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EDITORIAL

Education: The cornerstone of the profession

by Robert D. Shapiro

This issue of *The Actuary* is dedicated to the subject of education. In its articles, you will find insights into three levels of education that critically affect the future of the actuarial profession. These levels include:

1) Education of actuaries
2) Education of organizations and individuals served by actuaries
3) The education process within society in general

Education of actuaries

Tremendous progress continues to be made in strengthening the education of actuaries. Roy Goldman's article describes the evolutionary development of actuarial education that has led to exciting, emerging new educational perspectives and approaches. It is clear that the developing work product of the Education Task Force on which Goldman serves is driven by a powerful historic imperative.

Jay Jaffe's letter to the editor and the accompanying response provide additional perspective on SOA educational developments.

The article by Judy Strachan on actuarial education in derivatives covers an important current example of evolving actuarial education. Two articles in The Complete Actuary series are included in this issue: Cindy Forbe's discussion of management styles and Bob Omdal's article on presentation skills. They outline areas of actuarial interest that have become increasingly important in the development of today's — and tomorrow's —actuary.

Another article canvasses exciting technology helping actuaries and others contribute to the new world economy of intellectual capital through continuing education and job training.

Education of actuarial publics

Actuaries need to do a better job of educating the publics they serve (or should be serving) about their skills and capabilities. Often, our traditional employers are not aware of the full power of the actuaries who serve them. It is our responsibility to change this limitation through more business-oriented analysis and better communication of results. Again, the Forbes and Omdal articles provide valuable insight into how to achieve these goals.

One of the goals of the Society's Actuary of the Future Section and the SOA Foundation is to target some new publics that could be served by actuaries and to gain their trust and support. Lynn Peabody, the chair of the SOA's Task Force on Banks and Financial Institutions and head of Milliman & Robertson's bank consulting practice, has already made inroads. His view of bank financial analysis first appeared in a major banking trade, *The Banker's Magazine*. We're proud to reprint it here for you.

Tom Sutton, actuary and CEO of Pacific Mutual, was interviewed by Linda Heacox, the Society's new public relations specialist, about his involvement in helping Orange County settle its bankruptcy claims. City, county, state, and national government entities are all possible beneficiaries of actuarial analytical expertise if they only knew it existed.

Education of society

One of the initial projects being explored by the SOA Foundation is the development of critical, objective statistical and financial business measures for key stakeholders in our school system for capital budgeting, curriculum development, and education process management. Bart Clennon's article describing his "actuarial" experiences as president of his local school board provides a fascinating example of how our actuarial perspective and skills strengthen the process of assessing school performance. In fact, his experience shows that if the expectations and objectives of actuaries are not brought to the table, the public can be terribly misled by "apparent" statistical evidence.

A perspective

One could argue that education is the glue that binds all the key elements of actuaries and their profession, bringing together components such as research, communication, and standards. As we continue to address the three levels of education outlined here, we must keep in mind the "relatedness" of all these efforts. Addressing the education of actuaries, our publics, and our kids has many principles and objectives in common, and each thrust can learn from and contribute to the others.

We need a better way to assess schools' performance

by Bart Clennon

How well are our children being prepared in the basics of education? It's not always easy to tell, if you rely on the current methods of assessing students.

Actuaries could be of great public service by taking a closer look to help ensure that this important data is being developed and interpreted appropriately. Many actuaries are involved in their local schools, either by serving on the board or in volunteer groups. Their ability to analyze the issues makes them valued members of these groups.

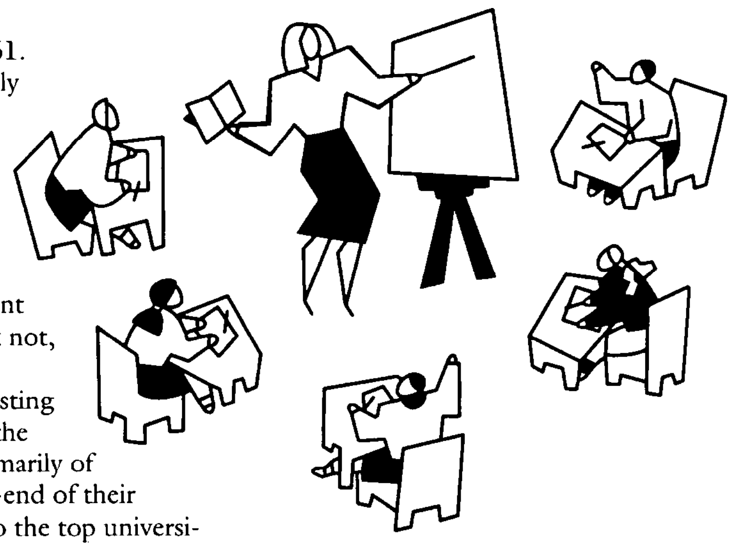
As a member of the school board in Wenatchee, Washington, for four years and president of the board for two, it became clear to me that we need a better way to assess how our schools are performing. We need a system that doesn't paint a rosy picture when things aren't rosy, but one that really tells us how we're doing.

Our present evaluation tools fail in many ways. Two notable examples that constantly get media attention are Scholastic Aptitude Test (SAT) scores and comparisons to other nations.

SAT score comparisons

The national media regularly compare the current year's SAT scores to previous years. The national results very closely mirrored our community's results, and it's very easy to point to a huge flaw in these numbers.

In 1977 in Wenatchee, 10% of the student body took the SAT test with an average score of 961. In 1992, approximately 40% of the students took the test with an average score of 942. Is it fair to compare 10% of the student body in 1977 with 40% of the student body in 1992? I think not, particularly after I confirmed with the testing service that in 1977, the 10% was made up primarily of students at the upper-end of their class trying to get into the top universities or establishing credentials for scholarships. To point out the inappropriateness of the comparison, I took 10% of our student body in 1992 and averaged that many top SAT scores. The average was 1,169. I'm not suggesting this method is completely valid, but it's more relevant than comparing the total averages. The numbers in surrounding years were even more impressive—closer to 1,200.



International comparisons

We must be very careful in comparing our high school graduates to those in other countries. For example, in England, several sorting processes take place prior to the time students are tested. We cannot validly compare a small percentage of their students (approximately 25%) to a cross section of our students.

Again, I want to emphasize that I don't want us to believe the schools are doing a better job educating students than they are. I think it is important, however, to have a meaningful assessment program. The danger in using invalid techniques is that it is easy to become what you think you are. Self-actualization becomes a factor; that is, if you think you're not very good, that's what you'll become. On the other hand, if you have reliable data that provides the needed information, you can appreciate the progress you're making, but also can use it as a tool to help plan program improvements.

Bart Clennon is a consulting actuary in Wenatchee, Washington.