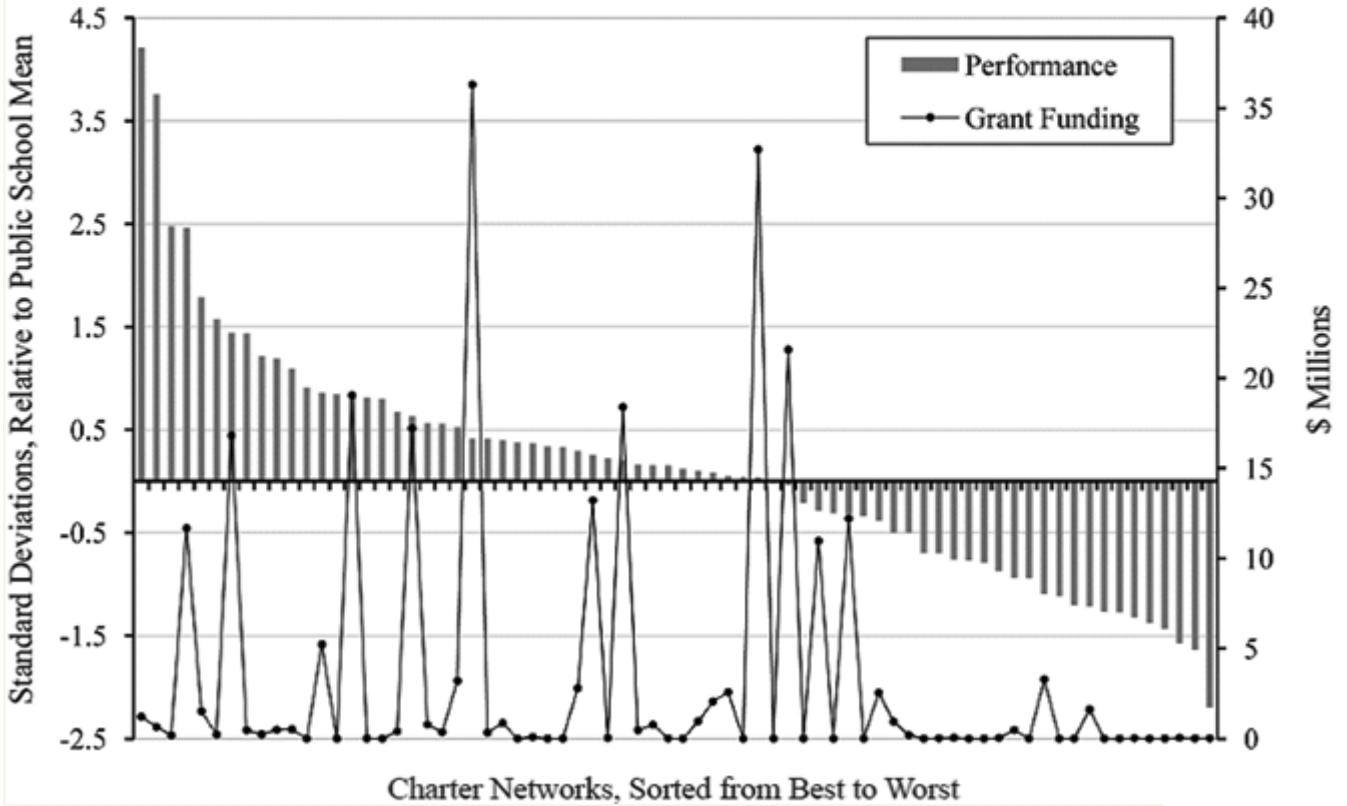


# InsiderOnline Blog

## Education Reform Needs the Profit Motive, Too

The best charter schools don't always get the most funding. This chart, from a recent [paper](#) by Andrew Coulson for the Cato Institute, shows both the grant funding and academic performance at California charter school networks.

**Figure 1**  
**Charter Network Performance on the CST Relative to District Public Schools, and Grant Funding (in \$Millions)**



The *r* value for the correlation between grant funding and performance is 0.11, which you stats geeks will recognize as indicating almost no correlation at all. (A value of 1 or -1 means a perfect correlation, while a value of zero means no correlation at all.) In other words, philanthropists are not helping to scale up the successful charter school models. The absence of a profit motive in primary education might have something to do with these results, says Coulson:

Why does the world beat a path to the door of whoever builds a better cell phone or sells a better cup of coffee but not to those who find a better way to teach math or science? What distinguishes education from other fields, structurally and economically? ... Why has the for-profit Kumon network of tutoring schools grown to serve 4 million students in 42 countries, while the nonprofit KIPP, one of the fastest growing charter school networks in America, serves fewer than 30,000? Is it purely a coincidence that in those places where education operates within the free enterprise system it enjoys the replication of success typical of that system?

Coulson's study is "[The Other Lottery: Are Philanthropists Backing the Best Charter Schools?](#)" published by the Cato Institute, June 6, 2011.