Expanding the Options

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After decades of struggle, school choice has turned corners in scope, legislation, and the results of effectiveness research. School choice means that families can choose what they believe is the best public or private (that is, independent or parochial) school for their children. As documented here, school choice resembles free enterprise in encouraging innovation, competition, reduced costs, better performance, and accommodation to a variety of parental preferences.

Still far from its full potential in the United States and much of the rest of the world, school choice offers not only hope but solid evidence that transformed choice-centered school systems can perform well at lower costs to the great benefit of children, families, and both developing and advanced economies.1 Today’s challenge to scholars and policymakers is to make better known the scope, variety, and effectiveness of school choice and to carry out rigorous research on the kinds and conditions of school choice that work best to improve learning that promotes economic progress in advanced and developing economies.

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Expanding the Options

The traditional American public school system hasn’t risen to new international achievement standards. In the most recent international achievement survey, US students ranked twenty-seventh in mathematics and twenty-first in science. National surveys indicate 70 percent of American eighth graders cannot read proficiently, and most never catch up. About 1.2 million students drop out of high school each year; 44 percent of dropouts younger than twenty-four are jobless.

Yet, except for Luxembourg, the United States recently had the highest per-student spending in the world among advanced economies. With poor performance and high spending, American public schools are grossly inefficient. They are also grossly unfair, because poor families are typically confined to the worst schools in big cities. Their children drop out at higher rates than do their age peers. Similarly, developing countries with limited material resources might benefit greatly from school choice that provides generally high achievement and also differentiated schools, including those for fast learners.

Long-Term Consequences

Though student learning is the most important short-term outcome, it also has long-term consequences. Former US Secretary of State George Shultz and fellow Koret Task Force member Eric Hanushek estimate that if American school mathematics scores were comparable to Canada’s over the next twenty years, the GNP would improve by $70 billion over the next eighty years, equivalent to an income boost of 20 percent for each American worker. Citizens’ abilities and knowledge are deciding factors in a nation’s wealth, scientific progress, and economic freedom. The world’s wealthiest nations have sustained strong intellectual traditions that result in notable accomplishments in engineering, mathematics, technology, and basic and applied science.

Cross-national studies emphasize the importance of encouraging exemplary learners to achieve as much as they are able. Societies
that support top performers in their efforts to maximize their abilities appear most likely to benefit all their citizens. Analyses of academic test scores from ninety countries suggest that, despite wide differences in culture, countries scoring highest made the most economic progress. In particular, countries with large percentages of students in the top 5 percent of all countries’ scores grew their economies fastest.4

If more students were to achieve at such levels, they and their nations would stand to benefit. To accommodate students with different levels of ability and specialized interests in mathematics, science, language, and other subjects, charter and private schools can offer more differentiated programs than traditional public schools that provide insufficient challenges.

Given such advantages and needs for school choice, why isn’t it more widespread? Many obstacles have stood in the way and will likely continue unless schooling is substantially changed. As shown by Terry Moe,5 for example, the teachers’ unions have fiercely resisted charter schools and vouchers for private schools since their staffs need not belong to unions, resulting in diminished union membership and legislative influence. In addition, school boards have been particularly negligent since they are responsible for representing the interests of students, the community, and their nation. They have not held educators responsible for progress.

American teachers’ unions have succeeded in instituting and maintaining tenure for poorly performing staff and the shortest school year—180 days—among advanced economies. Countries with the highest achievement have the longest school years—up to 260 days, plus after-school tutoring. Unionized school staff members, moreover, generally work about thirty hours per week for only nine months, in contrast to the typical American work-week of thirty-five to forty hours for a minimum of eleven months. Nominally responsible for children’s achievement outcomes, public school boards seem uninformed, unconcerned, and unresponsive about poor teaching performance, excessive school costs, and students’ meager achievement.
School Choice: Major Kinds, Growth, and Needed Research

The United States has expanded school choice in the last few decades, and much of the published world’s research has been carried out in this country. Consider the growth and obstacles since 1990 to several forms of school choice:

- All but ten states now allow charter schools, which are supported with public funds but are privately governed and managed. With a Minnesota origin in 1991, charter schools in the United States now number nearly six thousand. Yet several states have no legislative provision for charter schools, and many states limit their number and size. Given the superior achievement of charter over traditional public schools (documented below), how can their numbers be expanded? What kinds, under what conditions, work best?

- Tuition tax credits are also growing in more than thirteen states. They allow parents to deduct private (that is, parochial and independent) school tuition and other education expenses from their state income taxes. (A special case is home-schooled students, estimated to be 1.5 million in 2007—a surprising 2.9 percent of all students—up from 850,000 in 1995. Home-schooled children typically excel their traditional public school peers.) In March 2013, Alabama’s governor signed sweeping legislation giving tax credits to parents who transfer their children from a failing public school to a private school of their choice. Yet most states severely limit the amount of tuition that can be deducted. How can such credits be expanded? What is the best amount of the credit? Should families that pay no taxes be subsidized?

- Traditional public educators adamantly resist vouchers, which are publicly or privately funded scholarships to families for their children to attend private schools. But vouchers appear on the possible verge of growth. In March 2013, the Indiana Supreme Court ruled that the state’s 2011 Choice Scholarship Program is constitutional. The program allows poor families to receive
vouchers equal to between 50 percent and 90 percent of the state per-pupil education funding to use in private schools. Yet few state legislatures seem likely to pass further voucher legislation unless members of the public, particularly parents, become better informed about positive voucher effects. Also, these groups would be better informed by rigorous research in their own states and they need to know what variations on voucher plans work best.

- As many as twenty states are considering “parent trigger” legislation, which closes failing schools upon a majority vote of parents and replaces the staff, charters the school for private management, or allows the students to attend private or other public schools. Yet only California has actually passed such legislation, and it only provides a weak alternative form that allows the failing staff to be dubiously “transformed” by additional training. Even though the parent trigger appears more acceptable than school closings to policymakers, since it is the parents who decide about the school which their children attend, why has so little numerical progress been made, and how can it be expanded? And can this form of school choice yield the superior results and lower costs that private and charter schools demonstrate?

**Present Status of School Choice Research**

A large 2007 corpus of research in the United States and elsewhere shows that charter and private schools, which are referred to here as choice schools, excel in achievement, parent satisfaction, and students’ social engagement. In the two most notably rigorous studies referenced in *School Choice: The Findings*, Caroline Hoxby and Paul Peterson, respectively, showed students “lottered into” charter and private schools achieve more than students in nearby public schools who were “lottered out.” These studies are called randomized field trials and are increasingly recognized by social scientists as the most definitive in establishing causality, although
observational studies that control for other probable causes can also be valuable.

An additional finding described in the book is that—though there are exceptions—the average cost of private schools in the United States is about half the cost of nearby public schools. This finding is particularly important in the United States since per-student public school costs are among the highest in the world. The finding is also important for developing countries with limited financial resources for schooling large populations of students.

Perhaps most impressive is the substantial appeal of charter and private schools. In big cities where poor residents and minorities are concentrated, as many as 80 percent of public school parents say they would send their children to private schools if they could afford the tuition. Tuition scholarships for poor families are heavily oversubscribed as are charter schools in areas where officials restrict the size and number of charter schools despite the many families that desire to enroll their children.

Recent research continues to show superior achievement performance of charter and private schools. In 2013, for example, The Mathematica Policy Research group published a multiyear study of the Knowledge Is Power Program (KIPP), a network of charter schools with forty-one thousand students in twenty states. The study showed that after three years in the program, the students were eleven months ahead of their public school peers in math, eight months ahead in reading, and fourteen months ahead in science. Similarly, the Stanford University Center for Research on Education Outcomes found in a 2013 study that after only a year, New York City charter school students gained substantially more in reading and math than their traditional school peers.

A Historical Pattern of School Choice

How could low achievement, high costs, and irresponsible supervision take place in American schools? In brief, the public school
system over time became a huge set of ever-larger, poorly managed bureaucracies. In colonial times, local citizens surrounding each small school could closely follow and supervise the school’s budget and progress. Board members’ children were often in the schools, which motivated them to inform themselves about the schools’ staff and operations and to institute good policies.

In addition, public funds went to local private schools in the form of land grants and taxes from local residents. This was justified in that private schools provided a public service to the community. The fact that private schools were owned and managed by individuals, religious groups, or churches did not disqualify them from being considered “public” institutions when it came to funding, similar to the situation today in much of Asia and Europe. The United States is the outlier, which may be one of the reasons for its poor performance.

Local funding and control by small, well-informed groups of citizens were gradually eroded and finally lost. States consolidated roughly 115,000 small districts in 1900 into about 15,000 much larger districts today. Chicago, for example, has more than six hundred public schools. For this reason, today’s public school boards are poorly informed about the many schools under their jurisdiction. Few big-city board members could name a fifth of the schools for which they are nominally responsible.

Since 1900, local control lost out in two other ways. States paid increasing shares of the total cost of schools and now pay on average about half of the costs. As schools’ increasing expenditures consumed a large and growing share of state budgets, the states imposed complex rules and regulations on schools and in the last decade prescribed curriculum content and examinations.

Contributing around 10 percent of public school costs, the US Department of Education imposed further requirements and regulations on the public schools, which removed another major fraction of local boards’ control over school policy. Both the federal and state departments of education have many specialized
sub-departments that issue complex and sometimes conflicting rules with which local districts and schools must comply.

It might be said that when all these federal, state, and local departments and agencies are nominally responsible, none is truly responsible, and students, parents, and citizens are ill-served. Parents have little influence. Given a half-century of failure from school reform, great priority should be given to the further study of the effects of school choice in empowering parents over educators and school boards and its effects on advancing student achievement and parent satisfaction.

Size of Schools of Choice

From their one-room, one-teacher origins with as few as a dozen students, American schools grew ever more complex and larger, with as many as four thousand students in one Chicago school. Even though publicly funded, the schools in early American history were nearly “choice” schools, since tiny groups of parents and local residents could determine the mission, staffing, and operations in their local school. But many of today’s parents, citizens, and legislators cannot inform themselves about the programs in ever-larger schools in ever-larger school districts. As schools grew larger, moreover, they became more departmentalized. A student in the middle grades may now have as many as five teachers, none of which know her well—one of the reasons big schools, other things being equal, tend to perform less well than others.¹¹

One reason choice schools (private and charter) outperform their nearby traditional public schools is that they tend to be smaller. The parents, students, and staff are more likely to know each other. As a current example of ever-larger traditional public schools, the Chicago Board of Education is closing fifty traditional schools at one time and sending their students out of their neighborhoods to ever-larger schools against continuing parent protests.¹² As the
late sociologist James S. Coleman pointed out, large school size often leads to student alienation from the school and strong affiliation with what he called “the adolescent society.” This society concentrates on things unconducive to learning such as cars, clothes, and dating in his day (perhaps television, computer games, and the Internet today) and distracts youths from adult influence, academic study, and constructive, active hobbies.

Avoiding Bureaucracy

Even with all these shortcomings, traditional public schools have endured as quasi-monopolies. Unless parents can afford tuition for private schools, gain their children’s entrance to often over-subscribed charter schools, or move to neighborhoods with good schools, particularly in the suburbs, their children must go to the schools that the local district requires, usually on the basis of proximity to their homes. Choice schools (here meaning charter and private schools) in large cities, however, are less confined: to accommodate their interests, students can cross the school boundaries that confine traditional public school students. Small choice schools may also specialize in certain subjects and in beginning occupational and professional preparation in various fields. These specialties can attract families and students with common interests, in contrast to large traditional public schools that poorly serve students with disparate interests, aspirations, and levels of abilities.

Choice schools perform better and are more attractive to parents because they avoid the obstacles described above. They are usually small, and a well-informed board typically governs each school. Even national and regional boards of parochial schools usually govern with a light hand and leave many decisions and fundraising to local boards of single schools.

Since they are free of most dysfunctional federal and state regulations, private and charter schools can readily develop programs
that are appealing to the students and their families in the community. Should they fail to do so, they are likely to lose students. Continued failure may mean closure, leaving better schools to prosper.

Choice schools, moreover, need not hire teachers on the basis of governmental criteria used by public schools such as the number of education courses completed. They may heavily weigh advanced academic study and experience in the real world. Seldom unionized, moreover, choice schools pay teachers according to their contributions and performance. They may remove teachers who don’t pull their weight.

Curriculum in Schools of Choice

Unlike traditional public schools, choice schools often restrict the curriculum largely to mathematics, science, English, a foreign language, history, political science, art, and music followed by all students, which best prepares them for college, careers, and citizenship. Avoiding the vast course miscellany and multiple specializations within large traditional public high schools, choice school students share a common academic and psychological experience. Unlike traditional public schools, moreover, choice schools are usually smaller and are rarely departmentalized. Thus, teachers know each other well and are informed about the content of subjects of classes other than their own. This enables them to avoid repetition while reinforcing central ideas across grades and subjects.

As mentioned above, however, in response to market demands, especially in big cities, some choice schools are known for concentrating on art, music, vocational studies, or other specializations that enable like-minded staff and students to intensively pursue their common interests, often with the cooperation of local museums, businesses, and other organizations. Students in such schools

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find motivation in these experiences. They also develop social bonds with one another and with their teachers and others that may help them in their careers.

Perhaps the least tangible advantage of choice schools is the act of choosing one. Even if a charter or private school were no better than a traditional forced-choice public school, the fact that parents and students themselves choose the school may mean they perceive distinct advantages in it, real or not. Wanting their choice to be a success, they may tend to make it so.

**Private School Advantages**

Private schools have several advantages over charter schools. States and municipalities may impose regulations on charter schools, which add to their costs and difficulties, that do not burden private schools.

Parochial schools have offered a means of continuing religiosity, community, and family stability for immigrant families as they become acculturated to American society. By choice, many of these and other private school families make financial sacrifices in order to maintain their family values and to avoid the drugs, gangs, delinquency, and teen pregnancy that plague some public schools, particularly in big cities. Such parents may believe that in an era of broken families, single parents, and divorce, parochial schools help maintain family cohesion.

In addition, the student compositions of the schools differ. Unless given scholarships or vouchers, families that send their children to private schools must readily afford or sacrifice to pay tuition. This of course means that their children will be with others from relatively affluent and motivated families that provide their children academically and socially constructive experiences before and during the school years—experiences less available to families whose children are confined to local public schools. Thus, private
schoolchildren can benefit from student-peer groups better prepared by their families.

**Multiplier Effects**

As described in the introduction, a large body of studies in 2007\(^ {15} \) showed that, on average, choice school students excel in achievement. The research typically encompasses reading comprehension and mathematics but also sometimes includes the knowledge students gain in such subjects as English and science. As mentioned in the introduction, recent studies support this conclusion.

The studies showed, moreover, that the higher the percentage of students attending choice schools in a locality or state, the higher the average achievement of all schools. Studies of countries show the same pattern: the greater the percentage of students attending private schools, the higher the country’s overall achievement. Private schools not only tend to excel but appear to raise the overall average even further by setting high standards and promoting competition among all schools.

Some of the comparative US studies reported on parents’ satisfaction with their children’s schools, the schools’ reputations among nearby citizens, and the degree to which students were involved in the life of the school and engaged in volunteer work, such as tutoring other students and helping in community affairs. Again, private and charter schools excelled. Even so, more research is needed on how parents acquire knowledge of choice schools and how it may be increased.

**School Choice Costs**

As mentioned above, particularly important is the average annual per-student cost of schools since the United States typically ranks near the top among countries even though its achievement scores typically lag behind other industrialized countries. The US research
on school choice costs, however, compares public and private schools (in this case not including charter schools). On average, educating students at private schools costs about half as much as it does at nearby public schools. Paul Peterson shows that competition among choice schools is an essential reason for their superior effectiveness and efficiency.  

These findings are consistent with research on an extensive variety of private organizations, including businesses. Other things being equal, they perform, on average, better than government-run organizations at lower costs, and they are more satisfying to their staff and their customers. Studies have examined airlines, banks, bus service, debt collection, electric utilities, forestry, hospitals, housing, insurance sales and processing, railroads, refuse collection, savings and loans, slaughterhouses, water utilities, and weather forecasting.

For this reason, governments in the United States and other countries, perhaps surprisingly, have begun to privatize prisons, police, fire protection, and public pensions. Various experiments in privatization and “contracting out” of public services to competing for-profit and non-profit firms suggest they generally respond swiftly and accurately to contracted objectives and citizens’ desires. If not, they forfeit continuation of their contracts, lose employees, decline in value, and often close. Better providers replace them.

**Research Questions**

In conclusion, given the consistency of positive results for school choice, unmet family preferences for it, cost savings, and the pressing need for better-educated students who will become tomorrow’s workers and citizens, school choice should be greatly expanded. Progress in school choice has been made since 1990, but there is much further to go. Most feasible in the short term is wide promulgation of findings described in this chapter to families, taxpayers, and policymakers.
Much has been learned about school choice in the last two decades, but questions remain:

- Which forms of school choice work best—charter schools, vouchers, tuition tax credits, or parent triggers?
- Given the generally superior achievement, appeal, and cost-effectiveness of choice schools over traditional public schools, how can their numbers be expanded, and under what conditions do they work best?
- Since states severely limit the amount of tax tuition credits that can be deducted, how can such credits be expanded? What is the best amount of the credit? Should families that pay no taxes be subsidized for school and other education costs?
- Can the parent trigger yield the same generally superior results and lower costs as private and charter schools? Even though this approach appears more acceptable than vouchers since it is the parents who decide to close failing schools their children attend, why has so little legislative progress been made? How can legislation and participation be expanded?
- Finally, once school choice is widely in place, will parents be informed and empowered sufficiently well to remove their children from failing traditional and choice schools, and will such schools be closed? What organizations and methods would best provide legislators, citizens, and parents with good information on schools’ achievement, features, parent satisfaction, and other important considerations? Can new private organizations (analogous to Consumers Union and J.D. Power and Associates) serve this purpose?

Notes


2. Shultz and Hanushek, “Education is the Key.”


