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A PRIMER ON CHOICE IN EDUCATION: PART I – HOW CHOICE WORKS

INTRODUCTION

Every year, America spends increasing sums on education, yet it seems to be without much noticeable impact on the disastrously low academic achievement of the nation's youngsters. For this reason, a growing consensus is emerging that doubts whether more spending and more tinkering will improve the performance of schools.

What will improve it, say increasing numbers of liberals and conservatives, are reforms that give parents the freedom to choose the best schools for their children. This would create competition among schools that would improve the schools and schooling. Last year alone, 23 states considered some form of education-choice proposals; three enacted choice legislation.¹ In fact, there are already an estimated 10,000 schools which students attend as a matter of choice rather than assignment. Reports *Fortune* magazine: choice in education "is simply the hottest item on the education reform agenda today."²

Harlem Success. Choice in education must not be limited to the wealthy or well-off who can afford either to pay for a private school or move to a good school district. Choice is needed most by financially poor parents whose children are trapped in the most inferior schools. When given a choice in schools, as is now available in New York City's Harlem school district, for instance, test scores rise dramatically.

This study reviews the arguments in favor of choice, its success to date, and the choice options available. Part II will address the legal considerations that should guide policy decisions.

1 Susan Phillips, "Education Choice Emerging Trend?" *Family, Law & Democracy Report*, July 1989, pp. 1-3.

2 Jaclyn Fierman, "Giving Parents a Choice of Schools," *Fortune*, December 4, 1989, p. 147.

Restoring Teaching's Prestige. With widespread public support, different choice schemes have been adopted in the states. Opponents mainly have been the education establishment, fighting to protect its monopoly and job security. Yet educators need not fear choice. Upgraded schooling, rising test scores, and fading illiteracy will raise the prestige of and respect for teachers and principals, restoring to teaching the high status that it enjoyed just a little more than a generation ago.

Educators should join with parents and lawmakers in backing such choice options as magnet schools and open enrollment for public schools, and tuition tax credits and vouchers for private schools. Choice plans instituted to date generally have been limited to public schools. While this limits their benefits, it addresses the most pressing needs and makes broader political support possible.

Though many choice plans have been adopted only in recent years, where evidence is available it is clear that competition among the schools boosts student performance. Thus state governors increasingly support parental choice, and George Bush has made choice the cornerstone of his education improvement agenda. The choice movement is gaining momentum, and policy makers must continue to introduce choice where it has not been tried and to expand it where it has been successful.

HOW CURRENT EDUCATION REFORMS HAVE FAILED

More than six years have passed since the report by the National Commission on Excellence in Education pronounced America's public school system a virtual shambles.³ Yet the United States remains educationally "a nation at risk."

The Commission's alarming findings triggered a flurry of reform that has included increased public school expenditures, higher academic standards, and an emphasis on basic skills — all with very disappointing results. In fact, last year the U.S. Department of Education reported that Scholastic Aptitude Test (SAT) scores have remained stagnant or declined during the past three years.⁴ Only 20 percent of American high school seniors can write a simple letter and only 5 percent can decipher a bus schedule.⁵ And the problem is most acute for the urban poor.⁶ The evidence is clear — increased spending and recent education reform measures have failed to improve student performance.

3 National Commission on Excellence in Education, *A Nation at Risk* (Washington, D.C.: U.S. Government Printing Office, 1983).

4 Secretary of Education Lauro F. Cavazos, "Restructuring American Education Through Choice," speech delivered to the Education Press Association (May 19, 1989), p. 1.

5 Survey findings by the National Assessment of Educational Progress.

6 *The Right to Choose: Public School Choice and the Future of American Education* (New York: Manhattan Institute for Policy Research, 1989), p. 8 [hereinafter *Right to Choose*].

How Reforms Picked the Wrong Target

The type of reforms undertaken since 1983 actually have little relationship to student performance. A 1989 survey of 187 studies by University of Rochester Economics Department Chairman Eric A. Hanushek, for instance, finds that teacher salaries, per-pupil expenditures, class size, and graduation requirements are unrelated to academic performance.⁷ After surveying two decades of educational research, this report concludes:

Expenditure increases, if undertaken within the current institutional structure, are likely to be dissipated on reduced class size or indiscriminate raises in teacher salaries, with a result that growth in costs will almost surely exceed growth in student performance.

Rather, such less tangible factors as a clear educational mission, strong leadership, and an atmosphere of professionalism and flexibility have a much more significant impact on student achievement. These critical factors, notes Brookings Institution Senior Fellow John Chubb, "are not things that school reformers can easily influence with policies."⁸

The lessons of the 1980s are clear: spending more money and fiddling modestly will not improve the performance of American students. What will is competition among schools. This will force the improvements needed to make American students as well educated as their foreign counterparts. There are different methods of introducing competition into the school system, all of which give parents some degree of choice in selecting their children's schools.

OPTIONS FOR EXPANDING CHOICE

The principal options for promoting educational choice include (either alone or in combination) magnet schools, open enrollment, tuition tax credits, vouchers, and home schooling. The first two options normally confine choice to public schools, while tax credits and vouchers extend the freedom of choice to some or all private schools. Each of these strategies has different attributes and different implications for parents and for schools.

Choice within the Public Schools

Most current proposals focus on increasing choice and competition among public schools. This empowers the vast majority of parents. Students can improve their opportunities and poor schools will face powerful incentives to improve. Among the most important versions of public school choice:

⁷ Eric A. Hanushek, "The Impact of Differential Expenditures on School Performance," *Educational Researcher*, May 1989, p. 47.

⁸ *Right to Choose*, pp. 9-10.

Magnet Schools. The term “magnet” connotes an intrinsic drawing power, and this is precisely how magnet schools are designed. To attract students from outside their normal attendance areas, magnet schools are given the flexibility to design specialized courses of instruction and experiment with instructional techniques. Used increasingly in recent years as a desegregation device, magnet schools have accomplished what decades of forced busing could not: voluntarily integrated schools offering high-quality educational opportunities.

Magnet schools currently comprise about 25 percent of all schools of choice. They are organized around particular themes: specialized academic courses like math, science, foreign languages, or remedial education; performing or creative arts; vocational or technical education; or particular learning methods. One-third of these schools base admission on established criteria, such as superior academic performance; the remainder admit students on a lottery or first-come basis. It is not uncommon for this latter version to result in long lines of parents camped out for days, waiting to register their children.

Magnet schools exist at the primary or secondary level, and the size-attendance zone can vary widely. Examples: Montclair, New Jersey, has turned all its elementary and secondary schools into magnets and has instituted open enrollment throughout the municipality; St. Louis, by contrast, has created a program in which it exchanges students with 23 suburban school districts.⁹

Impressive Gains. The academic gains produced by magnet schools so far are impressive. The Education Department reports that 80 percent of the magnet schools in fifteen urban districts showed higher achievement scores than their district averages.¹⁰

In designing magnet schools, policy makers should offer real choices to the maximum number of students. If a school district creates a number of magnet schools that prove to be successful, other district schools should be permitted to compete with the magnets by modifying their own curricula or methods. Schools with long waiting lists should be replicated.

To the extent they are used as a desegregation device, magnet schools can succeed only if the principal goal is educational quality rather than racial balancing as an end in itself.

Open Enrollment. Also called “public school choice,” open enrollment is the most comprehensive way to introduce competition within the public educational sector.

9 *Educating Our Children: Parents & Schools Together* (Washington, D.C.: U.S. Department of Education, 1989), p. 29.

10 *Ibid.*, p. ii.

Minnesota is the pioneer in open enrollment. Launched in 1987, the Minnesota program requires open enrollment in certain school districts; all the state's school districts will be included by the 1990-1991 school year. Under this policy, students may apply to schools in districts other than the one in which they reside, and the schools must accept them unless space is inadequate or the transfer would upset racial balance.¹¹ The state's portion of the cost of educating a student "follows" the student to the school of choice. Thus schools that attract more students attract more money.

The student's family is responsible for transportation to the new district's boundaries, but from there transportation is provided for needy students at public expense. In the four years since open enrollment was first proposed, public opinion in Minnesota has flipped from 2-to-1 opposed to 2-to-1 in favor of the policy.¹² Last year, Arkansas, Iowa, and Nebraska, enacted open-enrollment programs patterned after Minnesota's, and Ohio has launched an open-enrollment pilot program.¹³

Denying Choice to Some. Other jurisdictions have opted for "controlled" choice giving parents the opportunity to identify their top two or three school preferences. Administrators then assign students to a school aiming at achieving a racial balance, with parent preferences as a secondary concern. Boston instituted controlled choice last year, and although most of the city's students received their first and second choices, a large percentage of students were assigned to a school they had not chosen. After a generation of racial conflict stemming from forced busing, administrators hoped that controlled choice would enable the schools to integrate through voluntary means.¹⁴ However, unlike open enrollment plans, controlled choice does not permit a child to attend the neighborhood school if it would upset the racial balance. This choice option, therefore, denies choice to a large proportion of parents, whose children remain subject to mandatory busing.

Other examples:

◆ ◆ In 1981, Cambridge, Massachusetts, abolished attendance zones for grades K-8 and allowed parents to select their top three schools, subject to space and desegregation limitations. Following the introduction of choice, the proportion of students electing to attend public schools rose from 74 percent to 82 percent, and student achievement scores have risen steadily.¹⁵

11 This requirement may well be unconstitutional. Landmark Legal Foundation has filed on behalf of black schoolchildren a legal challenge to the Kansas City policy of strict racial quotas in magnet school admissions, under which the school district has turned away black students despite having empty seats in the magnet schools. See the discussion of nondiscrimination in Part II of this paper, forthcoming.

12 *The Right to Choose*, *op. cit.*, p. 19.

13 Phillips, *op. cit.*, p. 3.

14 "American Agenda," *ABC World News Tonight*, November 13, 1989.

15 *Schools of Choice: The Beginnings of a Systemic Change in American Education?* U.S. Senate Republican Policy Committee, August 3, 1989, p. 8.

◆ ◆ New York City gives 90,000 of its 940,000 students choices among 250 alternative programs, some on a lottery basis and others subject to screening requirements.

◆ ◆ Colorado's Second Chance Pilot Program offers school dropouts a chance to attend certain out-of-district public schools, vocational/technical schools, or adult education programs, transferring 85 percent of the per-pupil expenditures from the resident to the nonresident school district.¹⁶

Magnet schools, open enrollment, and controlled choice have proven effective in improving education by injecting an invigorating dose of competition into the public school system. Public school choice can promote program innovation and specialization as well as greater parental involvement and school autonomy. But competition that is limited to the public sector cannot accomplish the full range of benefits available from competition that includes the private sector.

Choice and Private Schools

A 1988 Harris poll finds that more than half of public school parents would choose private schools for their children had they the means to do so.¹⁷ Perhaps the greatest indictment of Chicago's failed public school system is that Chicago public school teachers who live in that city are twice as likely as all other parents to send their children to private schools — 46 percent of teacher parents and only 22 percent of other parents.¹⁸ These teachers' own union vehemently opposes extending the same choice to less affluent parents.

While private schools are often beyond the reach of low-income families, they are not exclusively serving the affluent. In fact, according to the Council on American Private Education in 1988, some 41.7 percent of families who send their children to private schools have incomes less than \$25,000 a year. Moreover, providing assistance to less-affluent parents to enable them to exercise that choice actually could save taxpayers billions of dollars. The reason: typically it costs less to educate a child in a private school. Each child attending a non-public school saves taxpayers at least \$4,000, which is the annual per pupil average cost in public schools. The five million pupils currently in non-public schools save taxpayers over \$20 billion a year.

Currently there are several strategies and proposals to expand choice to private schools. Among them:

Tuition Tax Credits. One much-debated option for expanding choice is a tax credit for tuition or other educational expenditures incurred in out-of-district public, private non-sectarian, and/or church-affiliated private schools. Tax credit advocates note that because the aid flows directly to parents rather than

16 *Educating Our Children*, op. cit., p. 31 and Model IV (Appendix).

17 *Educational Choice: A Catalyst for School Reform* (Chicago: City Club of Chicago, 1989), p. 5.

18 Herbert J. Walberg, Michael J. Bakalis, Joseph L. Bast, Steven Baer, *We Can Rescue Our Children* (Chicago: The Heartland Institute, 1988) p. 11.

to educational institutions, credits eliminate the need for burdensome and intrusive regulation of private schools. Critics argue that tax credits do not help those low-income families who pay little or no taxes, but this criticism ignores the fact that tax credits could be refundable to assist low-income families who do not have tax liability.

Minnesota allows state income tax deductions for tuition, textbook, and transportation expenses incurred at public or private schools, covering expenses from \$650 to \$1,000 per student. Iowa has a tax credit of 5 percent of private school tuition up to \$1,000 per child.¹⁹

Several New Hampshire towns are exploring the prospects for property tax abatements for school expenses. The towns would give taxpayers a \$1,000 credit for every youngster who enrolls in a school (private or public) outside the district. The abatement would also be available to taxpayers who provide scholarships. The abatement program reduces the towns' education costs, while giving parents greater access to education alternatives.

Tuition tax credits can expand the option of attending a private school to less affluent families. Private schools have been shown to be particularly successful in educating poor and minority school children. Providing financial assistance in the form of such tax credits, could go a long way toward expanding opportunity for the neediest in society.

Vouchers. The most comprehensive — and controversial — form of education choice is vouchers. In theory, these allow students to “purchase” educational programs at any school with certificates representing their individual share of tax dollars. Public schools would set “tuitions” and would be dependent upon vouchers for their revenues. As in other choice plans, funding would follow the student, and so schools would have to compete for “customers.” Parents could supplement their vouchers if they elected to send their children to a more expensive school.

Because vouchers put public and private schools on equal footing, they directly challenge America's public school monopoly. For this reason, many experts believe that vouchers and other methods that include private school choice offer the only real chance for real reform. But also for this reason, a comprehensive voucher proposal would require enormous political courage. Yet the educational benefits seem likely to make it well worth the risk. No other policy proposal would do as much to empower parents to control the educational destinies of the children.

Home Schooling. A choice option used by tens of thousands of American families is home schooling. This is formal education conducted in whole or part within the home. For those with the necessary commitment and resources, home schooling can provide wholesome, top-quality educational oppor-

¹⁹ *Educating Our Children*, *op. cit.*, Model V (Appendix) and p. 30.

tunities.²⁰ But laws regulating home schooling vary from state to state, and in many places legal obstacles exist to educating children in the home. Limiting regulations of home schooling to ensure minimal educational standards while otherwise allowing maximum liberty will expand education choice in a significant way.

THE GROWING CONSENSUS FOR CHOICE

The evidence indicates that achievement in America's schools will improve only if there are fundamental changes in the way that schools are managed and controlled. Central to this, a growing number of reformers maintain, is educational choice. The Bush Administration is backing its rhetorical support of choice with some action. Example: Bush has endorsed increased federal funds for magnet schools. The Department of Education also has convened a roundtable on public school choice, and last fall convened a series of regional grass-roots strategy meetings to promote choice.

Education choice is advocated by reformers of all political stripes. Observes Edward Fiske, the *New York Times* expert on education, "Conservatives see school choice as a way of injecting free enterprise into the educational system. Liberals see it as a way of giving the poor the same freedom that the rich have."²¹ Indeed, Governor Rudy Perpich, a Democrat, has championed the statewide choice plan in Minnesota. He argues that "without choice, school districts have little incentive to change and to provide alternatives for those families that want them."²²

Strong Public Support. Business leaders, meanwhile, faced with a severe shortage of skilled labor, are backing choice. Xerox Corporation Chairman and Chief Executive Officer David T. Kearns calls for "the total restructuring of our schools"²³ to be "driven by competition and market discipline."²⁴ Polls show strong public support for education choice. A 1987 Gallup Poll finds that 71 percent of Americans, including 77 percent of non-whites, favor allowing parents to choose among local schools; a plurality supported the even more comprehensive alternative of vouchers.²⁵ This broad consensus provides a strong foundation for meaningful education reform centered on choice.

20 See Clint Bolick, "The Home Schooling Movement," *The Freeman*, March 1987, p. 84.

21 Edward Fiske, "Lessons," *The New York Times*, January 11, 1989, p. B8.

22 Lee A. Daniels, "Efforts to Allow Choice of Schools Stir Debate," *The New York Times*, March 1, 1989.

23 David T. Kearns and Denis P. Doyle, *Winning the Brain Race* (San Francisco: Institute for Contemporary Studies, 1988), p. 2.

24 *Ibid.*, p. 5.

25 *Educational Choice*, *op. cit.*, p. 5.

WHY CHOICE IS THE KEY

Choice is seen as a critical lever for change because the central flaw in the public education system is its monopoly on providing education. The high taxes imposed to finance public education make it difficult, if not impossible, for most parents to opt out of public schools. And like any monopoly "industry" with a captive market of consumers and a guaranteed flow of revenue, public schools are under little pressure to produce a quality product.

This monopoly system traps students from poor families, who often are consigned to inferior schools where drugs and crime are far more common than educational opportunities.²⁶ Robert Woodson, president of the Washington-based National Center for Neighborhood Enterprise, which seeks to spur improvement within inner-city minority communities, views educational choice as crucial to the progress of poor Americans. Woodson explains that:

[w]hen we talk about enhancing choice, we are simply talking about giving working class people and poor people the same opportunity [as the affluent] to choose schools and services for their children.²⁷

The deficiencies of the public educational system owing to its monopoly status are exacerbated by a second fundamental flaw: the educational system is controlled by the political process rather than by its "customers," the parents and the pupils.

Union Control. As part of the political process, public education is susceptible to special interest pressures, such as teacher unions' control of personnel. The unions dictate who is qualified to teach and often protect incompetent teachers. This undermines the autonomy schools have over their own policies and personnel.

Consider the staffing of public schools. As Brookings's Chubb points out, "Control over personnel is the most important quality that a school needs... in order to be effectively organized," yet "within the public sector, autonomy is more the exception than the rule."²⁸ Owing to this lack of control over personnel, the system frequently transfers incompetent teachers from one school to another. They often wind up teaching in poor communities.

The monopoly and special interest control of the public school system are antithetical to the autonomy and accountability essential to quality education. Hence, say advocates of choice, the most effective reform proposals must address both flaws. Allowing choice among schools, public and private, would do most to end the monopoly and the problem of political control. Short of this,

26 See Clint Bolick, *Changing Course: Civil Rights at the Crossroads* (New Brunswick, New Jersey: Transaction Books, 1988), pp. 104-112.

27 *Educational Choice*, *op. cit.*, pp. 8-9.

28 *Right to Choose*, *op. cit.*, p. 11.

freedom of choice within the public sector, with increased control by parents over the management of individual schools, could lead to significant improvements.

The crucial feature of a choice plan is increased competition between schools, even if that choice is limited to public schools. Explains Xerox's Kearns:

In a choice system, the state would fund individual children.... Money earmarked for public education would reach the public school *only* when the student elected to enroll. The school would lose its guaranteed income, and it would be forced to provide the offerings that met the needs and interests of the community it proposed to serve.²⁹

HOW CHOICE HELPS POOR FAMILIES

One of the most successful choice plans was initiated fifteen years ago in New York City's East Harlem, a school district about two-thirds Hispanic and one-third black. East Harlem's "open enrollment" policy allows parents to send their children to any of the 23 schools within the district. Parents choose among schools specializing in different themes, including performing arts and math and science. School administrators and teachers have the freedom to design new programs and hire new teachers to attract students.

East Harlem's choice plan has moved that district's reading scores from last to sixteenth among New York City's 32 school districts. The number of students who read at or above grade level in the district has increased from 15 percent to 64 percent.³⁰

Staying in the Neighborhood. East Harlem has the highest poverty concentration in Manhattan, But its choice plan has led to this impressive success. The great majority of students attend their neighborhood school even though they may attend any school in the district. The critical factor in improving student performance appears to be the decentralization that has allowed parents, teachers, and principals to make most decisions affecting their own schools.

The results are even more remarkable for urban minority students able to attend private schools.³¹ The reasons for this are simple. By virtue of the need to produce competitive results to attract pupils and thus survive, private schools must be efficient. They have smaller bureaucracies than public schools, and

29 Kearns and Doyle, *op. cit.*, p. 18.

30 *Educating Our Children: op. cit.*, pp. 29-30.

31 Jill Rachlin and Paul Glastris, "Of More Than Parochial Interest," *U.S. News & World Report*, May 22, 1989, p. 61.

they stress the academic basics to attract students. They also enjoy strong parental support for a disciplined and orderly school environment.

THE ARGUMENTS AGAINST CHOICE

Critics contend that widespread freedom of choice among schools would lead to more affluent and well-educated parents taking their children to suburban schools or to the best urban schools, turning inner-city schools into "dumping grounds" for the very poor and the hard-to-educate.

This contention is refuted soundly by the experience of families in East Harlem who made informed choices when they were free to choose and provided with through information about available choices. In fact, students were not left behind in inferior schools when East Harlem adopted choice. Instead, two schools that failed to attract students were closed and later re-opened with new staff and programs.

Critics also charge that choice is not a cure-all for what ails education and that its supporters often promote choice as a total solution. To be sure, choice is not the panacea. It must be coupled with reforms such as greater school autonomy and accountability, and high standards of achievements. Yet, even alone, choice will raise educational standards through competition. And then this competition will spur other necessary reforms to be made more quickly than they would have been in the absence of choice.³²

CONCLUSION

Choice-centered reform proposals are receiving growing bipartisan political support and are endorsed by the great majority of parents. Some school administrators, like California Superintendent of Public Instruction, William Honig, recognize that choice brings increased flexibility for themselves and teachers and prompts greater parental support.

Despite the support of educators like Honig, the principal opposition to choice comes from the education establishment. Politically powerful teachers' unions fight choice proposals at the federal and state levels. They seem to dread the prospect of competition and accountability.

Business Backing. Countering the opponents are grass roots parent groups and business leaders who recognize the value of competition. They have formed coalitions pressing for choice plans in the states. The California Business Roundtable, a group of 90 top executives, backs choice legislation in that state; the Illinois Manufacturer's Association has joined other business groups in promoting choice among public and private schools in the city of Chicago; and

32 Chester E. Finn, Jr., "The Choice Backlash," *National Review*, November 10, 1989.

the Louisiana Association of Business and Industry, the state's Chamber of Commerce, has backed plans to introduce education vouchers.

State Leaders. Some state governors have been at the forefront of the choice movement, like Minnesota's Perpich, a Democrat. In Wisconsin, Republican Governor Tommy Thompson has proposed legislation to create "education enterprise zones" for poor students. His plan would give parents educational vouchers to enable them to send their children to either public or non-sectarian private schools within their district. This effort in behalf of low-income students has received the support of black urban legislators.

Republican Congressman Steve Bartlett of Texas has introduced legislation that would allow federal aid to disadvantaged students (Chapter I funds) to go directly to parents of eligible students to be used toward payment of tuition at their school of choice. Bartlett's bill, H.R.3697, also would provide federal aid to help local and state education agencies design open enrollment plans and would remove federal regulatory barriers that impede choice.

George Bush's education legislation expands the federal magnet school program to make it available to school districts not under court-ordered desegregation plans. Bush also has requested additional funds to assess the results of choice plans. Bush and Education Secretary Lauro Cavazos must continue to highlight choice as the only reform strategy with the potential to boost student performance and parental involvement.

Restoring Accountability. Bush and Cavazos should take their cues from the parents, officials, and business leaders across America who have overcome opposition from the education establishment and have introduced competition and accountability into the school system. Where choice has not been supported, reformers should focus on putting together bipartisan coalitions in support of choice for disadvantaged youngsters.

Policy makers no longer lack the tools to improve educational quality and to expand opportunities for those who need them the most. The results are in, and they are encouraging: choice works and the greater the choice, the greater the results.

Prepared for The Heritage Foundation by
Clint Bolick
Director, Landmark Legal Center
for Civil Rights, Washington, D.C.

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