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Free to Choose:
Incorporating School Choice into America's Public Education System

In a speech to the NAACP in 2008, then Senator Barack Obama voiced his concern about the quality of America's public schools. "We need to fix and improve our public schools," he began, "not throw our hands up and walk away from them. We need to uphold the ideal of public education, but we also need reform."¹ Barack Obama's speech was indicative of the growing sentiment among some Americans that their public schools are failing them.² In addressing this issue, some states have sought to increase the choices parents have in educating their children. While different states have done this in different ways, the result is still the same: promoting school choice can improve performance and lower costs.

Before analyzing how public education should be reformed in the United States, it is necessary to define school choice, outline the primary arguments for it, and to determine whether reform of whatever sort is needed at all. School choice refers to the ways parents can choose where their children go to school. Prior to governmental programs allowing school choice, parents could still choose a school for their children by deciding to live in a particular neighborhood or by sending them to a private school for which they would have to pay tuition fees on top of their tax contribution to fund the local public school. Today, however, there are other options such as open-enrollment programs, tax credits, charter schools, magnet schools,

¹ "Barack Obama: Speech to the NAACP": On the Issues, July 12, 2008
<http://www.ontheissues.org/2008_NAACP.htm>

² "Education Next": The Program on Education and Policy Governance at Harvard University, Survey-2011
<<http://educationnext.org/the-public-weighs-in-on-school-reform/>>

and vouchers. Advocates for school choice argue that prohibitively high property taxes have turned the best public schools into enclaves for the wealthy, as middle- and low-income families typically cannot afford to buy homes and pay taxes in the neighborhoods serviced by such quality schools. Open enrollment and vouchers in particular remove the financial barrier and allow surplus capacity in these schools to be opened to children who otherwise could not attend. Moreover, school choice programs help to assure parents that their children are being properly educated by allowing parents to choose the public, private, religious, secular, or vocational school that best reflects what they want for their children. The focus of this paper will be on the increase in student performance and the decrease in cost that results from school choice programs. Here, proponents argue that competitive pressures for students and therefore funding between public, charter, and private schools creates an incentive for schools to constantly improve the education they provide, thus boosting quality throughout the educational market. Additionally, charter and private schools that are made accessible by choice programs operate independently of many of the regulations to which public schools must adhere. This independence allows the schools to save money on compliance and administrative costs which in turn saves students money in the form of lower tuitions. Such independence also allows teachers and administrators greater flexibility in their teaching methods, allowing for possible innovation and better teacher control, both of which contribute to greater academic performance.

The need for such innovation was demonstrated by a 2011 Harvard University study, which showed that students in American high schools performed comparatively poorly in math and reading. In math, U.S. high school seniors had an average proficiency rate of 32 percent.³ By comparison, at least half of all students in South Korea, Switzerland, Japan, Canada, the

³ “Globally Challenged: Are U.S. Students Ready to Compete?”: Harvard’s Program on Education Policy and Governance, August, 2011 <http://www.hks.harvard.edu/pepg/PDF/Papers/PEPG11-03_GloballyChallenged.pdf>

Netherlands, Finland, and other developed nations met or exceeded the same standard. In reading, U.S. high school seniors had an average proficiency rating of 31 percent, while their counterparts in New Zealand, Singapore, Japan, Canada, and other developed nations beat that score by at least 10 percent.⁴ Each of these countries has approached education in its own way and under unique conditions, but their example shows us that it is possible to educate our children more effectively.

However, given the condition of federal, state, and municipal budgets in the United States, more money for education may not be feasible. As of July, 2013, the United States federal debt was \$16.7 trillion, or 100 percent of GDP,⁵ with 63.7 percent of all spending going to mandatory programs such as Medicare, Medicaid, and interest payments.⁶ On the state level, 42 of 50 states were running deficits with education being their largest expenditure at 20 percent of the average state budget.⁷ Moreover, municipalities nationwide have a combined debt of \$3.7 trillion.⁸ With the onset of economic difficulties in 2008, subsequent belt tightening measures and a decline in revenue have caused state and municipal expenditures on education to decline to almost \$100 billion below pre-recession projections.⁹ Statistics from the U.S. Department of Education and the Organization for Economic Co-operation and Development (OECD) however, demonstrate that more money for education is not necessarily the answer. In 2008, the United States spent an average of \$10,995 per student at the combined elementary and secondary levels.

⁴ Ibid.

⁵ “Daily Treasury Statement”: U.S. Department of the Treasury - July 12, 2013, pg. 2
<<https://www.fms.treas.gov/fmsweb/viewDTSFiles?dir=w&fname=13071200.pdf>>

⁶ “Historical Budget Data - February 2013”: Congressional Budget Office, Table 5
<<http://cbo.gov/publication/43904>>

⁷ “State Expenditure Report, 2010-2012”: The National Association of State Budget Officers, pg. 13
<http://www.nasbo.org/sites/default/files/State%20Expenditure%20Report_1.pdf>

⁸ “The State of the Municipal Services Market”: U.S. Securities and Exchange Commission
<<http://www.sec.gov/spotlight/municipalsecurities.shtml>>

⁹ “State and Local Education Funding Declined (Again) in 2011”: Bureau of Economic Analysis, The Roosevelt Institute <<http://www.nextnewdeal.net/rortybomb/state-and-local-education-funding-declined-again-2011>>

This was 35 percent higher than the OECD average of \$8,169.¹⁰ In contrast, countries such as Finland, Switzerland, the Netherlands, and South Korea each outperformed the United States in reading and math and all while spending less money per student.¹¹

Unfortunately, the comparatively large amount of money that the United States spends on education has failed to protect its public schools from a crisis of confidence. A 2011 Harvard University survey asked teachers and the public, “What grade [A - F] would you give the public schools in your community?” 10 percent of teachers gave their public schools a grade of “D” or “F”, while 27 percent gave them a “C”. When the same question was posed to the public, 54 percent of respondents gave their schools a “C” or lower.¹² When asked about public schools nationwide, attitudes drop even further. 17 percent of teachers and 25 percent of the public gave America’s schools a “D” or “F” while 46 percent of teachers and 54 percent of the public gave them a “C”.¹³ While this survey shows that some Americans are pleased with public schools, it also shows that many are dissatisfied. This frustration in combination with rising debt and falling test scores proves that reform is needed.

When reforming an educational system to incorporate school choice, there must be options from which to choose. The results of Illinois’ 2011 Prairie State Achievement Examination show that there can be wide academic variety within a given school district and a given state. At World Language High School in Chicago only 19 percent of students met or exceeded the minimum grade-level standard for reading proficiency and 14 percent met or

¹⁰ “The Condition of Education 2012”: U.S. Department of Education, pg. 60
<<http://nces.ed.gov/pubs2012/2012045.pdf>>

¹¹ “Skills Beyond School - The OECD Review of Postsecondary Vocational Education & Training”: OECD, pg. 208
<<http://www.oecd.org/education/skills-beyond-school/48630868.pdf>>

¹² “Education Next”, 2011

¹³ Ibid.

exceeded that standard for math.¹⁴ Conversely, nearby Northside College Preparatory High School performed much better. 36 percent of its students met the state's minimum grade-level standard for reading and the remaining 64 percent of them exceeded it. In addition, 55 percent met the state standard for math and 45 exceeded it.¹⁵ This academic diversity within public schools extends throughout the state. At Dunlap High School in Dunlap, IL, 82 percent of students met or exceeded the minimum standard for reading and math. On the other hand, Woodland High School in Streator, IL performed somewhat worse, with 40 percent of its students not meeting state standards for either subject. In addition to this diversity within public schools, the state of Illinois alone possesses 1,491 religious and secular private schools and 132 charter schools with a collective enrollment of nearly 350,000 students across all grade levels.¹⁶ From this it is clear that there can be great diversity within a single school system and within a state. Such diversity creates the potential for choice and if such choice making can be facilitated through vouchers, tax credits, or open enrollment the number of private and charter schools in a state can increase to meet demand while encouraging certain public schools to improve their performance.¹⁷

Choice has been incorporated into school systems in different ways across the United States. These programs include vouchers, open enrollment, and tax credits. Indiana and the District of Columbia, among others, have created voucher programs in which parents may “use

¹⁴ “Illinois High Schools - World Language High School”: US News and World Report

<<http://www.usnews.com/education/best-high-schools/illinois/districts/chicago-public-schools/world-language-high-school-6632/test-scores>>

¹⁵ “Illinois High Schools - Northside College Preparatory High School”

<<http://www.usnews.com/education/best-high-schools/illinois/districts/chicago-public-schools/northside-college-preparatory-high-school-6601/test-scores>>

¹⁶ “Illinois Private School Directory”: Education Bug, A Complete Listing of Educational Resources

<<http://illinois.educationbug.org/private-schools/>>

¹⁷ “State Scholarships Help More Florida Children Attend Private Schools”: Tampa Bay Times, July, 2013

<<http://www.tampabay.com/news/education/k12/state-scholarships-help-more-florida-children-attend-private-schools/2133665>>

all or part of the government funding set aside for their children's education to send their children to the public or private school of their choice." This gives families "... the opportunity to send their children to a school that best meets their learning needs."¹⁸ Essentially, this means that education funding is tied to a student rather than a school or district. If a student chooses to leave one school to attend another, all or part of the state funding that would have financed the student's education at the first school would be withdrawn and given to the student's new school. Thus, in a system where vouchers are universal, each school's funding would remain closely proportionate to the number of students it enrolls. However, in many cases, vouchers are not universal. Instead, vouchers are set aside exclusively for low-income students from poor neighborhoods who would otherwise attend some of the state or district's worst public schools. Nevertheless, even when vouchers are applied on this limited basis, the result continues to be that student achievement rises and the cost of education declines.

To that end, in 2011 Indiana implemented "the most expansive school choice program in the United States."¹⁹ Currently, this program provides vouchers for 15,000 students and that number continues to grow.²⁰ By 2014, this program will provide vouchers to 60 percent of low- and middle-income students with voucher amounts being proportioned to family incomes and supplemented by education tax credits.²¹ In addition, students do not have to come from failing school districts in order to be eligible. Although data on student performance in this young voucher program is only beginning to trickle in, cost and performance data collected from private and charter schools indicates that this program will improve education in Indiana in both

¹⁸ "Voucher Program": School Choice Indiana <<http://www.schoolchoiceindiana.com/index.php/voucher-program>>

¹⁹ "School Choice in America - Indiana": The Heritage Foundation
<<http://www2.census.gov/govs/school/10f33pub.pdf>>

²⁰ "So You Want to go to Private School? An Indiana School Voucher Guide." State Impact, NPR
<<http://stateimpact.npr.org/indiana/tag/school-vouchers/>>

²¹ Ibid.

respects. As for cost reduction, figures regarding average tuition and fees for private schools crossed with average government expenditures per student show that considerable savings can reasonably be expected from Indiana's school choice program. As of 2009, Indiana spent an average of \$9,254 per student for K-12 education.²² Conversely, the average private school charged only \$8,549 per student creating a potential savings of \$705 per child.²³ What's more, a 2007 study conducted by the Center on Education Policy indicated that, even when adjusting for socio-economic inequalities, private schools, especially Catholic private schools, were better at helping students develop critical thinking and competencies which has led to higher scholastic performance on the SAT, ACT, and in the first year of college.²⁴ From this we can conclude that increased private school enrollment through Indiana's voucher system is likely to save taxpayers money and provide a better education for their children.

Like in Indiana, data collected on the District of Columbia's nine-year-old voucher program shows that participating students were being educated more effectively and at a lower cost. A 2009 study showed that low-income students who had attended one of the area's private schools via a voucher program were 12 percent more likely to graduate from high school than students who had not been given vouchers.²⁵ Moreover, parents whose children participated in the program said they felt their children were safer than they were at their original schools.²⁶ Although the study showed no statistically measurable increase in this first generation's test scores, the importance of the increase in the graduation rate cannot be overlooked as having a high school diploma is one of the most basic and critical components of a student's future

²² "The Federal Education Budget Project, Per Pupil Expenditure (K-12) 2009": The New America Foundation
<<http://febp.newamerica.net/k12/rankings/ppexpend>>

²³ "K-12 Facts": The Center for Education Reform <<http://www.edreform.com/2012/04/k-12-facts/>>

²⁴ "Are Private Schools Really Better?": Time Magazine, John Cloud, October, 2007
<<http://www.time.com/time/nation/article/0,8599,1670063,00.html>>

²⁵ "Evaluation of the DC Opportunity Scholarship Program": U.S. Department of Education, June, 2010, pg. XV
<<http://ies.ed.gov/ncee/pubs/20104018/pdf/20104018.pdf>>

²⁶ Ibid. XVI

success. In addition to improving graduation rates, the District of Columbia's voucher program also saved taxpayer money. In 2010, District of Columbia Public Schools spent \$18,667 per student each year to educate a typical K-12 student.²⁷ However, students in the district's voucher program were given \$8,000 per year for K-8 education and \$12,000 per year for high school which amounts to a savings of anywhere from \$6,667 to \$10,667 per student. It is possible that these vouchers did not provide for all of the expenses for attending a district private school, but it is also just as possible that these vouchers covered those expenses because, as mentioned previously, America's private schools on average tend to charge only \$8,549 in tuition which is well below the district average.

On top of the benefits of providing choice through voucher programs, states such as Ohio have sought to incorporate choice via open enrollment policies. Open enrollment policies are the original form of school choice. Prior to the advent of voucher programs and tax credits, early school choice advocates put forth the idea of allowing intra- and inter- school district transfers. In other words, these policies allowed students to attend another public school within their district or in another district respectively. Such programs were initially an effort to desegregate schools by allowing African-American students to transfer freely to the better, traditionally white schools in their area. However, with the invention of charter schools in 1991, such open enrollment policies, like vouchers, have been shown to reduce costs and improve student performance. In Ohio, the open enrollment policy allows students to access the state's 368 charter schools in addition to all other public schools. The state of Ohio spends an average of \$10,092 per student on public education²⁸ while the average charter school requires an average

²⁷ "Public Education Finances 2010": U.S. Census Bureau, June 2012, pg. 99
<<http://www2.census.gov/govs/school/10f33pub.pdf>>

²⁸ "The Federal Education Budget Project": The New America Foundation
<<http://febp.newamerica.net/k12/rankings/ppexpend>>

of only \$8,001 per student to operate.²⁹ This creates a potential savings of \$2,091 for every student that enrolls in a charter school. With a 2010 charter school population of over 114,500 students, that is a potential savings of over \$229 million.³⁰ In addition to the money saved, the open access that students have to the state's best public and charter schools has brought up academic achievement in certain areas. According to a study conducted at the University of California at San Diego, "there are several important cases of grade spans in which charter schools are outperforming or performing about as well as traditional public schools." Students in elementary school were found especially likely to be "performing better at charter schools than at traditional public schools" in both reading and math.³¹

After evaluating the data collected by several agencies and in numerous studies conducted across the nation, it is evident that promoting school choice tends to lower the cost of educating America's children and improve the quality of the education they receive. Given the competition for students and funding that public, charter, and private schools must face in a choice-centered education market, there is a natural incentive for such schools to keep costs as low as possible while constantly improving their programs. Moreover, the regulatory independence with which private and charter schools operate allows them to save money on compliance and administrative costs and to pass those savings along to students in the form of competitive pricing. Such independence also allows teachers and administrators increased flexibility in their teaching methods, making room for possible innovation and greater classroom control. These advantages and others allow for better academic performance. This quality

²⁹ "K-12 Facts" <<http://www.edreform.com/2012/04/k-12-facts/>>

³⁰ "School Choice in America - Ohio" <<http://www2.census.gov/govs/school/10f33pub.pdf>>

³¹ "The Effect of Charter Schools on Student Achievement": UC San Diego, Dept. of Economics, Julian Betts and Emily Tang, pg. 55 <http://www.econ.ucsd.edu/~jbetts/Pub/A75%20pub_NCSRP_BettsTang_Oct11.pdf>

education can be made available to students of every income level when a state effectively promotes its parents' and students' freedom to choose.