

An Assessment by
Hoover Institution's
Koret Task Force
on K-12 Education

American Education in 2030



**A New Education
Federalism**

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By 2010, the virtues of federalism in American K-12 education had long been more evident in political rhetoric than in governing reality. The nation's famously decentralized school system, with authority distributed across fifty states and more than fourteen thousand locally elected school boards, yielded remarkably little diversity in policy or practice. State and federal laws, regulations, and court decisions had eroded school district autonomy. These same forces, amplified by districts, constrained the decisions of school leaders. And the areas in which states retained exclusive control, most notably the content and rigor of academic standards and the preparation, licensure and tenuring of teachers, had become sources of national consternation rather than pride.

Yet the root problem was not simply excessive centralization—nor was the appropriate solution simply to devolve control over education policy to the states and, in turn, to local school districts. For one thing, Americans had rightly come to view their education system's stagnant performance as a national problem warranting a federal response. More important, local school boards, particularly in big cities, operated under the thumb of teachers' unions and other organized interests with a national scope. The notion that devolution under these circumstances would foster authentic local control, much less improved student outcomes, was misguided.

Fortunately, the past two decades have seen considerable progress toward a set of governing arrangements that capitalizes on the real—though not often realized—advantages of America's compound republic. Much to the dismay of most conservatives, the federal government in 2030 foots more of the total bill for public education than ever before. Yet this funding increment has made it possible to reorient the federal role in desirable ways. National standards and tests in core academic subjects are now used in all but a handful of states; a substantial share of federal money is allocated to states based on student performance; and the federal government has increased spending on education data gathering and research and development by an order of magnitude.

State legislatures, in turn, have shifted power away from dysfunctional school boards and empowered parents and the public at large to exercise more control over their local schools. To varying degrees they have encouraged the expansion of charter schooling and sundry forms of school choice, overhauled certification regimes limiting entry into teaching and school leadership, and altered school board elections in ways that have curtailed union dominance.

On the surface, these changes represent the culmination of a century-long trend toward more centralized control of American public education. Ironically, however, the latest round of centralization has yielded more variety in governance arrangements and more responsiveness to local needs and family preferences throughout the nation's education system. In short, it has revitalized education federalism.

Federalism in the Age of No Child Left Behind

Defenders of federalism in American education claim that it offers a number of practical advantages that should boost academic performance. First, it enables states and districts to develop policies that respond to the distinctive preferences and needs of their populations. Second, states and districts may serve as “laboratories of innovation” for the development and testing of new reform strategies. Finally, a federal system allows each level of government to focus its energies on its areas of greatest competence, thereby enhancing efficiency through an appropriate division of labor.

That’s the theory. And decentralized control indeed contributed to the rapid growth of mass education that, for a time, made America’s school system the envy of the world. Whereas our more-centralized European competitors struggled to build national majorities in favor of investments in secondary education, all that was required in the United States was that a majority gain control of a particular district. As the value of a high school diploma increased, a dynamic of healthy competition between districts for residents and tax revenues promoted educational expansion. To be sure, decentralization also allowed for resources to be distributed inequitably and for the outright denial of civil rights—most egregiously by the segregated school systems of the Jim Crow South. Yet much of the federal government’s early involvement in K-12 education attempted to redress those wrongs.

By the late twentieth century, however, federalism’s supposed advantages were difficult to detect in the real world of education politics. The prevailing institutions of local education politics, a product of Progressive Era reforms, were designed not to enhance popular control but—in the name of virtue, expertise, and “taking the schools out of politics”—to limit it. As states and the federal government shouldered greater financial responsibility for public education, evermore detailed regulations narrowed the scope for local innovation. And the division of policy-making responsibility between the federal government and the states too often reflected tradition or political expediency rather than contemporary needs.

In 2010, with the landmark No Child Left Behind Act overdue for congressional reauthorization, almost no one was happy with the state of education federalism. Traditional conservatives continued to complain that the growing federal role amounted to an unconstitutional intrusion in a domain reserved to the states. Meanwhile, two distinct camps had emerged on the political left united only by their support for additional federal spending. On the one hand, teachers’ unions and allied interest groups representing the public education establishment wanted to see a softening of federal accountability requirements. On the other, many civil rights organizations and reform-oriented Democrats urged that federal accountability be expanded.

Yet what was needed was neither a narrowing nor an expansion of the federal role but rather a transformation. With No Child Left Behind, Congress had been at once

too vague about the goals for school improvement and too prescriptive as to how those goals were to be achieved. It had established the clear, if decidedly utopian, goal that all American students be proficient in math and reading by 2014 but was utterly silent about the definition of proficiency. Facing the seemingly impossible goal of getting each student over the proficiency bar within a dozen years, most states reasonably concluded that they would be best off setting that bar low.

Meanwhile, the law mandated a uniform approach to evaluating schools based on student proficiency rates that simultaneously provided opportunities for gamesmanship (via the use of confidence intervals, minimum subgroup sizes, and the like) and prevented states from developing more sophisticated accountability systems based on growth in student achievement over time. And it prescribed a cascade of tough-sounding interventions for schools deemed “in need of improvement” but relied for the enforcement of those provisions on the same school districts whose behavior the law aimed to reform. Predictably, most district officials did little more than go through the motions.

No Child Left Behind’s disappointing track record seemed to confirm fears that federalism in American education offered the worst of all possible worlds: each layer of government could frustrate the good intentions of the others but no layer could effect major changes on its own. Federalism, in other words, had helped to convert American public education into the stodgy, hidebound institution it had become.

The Fiscal Turning Point

The long-run trend toward increased federal involvement in public education only accelerated in the wake of the global financial crisis of 2008-9. Facing widespread fears that the U.S. economy would fall into depression, newly elected President Barack Obama and Congress pursued an unprecedented program of federal domestic spending. Well more than 10 percent of the total \$787 billion stimulus package was allocated to states and districts for the purpose of shoring up their K-12 education budgets. Almost overnight, the total federal investment in public schools effectively doubled.

The Obama administration initially emphasized the temporary nature of these funds and urged districts to use them on nonrecurring expenses that would boost their long-term productivity. Yet it also pressed districts to “spend funds quickly to save or create jobs.” It was no surprise that cash-strapped local officials used the money almost exclusively to avoid layoffs. Indeed, subsequent efforts to evaluate the use of stimulus funds revealed that it was impossible even to track the manner in which they had been spent—much less to evaluate their effectiveness in driving “reform.”

But given double-digit unemployment rates and the administration’s need to demonstrate economic progress prior to the 2010 midterm elections, the prospect of

widespread layoffs in public education was politically untenable. As a result, Congress narrowly approved a second round of education spending for 2010 and 2011 as part of a job-creation package. By 2011, when No Child Left Behind was finally reauthorized, much of this additional funding was simply incorporated into spending authorization levels set forth in existing federal laws. The extraordinary—and purportedly temporary—federal investment in public education spurred by the largest economic downturn since the Great Depression had become the new status quo.

Of course, the centralization of education finance did not resolve the fiscal challenges facing American public education; it merely delayed them. Indeed, these challenges have intensified again in recent years due to the federal government's deteriorating fiscal situation and the nation's ongoing demographic transition. Between 2010 and 2030, the ranks of those over the age of sixty-five increased by 80 percent; those aged five to seventeen rose by less than 20 percent. The share of U.S. households with school-age children fell to 33 percent, down from 45 percent in 2010. Such changes have escalated the cost of age-related entitlement programs and reduced popular support for education spending. Meanwhile, college enrollment rates have continued to rise, placing the K-12 and higher education systems in direct competition for funds.

Yet the federal investment in K-12 education has continued to outpace both inflation and increases in state education spending, in part due to the renewed threat of school finance litigation in federal courts. As the federal financial role grew, school finance litigants developed a new interest in congressional appropriation decisions. Their ultimate aim is to convince the U.S. Supreme Court to find within the federal Constitution a previously unnoticed right to an adequate education—a trump card that would force Congress to prioritize K-12 spending over other commitments. In contrast, earlier federal school finance cases had involved within-state spending equity, as in *San Antonio v. Rodriguez* (1973), or on the level of spending required to fulfill specific statutory obligations, as in *Horne v. Flores* (2009).

All told, Uncle Sam now accounts for roughly one-third of total spending on education—a target set by the National Education Association in the 1970s. The local share, meanwhile, has fallen below 20 percent. Even this figure is inflated by a relatively small number of wealthy suburbs in which voters have chosen to maintain unusually high spending levels. In a majority of districts nationwide, schools now rely almost exclusively on state and federal resources.

A New Division of Labor

In keeping with the golden rule of politics (he who has the gold makes the rules), this new federal spending facilitated the expansion in federal authority. The possibility that states might decline federal funding to avoid its accompanying mandates is no longer even discussed.

The most notable federal policy development has been the adoption of national standards and tests in reading, math, and science. (Persistent controversy over the content of proposed standards in history continues to prevent its inclusion in the national program, much to the detriment of the time devoted to and quality of instruction in that subject.) The general public had grown comfortable with the idea of national standards before the economic downturn, with more than 70 percent consistently expressing support by early 2008. Republicans (and a few anti-testing Democrats) in Congress continued to object, but they were able to ensure only that the adoption of standards remained voluntary in states willing to bear the cost of developing and administering their own tests. Even those states still opting out are required to administer the national tests regularly to a representative sample of their students and to make certain that the fraction of students deemed proficient by their own test is no greater than would be the case under the national one. Moreover, the U.S. Department of Education makes its tests and detailed performance data available to parents online, enabling individual families to administer the computer-adaptive assessment at home and gauge their child's standing relative to students nationwide.

Having rationalized the nation's educational standards, Congress defied expectations by taking a more hands-off approach to reform in other areas. Indeed, this step was essential to winning a modicum of Republican support for national standards and for the spending increases that were Democrats' top priority. No longer does Congress dictate the specific methods to be used to evaluate schools or the specific interventions to be made in schools deemed underperforming. Instead, it provides incentives for state-led reforms by basing roughly 25 percent of federal education spending on states' relative progress against equity- and excellence-oriented benchmarks for student outcomes. A key impetus for this approach was the stimulus-funded Race to the Top grant program of 2009-10. The eagerness with which states rewrote laws to become more competitive confirmed the ability of even limited discretionary funding to change state policies in times of fiscal stringency. Yet Congress was unwilling to provide the secretary of education with that much authority on an ongoing basis, and the Department of Education's inability to ensure that victorious states followed through on the changes outlined in their applications highlighted the advantages of basing grants on measurable outcomes rather than on lofty promises of reform.

The final aspect of the new federal role is its increased investment in education research, a clear national priority that has only recently begun to receive its requisite share of attention. The Institute for Education Sciences, created in 2002, has maintained its political independence and earned a reputation for scientific rigor comparable to that of the National Institutes of Health. It has overseen the development of common standards for state and district longitudinal data systems that have increased the portability of information on individual students' academic backgrounds across states and the utility of that same information to specific schools.

Its guides to evidence-based curricula in core academic subjects are widely used by state education officials, school districts, and especially charter management organizations. And its research and development funding has helped facilitate the improvement of virtual instruction technologies, which are in the process of revolutionizing the delivery of K-12 education.

Education Federalism in the States

State-level governance changes during the past two decades, though no less important, are more difficult to generalize about owing to the variegated approaches that have been taken across the fifty states. But that alone is a sign of progress—evidence that our federal system has again become a proving ground for fresh approaches to reform.

The common element tying together recent policy changes in nearly every state is that they transfer power away from elected school boards and into the hands of individual schools and parents. This is most evident with charter schooling, which states have continued to encourage by creating nondistrict authorizers and selectively eliminating caps for authorizers with established track records. Brick-and-mortar charter schools now enroll 10 percent of students nationally and much larger percentages in almost every major city. Another 10 percent of students take advantage of nondistrict schooling options available to them through statewide virtual schools, tax credit-funded scholarships, or voucher programs. Together, these programs ensure that school districts once again face authentic competitive pressure.

At the same time, state legislatures have freed up school districts to compete by lifting restrictions on their ability to perform their most important task: managing their educator workforces. The proliferation of second-generation alternative certification programs provided a new template for entry into the teaching profession that is in the process of rendering traditional certification regimes irrelevant. These programs allow nontraditional candidates to enter the classroom immediately and require minimal coursework; however, they oblige new teachers to demonstrate success in raising student achievement before receiving a permanent license. The granting of tenure to teachers has also been delayed and, in a few places, altogether eliminated. By enacting statewide guidelines requiring that teacher compensation and evaluation be linked to student achievement data, states have effectively narrowed the scope of collective bargaining and increased school boards' managerial flexibility. Teachers' unions have resisted all of these changes, often successfully, but their influence has been eroded over time by new technologies that, in the extreme, threaten to substitute instruction by local classroom teachers with virtual instruction piped in from around the globe.

Some state legislatures have gone so far as to alter the political incentives facing school boards by modifying the mechanics of their elections. In particular, they have mandated that board elections be held on the same day as regular primary or general

elections to boost turnout and minimize interest-group dominance, a move that not incidentally enhanced legislators' influence in local politics. Where such steps have been taken, they have reduced the extent to which the material interests of district employees and their unions trump the public's interest in getting the most mileage from its tax dollars.

In some places, the changes stimulated by these reforms proved to be too little or too late. The growth in federal spending was not enough to eliminate the structural problems in many district budgets—especially in big cities. Declining enrollments due to demographic trends and the continued growth of charter schooling reduced state revenues. Meanwhile, now-empty buildings required upkeep, pension and retiree health care obligations continued to mount, and taxpayer resistance made it impossible to close the gap with local funds. With numerous urban districts teetering on the brink of bankruptcy and student achievement continuing to falter, state officials were all but forced to step in.

Where the fiscal and academic crises facing school districts were most severe, states took them into receivership. Lacking the capacity to operate large numbers of schools directly, however, state education officials contracted with private nonprofit and for-profit entities to manage networks of schools on their behalf. A more common response has been to assign control of the school district to the mayor or city manager, many of whom have also chosen to rely heavily on charters and contracting. In both cases, elected local school boards have been eliminated—yet local control is as strong as ever.

Student achievement in 2030 is markedly higher and somewhat more equitably distributed than in 2010—and the pace of improvement is increasing. The governance changes described here were not the proximate cause of this important national accomplishment. But the revitalization of education federalism did create an environment in which technological innovations, pedagogical improvements, and organizational reforms could emerge and flourish.

Martin R. West studies the politics of K-12 education policy in the United States and the effectiveness of reform strategies in improving student achievement. His current projects include studies of the teacher labor market in Florida, the effects of private school competition on student achievement across countries, and Americans' understanding of and opinions on education policy. His most recent book (co-edited with Joshua Dunn), *From Schoolhouse to Courthouse: The Judiciary's Role in American Education* (Brookings Institution Press), examined the increase in judicial involvement in education policymaking over the past 50 years. West serves as an executive editor of *Education Next*, a journal of opinion and research on education policy, is deputy director of Harvard's Program on Education Policy and Governance, and is an affiliate of the Taubman Center for State and Local Government at Harvard Kennedy School. Before joining the Harvard faculty, West taught at Brown University and was a research fellow at the Brookings Institution. He received his Ph.D. in Government and Social Policy from Harvard in 2006 and his M.Phil. in Economic and Social History from Oxford University in 2000.

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