates since 2008 and was a high-ranking Obama adviser.

"All these things are awarded based on whose lobbyist is doing a better job," White said. "A lot of decisions don't get made in the best interest of children."



Allison White / Photo by Bob Giglione

Pearson hired educators to be on its board, including Susan Fuhrman, recently named president of Teachers College at Columbia University. She also served as president of the National Academy of Education.

Fuhrman later wrote an open letter to the Teachers College community, saying she realized her "affiliation with the board of Pearson is disturbing" to many.

"I also appreciate – and agree with – concerns about the overuse of and emphasis on testing in education policy and reform," she added.

Fuhrman was paid more than \$60,000 annually to serve on the Pearson board, obtaining thousands of shares of stock. She said she believes it's wise "to be fully engaged in – and, I would hope, influence – the discussion of the role of the private sector in public education."

She said it's important to "have an educator's point of view about policy, research and practice represented at the highest levels of the company."

Why an education company would need an "educator's point of view" is a question, until you realize Pearson isn't run by educators.

High stakes for high tech

If educators aren't driving the change, who is? Computer companies are big backers and potential beneficiaries. One might say computer giants hacked into education.

IBM, Intel, Cisco Systems, the Bill and Melinda Gates Foundation and Pearson fund the Education Development Center, an academic nonprofit research center. Singer said these firms "stand to benefit from [the center's] policy recommendations," because standardized testing, eventually, will be given on computers.

Singer said EDC concluded Common Core tests accurately measure teacher performance, although their study "draws no connection between the evaluation system and improved student learning."

The Gates Foundation poured \$85 million into the Common Core curriculum and its tests, including millions for Pearson.

"You get more free market competition," Bill Gates told the American Enterprise Institute last March. "Scale is good for free-market competition. Individual state regulatory capture is not good for competition."

Critics believe more than testing was turned over to these firms: They see it as the outsourcing and selling of the American education system. Pearson doesn't only create tests, but materials used to teach curriculum.

It then evaluates tests, students, teachers and schools in a closed loop where one company does it all with little supervision and non-disclosure orders rein in dissent.

"Essentially, they're a monopoly," White said. "They make the tests, the test prep materials, the remedial materials you need if you fail the test. If more kids fail the test, you can convince the school to buy more remedial materials."

Kamler said tests routinely have questions not for the appropriate grade level. The tests, she believes, are out of touch.

"They design the curriculum so it can be tested. It doesn't mean the tests are measuring anything of value or the curriculum is any good," Singer said. "What you have is a closed circuit product of questionable validity and use."

High anxiety

Although the high-stakes testing market involves high stakes, Pearson is busy looking to other potentially lucrative exams.

New York State hired it to develop leadership exams for principals and superintendents, measuring them with multiple-choice questions before they are given jobs.

"They now have new tests for school leaders," Kamler said. "Those tests are so poorly designed."

Pearson is targeting attention deficit hyperactivity disorder as the next potential goldmine for testing students. The firm in 2013 acquired the assets of the BioBehavioral Diagnostics Co. (BioBDx), which created the Quotient System, the first U.S. Food & Drug Administration-approved test to measure ADHD.

Aurelio Prifitera, CEO of Pearson Clinical Assessment, said he planned on "introducing the Quotient ADHD Test to mental health and education professionals in both clinical and school settings."

Even if Pearson built an education empire, it could lose contracts if No Child Left Behind isn't renewed or states opt for other providers.

Doug Kubach, president of Pearson's school business, said in a fourth quarter earnings call that the firm is "following the reauthorization quite closely, because that does drive a lot of aspects of our business..." He added government could move "more of the control around accountability back to states."

Some states are rejecting the federal Common Core standard and, to quote a phrase from the anti-drug war, just saying "No."

- **The Poll: Are you smarter than an eighth grader?**
- **Subscribe to LIBN**

Indiana's state Senate this month approved a bill to exit Common Core and develop standards to "maintain Indiana sovereignty" by July. The Oklahoma House of Representatives passed a similar bill, although the state Senate may block action. The Tennessee Legislature is considering putting Common Core on hold.

Fallon said, "Public awareness for Pearson as the world's leading learning company is still relatively limited." That could change for better or worse.

"Now you have a situation that is untenable," Bennardo said. "It is dividing communities. We're going to be left with communities where half the students take the test and the other half do not."

How can the state spend millions to have hundreds of thousands of students not take tests?

"What Common Core will be replaced with is the question," Bennardo said.

"The investors and shareholders of Pearson are benefiting," White concluded. "The problem is they were standards that were not developed by educators."

Others say the problem is with the process by which the testing industry, in conjunction with computer companies, took over a nation's education system.

The recent turmoil could take its toll on the testing company. Moody's said last week it would maintain a negative outlook for Pearson's debt that "cautiously reflects the potential challenges/policy-related disruptions that could emerge during the course of 2015."


Pearson's stock started the year at \$17.79 per share, up from \$15.96 at the start of 2011. It was trading at about \$21 a share earlier this week, near its 52-week high.

"The most significant problem is the lack of educators' voices. When they bring in educators, they bring them in with information that's skewed," Kamler said. "It's absurd and it's really on the back of kids. It's totally inappropriate. What's happening in schools is not good for children."


Adina Genn and Joe Malone contributed to this story.

Tagged with: COMMON CORE LONG ISLAND NEW YORK STATE EDUCATION DEPARTMENT OPT OUT PEARSON EDUCATION PEARSON PLC STANDARDIZED TESTING


5 COMMENTS

- 


Troy
April 23, 2015 at 4:58 pm

This is, by far, one of the most informative articles I have read on the underpinnings of the common core initiative. Great job Claude Skolnick and LIBN.
- 


ken@austin-williams.com
April 23, 2015 at 5:17 pm

As usual... it's follow the money. What a mess!
- 

kathy cole
April 23, 2015 at 5:57 pm

Outstanding article...so sad for NYS and all students, it is ALL about the money and it really should be ALL about our children....
- 

Danielle
April 23, 2015 at 7:21 pm

I'm saddened that it's all about the money and NOT about the kids. Parents are starting to hear the cries of their child(ren)'s teachers and have smartly refused to allow their children to participate in this mess. When will politicians stop doubling down on efforts to test, test, test and start to listen to what people are asking for? Put teachers in charge of creating fair assessments. They are MORE than qualified to serve on a panel and create them. Teachers would work for next to nothing as part of our professional responsibilities and create accurate, appropriate assessments to truly measure student progress. No where in the process are educators part of the equation. That is a shame. The article doesn't mention the fact that the tests given are often several years above grade level standards yet they are asking children to complete them AND evaluating teachers based on the results. It's beyond absurd. It needs to stop. I hope more parents speak up and make a change. Pearson has got to go. Get them OUT of the classroom and let teachers do the work!
- 

Diane
April 23, 2015 at 8:29 pm

When I hear civil rights groups wanting testing, all I can think is they just don't get what THIS testing is all about. It's one more way to polarize our country. Just follow the money. It's an easy trail.

