

Jay P. Greene's Blog

Fordham's Economics Malfunction

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Yesterday, Checker Finn and Brandon Wright of the Fordham Institute published an essay highlighting three “market malfunctions” in the charter school sector. What they highlighted instead were primarily *government* malfunctions.

The first “market” malfunction they identify is the apparent lack of congruence between supply and demand:

As rapidly as it's grown (6,800+ schools at last count), the supply of charters has not keep up with demand in most places. (Estimates of the total waiting list go as high as a million kids.) All sorts of political, budgetary, and statutory obstacles have limited the number, size, and locations of charter schools.

Political, budgetary, and statutory obstacles... these are *market* malfunctions?

Skipping number two for a moment, their third supposed “market” malfunction is the problem of what they call “distracted suppliers”:

Many charters are strapped for funds. They feel overregulated by their states, heckled by their authorizers, and politically stressed, so the people running them often struggle to keep their heads above water (which includes keeping enrollments up). They have little energy or resources to expend on becoming more rigorous or investing in stronger curricula and more experienced instructors.

Strapped for funds when the law prevents them from charging their customers anything. Overregulated by their states. Politically stressed.

Again, my Fordham friends, these are *market* malfunctions?

Their second concern is the closest they come to identifying a market malfunction: weak consumer information.

Even where parents are mindful of school quality and try their best to be discerning, consumer information in this marketplace remains incomplete, hard to access, and difficult to understand. State report cards are ubiquitous yet lacking. Even when they adequately display academic achievement in tested subjects, they cannot begin to convey all the other information that goes into a sound school choice. What, for example, does the school truly value? Are its classrooms quiet and orderly or lively and engaged? How does it handle

character development? Discipline? Disabilities? Do students and teachers like it there or flee as soon as possible? The list goes on.

Yes, the market (as well as the government) has failed thus far to provide bountiful, accessible, and high-quality information about most schools. I've explained how the market could accomplish this (e.g., a combination of private certification, expert reviews, and consumer reviews) and there are some organizations already trying to fill this gap (e.g., GreatSchools), but there's still much more to do.

Of course, one reason that there are so few third-party organizations providing such information is that the government crowds them out, both by providing their own scorecards (which Finn and Wright find wanting) and by operating a massive system of "free" district schools that crowd out private alternatives.

So again: you call these *market* malfunctions?

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