Step One: Make Educational Resources, Step Two: Create Tests, Step Three: Profit

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There is a glimmer of hope that the stranglehold these companies have over digital education can be broken, however, say some education advocates. Their hope is based on open education resources (OER). OER refers to materials licensed in a way not tied to a specific author or entity. It means teachers don't have to buy an entire textbook to use something.

"It's kind of like Google on steroids," said Dean Florez, president and CEO of the 20 Million Minds Foundation.

'Trojan Horses' for Data Collection

Neal McCluskey, associate director of the Cato Institute's Center for Educational Freedom, said the dominance of the big three publishers over digital education creates several problems.

"I think the biggest concern is that these online resources are Trojan horses for massive data collection on students, both by companies like Pearson and, even more concerning, governments that will eventually use the data to try to micromanage education and the economy," said McCluskey. "Federal encouragement and state collaborations all raise red flags, even if right now their intent really is just to get good material to students as cheaply as possible.

"I am worried about Pearson especially, since it seems they are largely being handed a monopoly by states to run stuff like PARCC. But this is more a problem of government than Pearson, per se," said McCluskey. In addition to creating digital and print educational resources, Pearson also has been contracted to create Common Core tests for the PARCC consortium.

'Industry Collusion'

"This is an $8 billion market, and there have been three dominant players," said Florez, noting these large companies all set their prices within a couple of percentage points of each other.

Florez said there is no competition and the big three companies operate with "a little bit of a wink and a nod at each other."

"Industry collusion—that is the term I would use," said Florez. "No one is looking to be the low-priced competition. There is no Southwest Airlines for publishing."

OER resources can be offered at about an eighth of the price of other educational resources and are free to view online, Florez said.

Quality Concerns

Bob Schaeffer, public education director of FairTest: The National Center for Fair and Open Testing, said there is real concern about the quality of the educational resources made by Pearson and other large companies.

"When you have a monopoly, the lack of competition can result in inferior products," Schaeffer said.

"In the case of Pearson, there is another issue of whether schools that have Pearson educational products will do better on Pearson tests," Schaeffer added. "There is a question as to whether schools who have the money to buy Pearson products will have a leg up."

Florez said his organization is working to make open education resources available for all teachers, schools, and students. "We believe the right place for OER is the nonprofit space.

It's more of a movement," he said.

"If we can get publishers to do something different, then that is our success," added Florez.

OER Interest

Florez said interest in OER is increasing.

"Because of the internet, we've hit this point where we have the opportunity to completely disrupt this market with open education resources," said Florez. Teachers would be allowed to pull chapters and customize lessons without worrying about copyright infringement, he added. "I do think OER seems to be on an upward swing. The days are quite numbered for the publishers."

Florez said OER would be extremely beneficial for both K-12 schools and colleges.

"I think the K-12 market is the easier market for OER, because you're not going after every individual faculty member to make a choice," he said.

A coalition of nine states is working toward using OER, Florez said.

"That's going to be the real game-changer in 2015," he said, adding he believes state coalitions are what will make the movement to OER a reality.

Concern Over Quality Control

Schaeffer expressed concerns over Pearson creating Common Core tests for PARCC.

"There is an old adage: what you test is what you get," said Schaeffer. "What that implies is the company that manufactures the test can have strong control over education, including the content and the products used."

In addition to the perceived conflict, Pearson does not offer adequate quality control, Schaeffer said.

"Many people believe they have expanded so rapidly that they've paid more attention to marketing and promotion than to quality control. The track record speaks for itself," Schaeffer said.

"They have an awful track record of major screw-ups," said Schaeffer. "They've lost tests, mis-scored tests, they've had computerized testing failures, they've had nonsense questions on their tests. It's an awful track record of repeat errors."

Instead of allowing companies like Pearson to dominate the market while also creating tests, a better option would be using classroom performance assessments by teachers that would be double-checked by independent reviewers, Schaeffer said.

"To entrust a company with such a poor track record with this level of influence over education is dangerous," he said.