Chapter 1

Failure of the Public School Monopoly

Public schools, more accurately called government schools (that is, schools funded and operated by government agencies),\(^1\) enrolled 47 million students in the 2000–2001 school year and spent $334 billion, for a per-student average cost of $7,079.\(^2\) Approximately 87 percent of school-aged children in the United States attend government schools.

The most distinctive feature of the government school system is its near monopoly on the use of public funds earmarked for education. With a few exceptions, such as for special-needs students, travel and book expenses for children attending private schools in some states, and a few pilot voucher programs operating around the country, private schools are not eligible to receive tax dollars. As a result, private schools must compete against free

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\(^1\)The phrase is more accurate than public education for several reasons. First, many public schools, such as magnet schools for gifted students, have more restrictive enrollment policies than do private schools, contradicting the popular meanings of the two words. Second, education takes place in a wide variety of places other than schools, whereas little education seems to take place in some schools. Finally, the debate concerns how best to organize and finance schooling, not education.

government schools that typically outspend them by two to one. Not surprisingly, the private market for schooling is small and mostly nonprofit.

The way government schooling is organized ensures there is little or no competition for students. Students are assigned to schools based on where their parents live, and transfers to schools outside a district typically are made only with the approval of administrators of both the sending and receiving schools. Because of their “lock” on public funds, government schools face little effective competition from private schools. The result is a public school monopoly that limits parental choice, is insulated from competition, and is institutionally opposed to significant structural reform.3

Thirty years ago, this method of delivering schooling was widely thought to be a failed experiment. Such prominent writers as Peter Schrag said we had reached “the end of the impossible dream” of providing universal, free, and high-quality public education.4 When Christopher Jencks, a prominent liberal professor at Harvard University, was asked whether government schools were obsolete, he replied, “If, as some fear, the public schools could not survive in open competition with private ones, then perhaps they should not survive.”5

The criticism did not stop, but neither did it lead to the fundamental reforms needed to improve the quality of government schools. During the 1960s and 1970s, defenders of the status quo pointed to modest improvements in some subjects, in some grades, in some parts of the country, and in some years, sowing enough doubt and confusion to slow momentum for change. Voucher advocates were dismissed as mere educational romantics.6

5Christopher Jencks, “Is the Public School Obsolete?” The Public Interest (winter 1965): 27.
Much the same rhetoric is heard today from government school apologists.\textsuperscript{7}

Beginning in the 1980s, with publication of \textit{A Nation at Risk}, however, more compelling evidence of the failure of government schooling began to emerge, leading even one-time defenders of the government schools to reconsider their views. Today the case is stronger than ever. What follows is a summary of only the most telling data. Others have written more detailed reviews.\textsuperscript{8}

\textbf{DISMAL PERFORMANCE AND RISING COSTS}

One of the most comprehensive efforts to measure the performance of the nation’s schools was conducted by the National Education Goals Panel, created as an outgrowth of the Education Summit convened in 1989 by President George H. W. Bush and 50 state governors. In 1990, it set six National Education Goals, later expanded to eight by Congress, for the nation’s schools to reach by the year 2000.\textsuperscript{9}


\textsuperscript{9}For the accomplishment or nonaccomplishment of various national goals, see reports of the panel, such as \textit{The National Educational Goals Report: Building a Nation of Learners} (Washington, DC: U.S. Government Printing Office, 1999). The panel was dissolved in early 2002, although its Web site was still being maintained at www.negp.org.
The panel’s 1999 report compared 1990 baseline data with current data on 28 performance measurements. The National Education Goals Panel itself, in a commentary on the tenth anniversary of the goals, admitted that becoming first in the world in math and science is not even remotely within range for the foreseeable future.\(^{10}\) Reviewing other data reveals the same trend.\(^{11}\)

Highlights from the report appear in Table 1.1. Graduation rates remained unchanged (as indeed they have since 1973),\(^{12}\) fewer than half (and as few as 16 percent) of students are proficient in reading or mathematics, no progress has been made in making classrooms “free of drugs, violence, and the unauthorized presence of . . . alcohol,” and parents are no more likely to participate in their children’s schools today than they were a decade ago. Fewer teachers held an undergraduate or graduate degree in their main teaching assignment in 1999 than held them in 1990.

Many studies show that children in poverty often achieve less in school than children in middle-income families. To reduce this achievement gap, for the past quarter-century the federal government has spent about $130 billion on Title I/Chapter I programs aimed at children in poverty. Current expenditures are being made at a rate of about $8 billion a year. Despite this investment, the gap between schools with high concentrations of children in poverty and other schools has remained essentially the same.\(^{13}\)

Also worrisome is that, despite substantially rising inflation-adjusted per-student spending for the past half century, achievement test scores on the National Assessment of Progress have

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\(^{10}\)Ibid.


<table>
<thead>
<tr>
<th>Goal</th>
<th>Measurement</th>
<th>Baseline</th>
<th>Update</th>
<th>Progress</th>
<th>Achieved?</th>
</tr>
</thead>
<tbody>
<tr>
<td>By the year 2000, all children in America will start school ready to learn.</td>
<td>Percentage of 3- and 5-year-olds whose parents read to them regularly.</td>
<td>66%</td>
<td>69%</td>
<td>↑</td>
<td>No</td>
</tr>
<tr>
<td>By the year 2000, high school graduation rates will increase to at least 90 percent.</td>
<td>Increase percentage of 18-to-24-year-olds who have a high school credential.</td>
<td>86%</td>
<td>85%</td>
<td>↓</td>
<td>No</td>
</tr>
<tr>
<td>By the year 2000, all students will leave grades 4, 8, and 12 having demonstrated competency over challenging subject matter including English, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography.</td>
<td>Increase percentage of students scoring at or above proficient in:</td>
<td></td>
<td></td>
<td></td>
<td>No</td>
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<tr>
<td>Reading:</td>
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<td></td>
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<tr>
<td>Grade 4</td>
<td>29%</td>
<td>31%</td>
<td>↑</td>
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<tr>
<td>Grade 8</td>
<td>29%</td>
<td>33%</td>
<td>↑</td>
<td></td>
<td></td>
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<tr>
<td>Grade 12</td>
<td>40%</td>
<td>40%</td>
<td>↔</td>
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<tr>
<td>Mathematics:</td>
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<tr>
<td>Grade 4</td>
<td>13%</td>
<td>21%</td>
<td>↑</td>
<td></td>
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<tr>
<td>Grade 8</td>
<td>15%</td>
<td>24%</td>
<td>↑</td>
<td></td>
<td></td>
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<tr>
<td>Grade 12</td>
<td>12%</td>
<td>16%</td>
<td>↑</td>
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<tr>
<td>By the year 2000, the nation's teaching force will have access to programs for the continued improvement of their professional skills.</td>
<td>Percentage of secondary school teachers who hold an undergraduate or graduate degree in their main teaching assignment.</td>
<td>66%</td>
<td>63%</td>
<td>↓</td>
<td>No</td>
</tr>
<tr>
<td>Goal</td>
<td>Measurement</td>
<td>Baseline</td>
<td>Update</td>
<td>Progress</td>
<td>Achieved?</td>
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<td>----------------------------------------------------------------------</td>
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<tr>
<td>By the year 2000, U.S. students will be first in the world in mathematics and science achievement.</td>
<td>U.S. standing on international assessments.</td>
<td>1995 tests show U.S. does not score first on math or science for any grade.</td>
<td>↔</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>By the year 2000, every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy.</td>
<td>Percentage of adults who score at the three highest levels in prose literacy.</td>
<td>52%</td>
<td>None</td>
<td>—</td>
<td>No</td>
</tr>
<tr>
<td>By the year 2000, every school in the U.S. will be free of drugs, violence, and the unauthorized presence of firearms and alcohol.</td>
<td>Percentage of tenth graders reporting, while at school,</td>
<td></td>
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<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Used any illicit drug</td>
<td>24%</td>
<td>37%</td>
<td>↓</td>
<td></td>
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<tr>
<td></td>
<td>Used alcohol</td>
<td>63%</td>
<td>63%</td>
<td>↔</td>
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<tr>
<td></td>
<td>Were offered illegal drug</td>
<td>18%</td>
<td>29%</td>
<td>↓</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Were threatened or injured</td>
<td>40%</td>
<td>33%</td>
<td>↑↑</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Participated in classroom disruptions</td>
<td>17%</td>
<td>16%</td>
<td>↑</td>
<td></td>
</tr>
<tr>
<td>By the year 2000, every school will promote partnerships that will increase parental involvement and participation.</td>
<td>Parents reporting they participated in two or more activities in their child’s school during current school year.</td>
<td>63%</td>
<td>62%</td>
<td>↓</td>
<td>No</td>
</tr>
</tbody>
</table>

stagnated at levels substantially below those in other countries. Even though the United States was third highest in cost-adjusted, per-student spending on K–12 education, our students fell further behind those of other countries the longer they were in school. In reading, science, and mathematics through eighth grade, U.S. schools ranked last in four of five comparisons of achievement progress. In the fifth case, they ranked second to last. Between eighth grade and the final year of secondary education, U.S. schools slipped further behind those in other countries.14

An 18-nation literacy survey of recent graduates, moreover, showed 59 percent of U.S. high school graduates failed to read well enough “to cope adequately with the complex demands of everyday life,” the worst achievement rate among the countries surveyed.15 Because they made the least progress, U.S. secondary schools recently ranked last in mathematics attainment and second to last in science, results that are plainly at odds with the previously described National Education Goals Panel objective of being “best in the world.”

**IMPORTANCE OF SCHOLASTIC ACHIEVEMENT**

Policymakers commission international surveys of achievement in reading, mathematics, and science because these subjects are more internationally comparable than, say, civics, history, geography, or literature. They are also particularly important for preparedness for active citizenship, higher education, and the workforce.

Democracy requires well-educated voters, elected officials, and jurors, an observation frequently made by the Founding Fathers,

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famous historical commentators on the American Experiment such as Alexis de Tocqueville, and contemporary social philosophers as disparate as Amitai Etzioni and Allan Bloom.\textsuperscript{16} There is wide agreement that schools must teach “recognition of basic rights and freedoms, the rejection of racism and other forms of discrimination as affronts to individual dignity, and the duty of all citizens to uphold institutions that embody a shared sense of justice and the rule of law.”\textsuperscript{17}

Reading is an essential skill in acquiring understanding of nearly all subjects and in achieving happiness in economic and social life. Higher individual and family literacy levels are positively associated with higher income levels, which in turn has a positive effect on such quality-of-life indicators as health and life expectancy.\textsuperscript{18}

\textsuperscript{16}For example, Thomas Jefferson in his Second Inaugural Address, delivered in 1805, attributes good government policies to “the reflecting character of our citizens at large, who, by the weight of public opinion, influence and strengthen the public measures; it is due to the sound discretion with which they select from among themselves those to whom they confide the legislative duties; it is due to the zeal and wisdom of the characters thus selected, who lay the foundations of public happiness in wholesome laws, the execution of which alone remains for others; and it is due to the able and faithful auxiliaries, whose patriotism has associated with me in the executive functions.” Adrienne Koch and William Peden, eds., \textit{The Life and Selected Writings of Thomas Jefferson} (1942; reprint, New York: Random House, 1970), 342.

Tocqueville wrote in 1848, “I think there is no other country in the world where, proportionately to population, there are so few ignorant and so few learned individuals as in America. Primary education is within reach of all; higher education is hardly available to anybody.” A page later, commenting on this and other forces of equalization, he wrote: “By no possibility could equality ultimately fail to penetrate into the sphere of politics as everywhere else. One cannot imagine that men should remain perpetually unequal in just one respect though equal in all others; within a certain time they are bound to become equal in all respects.” \textit{Democracy in America} (1848, 13th ed.; reprint, New York: Anchor Books, 1969), 55–56.


\textsuperscript{18} P. Barton and L. Jenkins, \textit{Literacy and Dependency} (Princeton: Educational Testing Service [Policy Information Center], 1995).
Mathematics and science are important because they indicate readiness for further study in such demanding fields as engineering, medicine, and information technology, all fast-growing and competitive sectors in modern economies. Access to workforces with these skills is of critical importance to firms deciding where to locate new plants or corporate headquarters.¹⁹

Do achievement test scores really predict objective indicators of individual and national success? The largest and most rigorous survey of adult literacy showed that, in a dozen economically advanced countries, achievement test scores accurately predict per-capita gross domestic product and individual earnings, life expectancy, and participation in civic and community activities.²⁰ According to the OECD, the United States has lost its lead in educating workers for an ever-changing knowledge economy.²¹ One reason is that U.S. high school graduates read too poorly to upgrade their job skills.

Defenders of the school establishment ask how the U.S. economy could have performed so well during the 1990s if its schools are performing so poorly. If we look at a longer period of time, say the half century from World War II to 2000, we note the U.S. economy grew more slowly than that of the rest of the world. Western Europe and parts of Asia, in particular, largely caught up with and occasionally surpassed the United States in personal income.

During the 1990s, the United States imported from other countries much talent in science, mathematics, medicine, and allied technical fields, enabling it to overcome its education deficit. By 2001, U.S. companies were spending $7 billion a year on overseas outsourcing for software development.²² Because of

¹⁹Allegheny Institute, Factors Important to High-Tech Firms: A Survey (Pittsburgh: Allegheny Institute, October 2001).
²¹Mollison, “U.S. Falling Behind.”
skill shortages, many low- and high-technology jobs, such as data processing and computer programming, are increasingly exported to other countries, most notably India and Ireland. Relying on other countries to educate our workforce may, or may not, be a successful strategy for the future. But it is plainly evidence of the need for school reform here in the United States.

DECLINING SCHOOL PRODUCTIVITY

Productivity—the ratio of inputs to outputs—is another way to measure the quality of government schools. Like achievement scores, measures of productivity show a system in crisis.23 Harvard economist Caroline Hoxby recently divided average student achievement scores from the National Assessment of Educational Progress by per-pupil-spending data from the U.S. Department of Education to estimate the change in productivity between 1970–71 and 1998–99. She found American school productivity fell by between 55 and 73 percent, depending on the skill and age cohort tested.24 According to Hoxby, if schools today were as productive as they were in 1970–71, the average 17-year-old would have a score that fewer than 5 percent of 17-year-olds currently attain.

The falling productivity of government schools can be traced to three developments inside the public school monopoly. The first is growth of a vast bureaucracy of nonteaching personnel. Government schools in the United States report a higher ratio of nonteaching personnel to teachers than government schools in any other developed country.25 In 1997–98, the latest year for

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25OECD, Education at a Glance. (In note 14 above.)
which data are available, 12 states had fewer teachers than nonteachers in their government schools workforces.\textsuperscript{26} In Michigan, for example, teachers comprise only 44.5 percent of the workforce, yet the Michigan system had fewer aides and other school-level staff than the national average. The rest worked in offices and bureaucracies remote from the actual classroom.

The second trend is the fall in average class size. The number of teachers rose significantly faster than school enrollment after 1970, although not as rapidly as nonteaching personnel. The ratio of students to government-school employees fell from 13.6 in 1970 to 8.6 in 1998, a decrease of 36.8 percent. During that same time, the ratio of students to teachers fell from 22.3 to 14.1, a decrease of 27.4 percent.\textsuperscript{27} George Clowes summarized the effect of these trends on school productivity: “When coupled with the static student achievement levels, the drop in pupil/teacher ratio indicates K–12 public education at all grade levels has become significantly less productive than it was three decades ago. In 1999, public schools required half as many more staff in total (up 58.1 percent)—including a third more teachers (up 37.6 percent)—to educate the same number of children to the same level of quality as they did in 1970. Thus, while productivity in the economy as a whole increased by 74 percent, productivity in K–12 education fell by 27 percent.”\textsuperscript{28}

The third reason for the low productivity of government schools is a dropout rate that has not fallen despite large increases in spending and personnel. Students who drop out before graduating increase the cost per graduated, or finished student.\textsuperscript{29}


\textsuperscript{27}George Clowes, “Productivity in Public Education: Examining the Inputs and Outputs of K–12 Schooling,” \textit{School Reform News} (March 2002).

\textsuperscript{28}Ibid.

\textsuperscript{29}This measure was proposed by former Associate U.S. Commissioner for Elementary and Secondary Education Leon M. Lessinger. See “New Measure Calculates Cost per Prepared Student,” \textit{School Reform News}, September 1998.
The high school completion rate was officially reported as being 86.5 percent in 2000, but this statistic includes dropouts who eventually earn an inferior General Educational Development (GED) certificate outside the traditional government high school. Removing these students produces a high school graduation rate of only 74 percent, virtually unchanged since the 1970s.\(^{30}\)

Dividing the average per-pupil cost of a K–12 education in a government school system by the system's high school graduation rate for the 1997–98 school year reveals the true cost of producing a high school graduate: $108,726. The cost per finished graduate varies from as little as $59,199 in Jordan, Utah, to $297,282 in Cleveland, Ohio. Yet government schools in Cleveland are among the worst in the United States, illustrating again the lack of a linkage between spending and learning in government schools.

**OTHER PROBLEMS AFFLICTING GOVERNMENT SCHOOLS**

Aside from poor achievement results, high costs, and an immense bureaucracy, other serious problems plague government schools. More than 660,000 assaults took place on school grounds in a recent year, making them the second most likely place for such crimes to occur.\(^{31}\) Nationwide, one student in three reports feeling unsafe in school, and 42 percent say they avoid using school bathrooms out of fear.\(^{32}\)

Test results and other data point to the gross deficiencies of government schools.\(^{33}\) For example,

- Twenty-five percent of high school seniors can barely read their diplomas, and only 3 percent can write above an adequate level.


\(^{32}\) Ibid.

\(^{33}\) Sykes, *Dumbing Down Our Kids*, 20ff. (In note 8 above.)
• Only 15 percent of college faculty members say their students are adequately prepared in mathematics and quantitative reasoning.

• High school seniors correctly answer questions about basic economic concepts only 35 percent of the time.

• American businesses lose between $25 billion and $30 billion a year because of the weak reading and writing skills of their workers.

SCHOOLS OF CHOICE ARE NOT SIMILARLY FAILING

If the failure that afflicts government schools in the United States also afflicted private schools, one might attribute it to factors outside the control of the schools. But the failure is largely a public-sector phenomenon. Private schools have not witnessed the same collapse in productivity, and private school students routinely outscore their government-school counterparts on standardized tests.

Nationally, government-school students averaged 510 on the math segment and 501 on the verbal segment of the 2000 SAT tests. Students attending religious schools averaged 523 on the math test and 529 on the verbal test, and independent private school students did even better, scoring 566 on math and 547 on verbal. Rising scores for students in private schools accounted for as much as one-third of the overall increase in math scores that year. Students who attend private schools are twice as likely as those who attend public schools to complete a bachelor’s or higher degree by their mid-twenties, and private school students from families with low socioeconomic status are three times as likely to earn a bachelor’s degree.


Do private schools outperform government schools when the wealth, education, and motivation of parents are taken into account? Although early attempts to find a private school effect met with mixed success, later research found that, after controlling for family socioeconomic status and other confounding factors, student achievement in private schools increased more per school year than in government schools. These studies, however, have long been dogged by concern that they were not based on truly randomized test subjects and therefore failed to control for elusive factors that might influence parent and student motivation.

During the 1990s, new data on academic achievement and other measures of school performance became available, allowing for more reliable estimates of the difference between monopoly and competition. Private-school choice programs in Washington, DC, Dayton, Ohio, and New York City randomly select students to remain in their assigned public schools or participate in a private program that enables them to attend private schools of their choice. Similarly, publicly funded programs in Milwaukee and Cleveland awarded vouchers by lottery because more students applied than the programs could accommodate. As a result, researchers now have access to data not only on the achievement of voucher recipients but also on the achievement of students whose parents applied for vouchers but did not receive them. The result is a series of experiments that allow rigorous evaluation of effectiveness because the

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38 In 1995, legislation expanding the Milwaukee program to include religious schools also removed the program's evaluation component, so data from this choice experiment effectively ends in 1995.
only differences between students attending private schools and those attending government schools are due to chance.

Several scholars have now completed reviews of the latest research on these programs. Several caveats, however, are in order before reporting their findings.

The school-choice reports, perhaps, weigh achievement surveys and small-scale experiments too heavily. Some of their authors seem to suggest academic achievement is the only measure that matters, whereas it is properly only one consideration among several including parental satisfaction, fairness to parents who choose private schools, fair value to taxpayers who foot the bill, and whether participating schools are teaching values we wish to see more widely shared in our society.39

The latest research also appears to assume the burden of proof is on choice programs, even though they often enter the competition hobbled by regulations and restrictions and facing heavily subsidized competition from the government sector. It seems to us government schools ought to bear the burden of proof because the National Commission for Excellence in Education declared in 1983 that they have made us “a nation at risk.”40 Moreover, as documented in Chapter 10, studies of many other industries and services have found a significant positive private-sector effect, making it unlikely that education is an exception.

Putting aside these considerations, what do the data objectively reveal? None of the scholarly research finds that students using private scholarships or vouchers to attend private schools have lower academic achievement gains than their public school counterparts.*


*Private scholarships pay some or all of the tuition at a private school and are financed by charitable gifts from foundations, corporations, or individuals. Vouchers are certificates or chits that can be used to pay some or all of the tuition at participating private schools and are financed by taxpayers.
The only question is whether private schools produce superior achievement, and, if they do, by how much? Because much of the debate about choice and other school reforms centers on achievement, the definitive scholarly research on that question is quoted here.

Paul Peterson at Harvard University summarizes his extensive research on private scholarships and voucher programs in several cities as follows, “According to the test score results, African American students from low-income families who switch from public to a private school do considerably better after two years than students who do not receive a voucher opportunity. However, students from other ethnic backgrounds seem to learn after two years as much but no more in private schools than their public school counterparts.”

The RAND Corporation, in a highly publicized report issued in 2001, concluded, “Small-scale, experimental privately funded voucher programs targeted to low-income students suggest a possible (but as yet uncertain) modest achievement benefit for African-American students after one to two years in voucher schools (as compared with local public schools).”

A report by Don Goldhaber, a scholar at the Urban Institute, summarizes voucher research as follows, “The results of this research also showed that attending a private school was beneficial, but only for African American students. On average African Americans who received vouchers scored .17 standard deviations higher on the combined test scores than African Americans in the control group. After two years they scored .33 standard deviations higher than their counterparts in the control group.”

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42 Brian P. Gill et al., *Rhetoric Versus Reality: What We Know and What We Need to Know about Vouchers and Charter Schools* (Santa Monica, Calif.: RAND, 2001), xiv–xv. In addition, the authors point out that vouchers promoted racial integration and that charter schools generally have racial-ethnic compositions similar to those of local public schools.

If sustained, such gains would eliminate the usual black-white achievement gap in six years.

More broadly referring to public and private choice programs, political scientists Paul Teske and Mark Schneider’s recent review of the choice literature concluded:

While not all of these studies conclude that choice enhances performance, it is significant to note that the best ones do, and that [we] did not find any study that documents significantly lower performance in choice schools.

Consensus results show that parents are more satisfied with choice, that they report using academic preferences to make choices, and that they tend to be more involved with their child’s education as a consequence of choice.44

The Teske-Schneider review is the most comprehensive. Unlike earlier reviews, their “combination of evidence is important in a domain in which economists, political scientists, sociologists, educational scholars, and others often read work only in their own disciplines. Moreover, while other researchers have reviewed various pieces of the choice literature, most are focused on only one aspect or type of choice. Here a broader analysis is sought.”45

A summary of research by Jay Greene, a senior fellow at the Manhattan Institute, found a consensus that charter and voucher schools produce superior academic results and higher levels of parental satisfaction.46 Greene also found that students in schools of choice express greater tolerance for political and religious views other than their own. They had more often engaged in such civic activities as public speaking and writing letters on political issues. Contrary to another contention of choice critics, schools of choice were also less racially, ethnically, and socially segregated than government schools.

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45Ibid., 609.

The final study, conducted by a team of researchers from California State University at Los Angeles, compared the academic achievement of children from low-income families attending charter and noncharter government schools in California. The researchers examined average Academic Performance Index (API) scores (an index based on the Stanford Achievement Test) for 1999, 2000, and 2001 for 41 charter schools and approximately 3,000 noncharter government schools in California in which 50 percent or more of students participated in the free or reduced lunch program. They found, “When 2001 API scores were compared with 1999 API scores for California schools that reported serving 50 percent or more free or reduced lunch eligible students, the charter schools API means improved more (22.6%) than the non-charter schools’ API means, which improved 19.4%. The difference was more pronounced for the very high poverty schools that reported serving 75 percent or more free or reduced lunch eligible students. These charter schools’ scores improved 28.1% while non-charter schools’ scores improved 23.8%.”

Although causal certainty cannot be achieved in the social sciences (or even in applied hard science research), the foregoing evidence supports the conclusion that private schools out-perform government schools when possible confounding factors are taken into account. Still, policymakers and parents might reasonably ask why the results have not been more clear-cut, pervasive, and substantial. Three reasons in particular may account for the merely moderate effects observed thus far.

First, as revealed by large-scale surveys, students who move from school to school are often set back in achievement, especially if their families are in poverty. The probable reason is they

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must adjust to new curricula, teachers, methods of instruction, peers, and the like. Choice experiments seem likely to show more impressive private-school effects in the coming years.

Second, because of the start-up difficulties faced by new schools, tax and regulatory barriers confronting parents who choose, lack of funding for the capital needs of charter schools, and other factors, the differences now being observed are only a fraction of what could be expected if choice were allowed without financial penalties imposed on parents, teachers, and administrators.

Finally, competition in education as in other industries forces all providers to raise their effectiveness and efficiency. When choice is present, government schools must either become more productive and satisfying to parents or risk losing students and the funding that is tied to their average daily attendance. Clear evidence exists that this has taken place in Milwaukee, where public schools have scrambled to compete with the private schools participating in the city’s pilot public voucher program.

**SCHOOLS OF CHOICE ARE MORE PRODUCTIVE**

Private schools not only outperform government schools, they also produce those results less expensively; in other words, they are more productive. Belfield and Levin’s summary, discussed in Chapter 3, showed that competition within the public sector, in the form of more numerous smaller districts within a county or metropolitan area, increases school productivity because parents are able to compare performance, pressure poorly performing districts, and move to nearby districts. Government schools subject

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49Clowes, “Productivity in Public Education,” 1.
to greater competition from private schools, public and private vouchers, and charter schools should achieve more at lower cost.

Because there are more Catholic schools than other private schools, they have been most intensively studied. The largest and most recent comparison of Catholic and public schools showed that, despite spending less than half what the public schools spend on educating children in poverty, the Catholic schools that were investigated outperformed the government schools in both reading and mathematics in every grade level. Paul Peterson of Harvard University Kennedy School of Government and Herbert Walberg (an author of this book) studied elementary schools in Brooklyn, Manhattan, and the Bronx. Because government-school advocates argue that special-needs children pull achievement averages down and push their costs up, only general education students’ achievement and costs were included. Also, because government school officials say they require large bureaucracies, central-office and community-board costs of government schools were excluded. With these exclusions, the per-pupil costs for general education students were $5,124 in the government schools. Per-pupil spending by Catholic schools was only $2,399 or 46.8 percent of the government school cost.

Both Catholic and government schools achieved less as the percentage of children in poverty increased, but rising levels of poverty had a smaller negative effect on learning in Catholic than in government schools. In addition to outperforming the government schools in every instance, the Catholic schools were also more successful in mitigating the adverse effects of poverty.

Peterson and Walberg conclude that the achievement effectiveness and cost efficiency of the Catholic schools do not seem attributable to Catholicism. Although many Catholic school-teachers are Catholic, few are members of religious orders, and about half of their students (mostly African-American) are not Catholic. Walberg’s school visits and interviews with principals

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showed that Catholic schools must actively compete for customers, while families make genuine sacrifices to pay tuition. His interviews and observations showed parents get the following in return for their tuition:

- courtesy, fairness, and respect
- a clear mission for learning
- most decisions made on the school site
- an academic curriculum taught well to whole classes
- a student notebook of assignments and notes for each subject
- homework for completion and grading each day
- a close connection between parents and teachers
- leadership with the principal accountable to parents

None of these involves faddish reforms, exotic psychology, high technologies, or even new ideas. Indeed, they comport well with the traditional common sense of many lay people, most notably parents. Walberg’s observations and interviews in government schools in the same boroughs revealed

- frequently changing administrators
- a seemingly never-ending policy-churn of new directives from the New York City central board and the intermediate community boards
- changes in school grade levels and attendance boundaries without consulting staff or parents
- in classrooms, many children inattentive and without books or assignments
- many students resting, chatting, or walking around the classroom

Peterson and Walberg concluded that the keys to Catholic school success are competition and direct accountability to their customers—parents and students. They suggested that similar
performance could be expected of parochial schools of other religious denominations and of independent schools, including the growing number of for-profit schools. All must appeal to their patrons or close.

EXCUSES FOR THE FAILURE OF GOVERNMENT SCHOOLS

Defenders of the status quo have a litany of excuses for why government schools fail, to the extent they admit that failure occurs at all. They challenge the validity of testing, blame taxpayers and students and parents and claim a conspiracy among education researchers, critics, and reporters.

NOT ENOUGH SPENDING

Have government schools failed because we do not spend enough? Not likely. As previously discussed, expenditures on public schools rose substantially and steadily during the past half century. As also discussed above, the United States is well ahead of nearly every other affluent nation in per-student spending, and spending has consistently increased faster than either inflation or personal income in the United States. Eric Hanushek has pointed out that much of this increase in per-pupil spending escaped the attention of the taxpaying public because it occurred during a time of falling enrollment levels.51 Flat or rising enrollments in the 1980s and 1990s finally brought attention to the fact that previous rates of spending increase were not sustainable.

A study from the liberal Economic Policy Institute claims that the consumer price index (CPI) is not the correct index to use when adjusting education spending figures to account for inflation. It uses instead something called a school price index to find that per-pupil spending increased “only” 61 percent in

real terms from 1967 to 1991. Most economists, however, believe even the CPI overstates actual cost-of-living increases by about 1.5 percentage points because it fails to take into account the gradual improvement in quality of many goods and services. Have educational services improved more rapidly than other services? Test scores, drop-out rates, and other output measures show the opposite.

A variation on the not-enough-spending excuse is that unequal spending is to blame. Coons, Sugarman, and Clune, for example, have written “the fundamental evil of the present system is reliance upon local property taxation of unevenly distributed property wealth” [emphasis in the original]. The result, they say, is a “wild and arbitrary imposition of privilege and deprivation according to the accident of district wealth.”

The problem of unequal spending was much greater in the 1970s, when Coons, Sugarman, and Clune wrote the above comments, than it is today, and yet disparities in school quality are arguably larger than they were then. States have dramatically increased the amount of funds allocated to equalizing spending among property-rich and -poor school districts, and it is now commonplace that wealthier districts get back only a tiny fraction of the taxes they send to state capitals. Experience suggests that equalizing spending, except in a small number of extreme cases, has had little effect on student achievement in the short term and may even harm student achievement in the long term.

Centralizing spending decisions reduces the incentive of local taxpayers to carefully monitor the spending of their school districts. It is easier to waste someone else’s money than one’s own

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55 Ibid.
hard-earned dollars. Research by Caroline Hoxby and others demonstrates conclusively that student achievement falls as state share of funding rises.\textsuperscript{56} Whatever beneficial effects higher spending might achieve are outweighed by the negative effects caused by reduced accountability to local taxpayers.

**HIGH COST OF SPECIAL EDUCATION**

Beginning in 1975, with enactment of the Education for All Handicapped Children Act, government schools have had to invest billions of dollars providing special services for handicapped students. The previously cited Economic Policy Institute report claims most new money made available to schools between 1967 and 1991 went to special education for handicapped and learning-disabled children.\textsuperscript{57}

But Eric Hanushek has pointed out that, if children requiring special education cost twice as much to serve as the average student, this could account for only $3 billion during the 1980s, a small fraction of the $54 billion increase in spending that took place during this period.\textsuperscript{58}

Colorful anecdotes aside, the cost of special education services appears to be close to Hanushek’s estimates.\textsuperscript{59} A 1995 survey of research on the issue by Allan Odden and others found that handicapped students cost about 2.3 times the cost of the average regular student, that the percentage of government-school students in this category rose in the 1980s but was relatively steady in the 1990s, and that “the increase in numbers is almost totally in the lower-cost category of learning disability, while the number of high-cost special education students in nearly all cat-


\textsuperscript{57}Rothstein with Miles, *Where’s the Money Gone?* 1.

\textsuperscript{58}Hanushek, “Making Schools Work,” 13.

egories is falling, suggesting that the overall costs per pupil should not rise.”

To a large extent, the schools themselves are responsible for the extraordinary growth in the number of children enrolled in special education programs and the amount spent on their behalf. It is disingenuous to blame learning-disabled students for spending increases while simultaneously working the system to maximize the number of students eligible for that designation and broaden the kinds of expenses covered by those funds.

**Schools in Other Countries Focus on the Elite**

Apologists for America’s government schools sometimes claim international test results should be disregarded because schools in the United States try to educate all children, whereas schools in other countries focus only on the children of the elite. Perhaps that was true 30 or 40 years ago, but the most recent OECD comparison shows the United States ranks 17th among 23 developed countries in the ratio of secondary school graduates to total population at the typical age of graduation. The average percentage of students aged 14–17 and 18–19 enrolled in education was also higher in OECD countries than in the United States.

U.S. schools have fallen behind the graduation and enrollment rates of other economically advanced countries while simultaneously showing the least academic progress and nearly the highest per-pupil spending. Lawrence Stedman recently summed up the

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61 OECD, *Education at a Glance* (Paris: OECD, 2000): 147. The U.S. percentage of 74 is lower than the average of 79. The average, however, includes several less affluent, recent entrants into the OECD such as Mexico, Portugal, Spain, and Turkey, where graduation rates are as low as 30 percent. For a more complete defense of international tests, see Harold W. Stevenson, “Mathematics Achievement: First in the World by the Year 2000?” in *What’s Gone Wrong in America’s Classrooms*, ed. Williamson M. Evers (Stanford: Hoover Press, 1998), 137–54.

current expert consensus on international testing, “In the past few years, the credibility of the assessments has been challenged on three main grounds—sampling bias, test bias, and the educational quality of the tests. Each of these criticisms has some merit, but none is strong enough to undermine the finding that there are real achievement differences among countries and that the U.S. has often done poorly.”\(^6^3\)

**Socioeconomic Change**

A common lament is that students are more difficult to educate today than they were 50 to 100 years ago. Broken families, drug abuse, crime, and television are frequently mentioned maladies that make it especially difficult to educate inner-city youth. Although teachers grappling with these problems deserve our respect and appreciation, it is not clear the challenges they face are worse than those faced by teachers in the past.

Caroline Hoxby found that changes in student characteristics, such as race and family income, from 1970 to 1999 explain almost none of the decline in school productivity that occurred during that time.\(^6^4\) Although the student population has become more ethnically and economically diverse, that change is overwhelmed by an increase in years of education attained by parents, which is positively related to student achievement.

Most students entering most schools today are much better prepared than in the past. Test renorming surveys show children’s preschool language mastery has steadily and substantially increased. Because vocabulary and other verbal items are predominant in preschool ability tests, they are the proximate causes and best predictors not only of reading and other language skills but also of achievement in mathematics, science, social studies, foreign languages, and other school subjects.


\(^6^4\)Caroline Hoxby, “School Choice and School Productivity.”
Massive improvements in social conditions, including housing, nutrition, and health care, have promoted children's preschool verbal and other academic skills. The percentage of the U.S. population that is non-English-speaking is not especially high by historical standards. Average income and average years of education of parents, both strongly associated with children's language mastery, have risen substantially. Increased exposure to mass media and the growing information sector of the economy encourages verbal mastery at a young age. Yet, even with better prepared students and more money for each, government schools are becoming less productive.

NEW RESPONSIBILITIES

Educators frequently complain their jobs have become more difficult over time as society has given schools new responsibilities. These include driver education, sex education, values clarification, self-esteem, and parenting skills for single mothers. Traditional academics have been diminished in favor of various caretaker and social-worker responsibilities.

Educators, however, have brought this unfortunate situation on themselves. They have persistently lobbied for increased government funding and have been willing to take on new responsibilities in exchange for receiving it. Union leaders probably saw this as an effective tactic to increase union membership, and therefore their status and influence, during the period when enrollments were falling. But the result has not been favorable to students.

THE PUBLIC WANTS SCHOOL CHOICE

Pollsters have long tracked declining support for government schooling, producing reports with such expressive titles as
Halfway Out the Door: Citizens Talk about Their Mandate for Public Schools and Is There a Public for Public Schools? In an analysis of American public opinion on schools and choice published in 2001, Terry Moe found, “It is true that 47 percent of the public gave the schools an A or a B. But only 11 percent actually gave them an A. And more significantly, an ominous 46 percent gave them a C, D, or F—which is hardly good news, and suggests a substantial block of people who range from underwhelmed to totally dissatisfied.”

Simultaneously, school vouchers and other choice-based reforms consistently score well in public polling, although changes in the language used by pollsters partly obscures the trend. For example,

- Parents of private school students and students participating in pilot voucher programs are more satisfied with their schools than parents whose children attend government schools.
- Parents and the general public are more likely to agree with private school administrators and teachers than with government school administrators and teachers on such issues as discipline, core curriculum, and the goals of education.

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68 See Chapter 10 for a review of the latest survey results.


A majority of the public believes private schools do a better job than government schools in the areas of academic quality, individual attention to students, safety, discipline, and teaching civic and moral values. Even though the public may not be fully informed about the differences among private schools, public and private vouchers, and charter schools, 70 percent support the idea that choice and competition would help improve the schools.\footnote{Moe, Schools, Vouchers, and the American Public, 69.}

Moe summarizes his analysis of polling data by saying most Americans think the current public school system

\begin{itemize}
  \item is outperformed by schools in the private sector
  \item is inequitable, particularly on class grounds
  \item adopts undesirable means of promoting diversity
  \item is too intolerant of religion
  \item gives parents too little influence
  \item has schools that are too large; and
  \item should make better use of marketlike mechanisms\footnote{Ibid., 70–71.}
\end{itemize}

How could the world’s most productive country have the least productive government-school system? How did it become so dissatisfying to citizens and parents? These questions and others are taken up subsequent chapters.
RECOMMENDED READING