SCHOOL CHOICE
Issues and Answers

BY Jerry Ellig

DR. ELLIG IS A SENIOR RESEARCH FELLOW AT THE MERCATUS CENTER, GEORGE MASON UNIVERSITY, AND RESEARCH FELLOW AT CITIZENS FOR A SOUND ECONOMY FOUNDATION (CSE), WHICH HAS GENEROUSLY GRANTED PERMISSION TO PUBLISH THIS ARTICLE. FOR MORE INFORMATION ABOUT THE FOUNDATION AND THE COMPLETE TEXT (INCLUDING A LISTING OF REFERENCES/CITATIONS), PLEASE VISIT THE CSE WEBSITE AT WWW.CSE.ORG.

Americans are free to make decisions about their health, education, and welfare. We can choose what to eat, how to exercise, whom to marry, where to worship, and which candidate deserves our vote. Students can use federal financial aid to attend the college of their choice — even a seminary! But most Americans have little ability to choose how or where their children will be educated during their most critical formative years.

Government decides where the vast majority of children in this country attend elementary through high school, and the fate of most children is determined by their address. Parents seeking the best school must either pay private tuition on top of the taxes they pay to support the public schools, or pay a premium to move to a neighborhood with good public schools. A lot of children do well under this system, but many do not. The children hurt the most are the most vulnerable — poor children whose families cannot afford an alternative to the public school in their neighborhood. Since public schools receive funding regardless of whether they do a good job, they face little pressure to improve. As usual, quality suffers when a substantial number of customers have no option to go elsewhere.

In an advanced Information Age economy, lifetime earnings prospects depend on the quality of education more than ever before. It should be no surprise that school choice has recently enjoyed growing support among parents and the general public.

WHAT MAKES A GOOD SCHOOL?

To answer this question, it's important to understand what does not make a good school. Simply spending more money does not improve performance. Since the 1970s, spending per student has steadily risen and teacher-pupil ratios have steadily fallen. Yet over that same period, standardized test scores remained unchanged. International comparisons reveal that, if anything, larger teacher-pupil ratios are associated with better academic performance! A much-discussed Tennessee experiment found that reducing class sizes from 25 to 15 students increased achievement for kindergarten students but had no effect in higher grades. The experience of home-schoolers, meanwhile, suggests that teacher credentials make little difference; 25 percent of homeschooling parents are certified teachers, but their children perform no better on standardized tests than homeschooled children whose parents are not certified teachers.

Of course, one might argue that student performance would have gotten worse if the amount of resources devoted to education had not risen. To assess the effect of inputs, we really need to look at studies that control for the effects of other factors. Eric Hanushek, an education economist at the University of Rochester, examined most of the major studies on school effectiveness and found that common panaceas like more money, smaller classes, and more teacher training rarely make a difference.

INPUT MEASURE	NUMBER OF STUDIES	STUDIES SHOWING POSITIVE EFFECT	STUDIES SHOWING NEGATIVE OR NO EFFECT
Teacher-pupil ratio	277	15%	85%
Teacher Education	171	9%	91%
Teacher Salary	119	20%	80%
Expenditure per pupil	163	27%	73%

Source: Eric Hanushek, "Assessing the Effects of School Resources on Student Performance: An Update"
Educational and Policy Analysis 19(2), Summer 1997, pp. 1411-164.

The most important factor affecting student performance is the school's organization and management. Effective schools generally exhibit commitment to a clearly defined academic mission, motivated leadership, and teacher participation in decisions. Schools most likely to have these characteristics are the schools that are most free from interference by higher levels of the educational bureaucracy. Three kinds of schools have this freedom: private schools, charter schools, and regular public schools not part of large systems or districts. If we want all children to have equal educational opportunities, all parents must have the ability to choose these schools.

FORMS OF SCHOOL CHOICE

Public school choice: Open enrollment, magnet schools, and other programs within the regular public system allow parents to send their children to alternative public schools.

Child-centered funding: Allows parents to choose their children's school and then funds each public and/or private school based on the number of children enrolled.

Charter schools: A charter school is a public school that operates independently of the education bureaucracy's rules and teachers' union contracts. A charter school can educate students only if parents choose to send their children there, and it receives public funding based on enrollment. The school's charter specifies the results for which it will be held accountable. If the school fails to deliver on these results, it receives no more public money. Approximately 1,200 charter schools served more than 300,000 students in 27 states and the District of Columbia in 1999, and 38 states had laws permitting charter schools.

Home schooling: Between 700,000 and 1.5 million American children are home-schooled by their parents or tutors. That's three times as many homeschoolers as in 1990, and nine times the number in 1978.

Vouchers: Vouchers are scholarships that let students attend a school of their parents' choice. The principal difference between

vouchers and child-centered funding is the administrative mechanism. In a voucher system, schools redeem vouchers given to them by students; under student-centered funding, schools simply tell the government how many students they have and receive funding accordingly. Publicly funded vouchers have been used for decades in two states, New Hampshire and Maine, and two cities, Cleveland, Ohio (since 1996), and Milwaukee, Wisconsin (since 1990).

Tuition tax credits/deductions: A direct reduction in taxes that fully or partially offsets expenditures by parents or others on tuition and educational materials, such as books and computers.

Tax-favored savings: Various proposals allow parents to defer or eliminate taxes on investments set aside to pay education expenses.

Private scholarships: Since 1991, the Children's Educational Opportunity Foundation has provided scholarships that allow children from low-income families to attend private schools. In the 1999-2000 school year, 36,875 children received more than $140 million worth of scholarships in 37 city-based and three statewide programs.

RESULTS OF SCHOOL CHOICE

Many forms of school choice have been subjected to rigorous academic study, and the results are simple. School choice works: Students' test scores are higher, and school spending and taxes are lower, in metropolitan areas where the existence of a large number of independent school districts makes it easier for parents to choose among public schools by moving to another neighborhood.

Massachusetts has permitted parents to choose among public schools since 1991, and the district losing a student must pay up to $5,000 to the district accepting the student. School districts with the largest losses responded by changing their policies and programs in ways that brought back many students in the ensuing years.

A nationwide survey of charter school students and parents revealed that 80 percent of students who were failing at their previous schools performed average or better in charter schools. More than half of them are now doing "good" or "excellent" work. Results improved for children in all ethnic groups and income levels.

After four years in a state-funded voucher program in Milwaukee, low-income students performed 11 percentile points better in math and 6 points better in reading than similar students who did not receive vouchers. If the program produced such gains for all students over 12 years of schooling, it would eliminate more than half of the gap in reading performance and all of the gap in math performance between white and minority students.

After one year, Cleveland students receiving state-funded vouchers scored higher in language, math, reading, and social studies than similar public school students. At two new schools created to serve voucher students, students scored 5,7 percentile points higher in reading and 8,6 percentile points higher in math after one year. In contrast, percentile scores of inner-city public school students often fall by a point or two a year.

After one year, low-income New York City students using private scholarships to attend private schools scored 2 percentile points higher in reading and math than similar students in the public schools. Fourth and fifth graders did even better, with average math scores 5,9 percentile points higher and reading scores 4 points higher.

For every year students remain in San Antonio's regular public schools, their standardized test scores fall by 2 percentile points in math and 1,4 points in reading. But low-income students receiving privately funded scholarships or choosing to enroll in the city's "multilingual" schools keep up with their nationwide peers, retaining the same percentile scores from year to year. Similar results occurred in Indianapolis, where the performance of low-income middle school students receiving private scholarships held steady while that of their public school peers deteriorated.

Home-schooled students score higher on standardized tests than either public or private school students, and their scores increase more rapidly as they progress from one grade to another. One in four home-schoolers is at least one grade ahead of other students of the same age, and only 5 percent are working below the grade level for their age. The longer students are home-schooled, the better their performance, even after accounting for the fact that homeschooling parents are more highly educated than the general population.

School choice also improves regular public schools by encouraging innovation and competition: A new program in Florida offers state-funded vouchers to students at schools who received "failing" grades in two out of four years. Two schools lost students due to vouchers in 1999; one responded by adopting a sharper focus on reading, writing, and math. All teachers in the school spend 90 minutes each morning teaching reading. One mother who took advantage of the vouchers noted, "It took competition to make improvements ... Everyone's focus now is the kids. It's a totally different scene. Why didn't they do it before?"

Surveys consistently show that parents whose children participate in school choice programs are much more satisfied with their chosen schools. Cleveland parents whose children received vouchers expressed much more satisfaction with their chosen schools' academic quality, safety, discipline, and attention paid to their children than parents whose children were still in the public schools. More than 80 percent of parents planned on sending their children back to their chosen school the following year.

Half of the parents of randomly chosen low-income students receiving privately funded scholarships in New York City give their schools a grade of "A," compared to only 12,5 percent of parents whose children applied for, but did not receive scholarships. Surveys of low-income applicants for privately funded scholarships in Washington, DC, Dayton, Ohio, and San Antonio, Texas, show that parents of students in private schools are much more satisfied with their schools' academic quality, safety, discipline, and teaching than parents of students in public schools.

The argument for educational choice is not just that choice improves academic achievement, but also that choice accommodates different parents' diversity of views about the types of education that they want for their children. The extensive Catholic school systems in the United States, for example, were established largely because poor Catholic immigrants feared that public schools would indoctrinate their children in Protestantism. In present-day America, educational choice would put an end to seemingly endless arguments over sex education, textbook choice, and censorship in school libraries; parents could simply choose schools that reflect their values instead of fighting to impose their values on their neighbors' children. The result would be an immeasurable but long-overdue increase in civility and social harmony.