



Education: The Case for Competition

By Jonathan J. Miltimore

Perhaps the greatest challenge America faces is improving the condition of its K-12 education system. The U.S. Department of Education recently released a report that showed that the percentage of high school seniors reading at the *Proficient* level dropped to 35 percent, a 12.5 percent drop from the 1992 level. Scores in math were even worse; only 23 percent of seniors performed at or above the *Proficient* level. 27 percent of seniors failed to read at the *Basic* level, compared to 20 percent in 1992.¹

Parents may be tempted to dismiss these findings on anecdotal evidence: the healthy report cards of their children. However, as recently reported in a *New York Times* article, the decline in reading efficiency has been accompanied by a surge in grade point averages over a similar time span.² Translation: today's students are receiving superior marks for what one must logically assume is markedly inferior work from a decade and a half ago.

Conventional (and perhaps intuitive) wisdom suggests that our education woes are simply a product of flawed priorities and a lack of resources. Yet the evidence runs counter to this thesis. At the end of World War II the United States spent, in inflation adjusted dollars, an average of \$1,214 per student. In 1972 per student cost had risen to \$4,479 and by 2002 this figure had doubled to \$8,745.³ Government spending on education now totals nearly \$500 billion annually, more than the estimated \$449 billion the U.S. will spend on national defense in 2007.⁴

Americans, particularly educators and their administrators, need to admit that if an 800 percent increase in resources over the last half century has failed to produce a measurable increase in student achievement, perhaps the problem is not one of resources but of paradigm.

Nearly 30 years ago the Nobel Prize winning economist Milton Friedman, in his seminal work *Free to Choose*, asked this question: *What's Wrong with Our Schools?* Friedman concluded that centralization had segregated school systems from the natural forces of a free market, transforming what had previously been a healthy and primarily consumer-based system into one that was unhealthy and primarily producer-based.⁵

In a consumer-based system, an inferior service or product that is undesired by consumers at its given price will either improve and become a superior and desired product or service, decline in price, or cease to exist. In our current producer-based system however, the majority of parents have little or no choice in where they will send their children to learn or how much they will spend. School districts possess what is essentially a monopoly of production, considering that only the select few can afford (by effectively purchasing education twice) to send their children to private schools.

Because districts have a monopoly on education, they have no incentive to keep costs low and are not compelled to compete for enrollees. Hence, even the lowest performing schools, isolated from normal market pressures, tend to grow in both size and budget, while often maintaining a status of institutionalized malfunction. And even where extraordinary leadership is present, collectively bargained agreements⁶ — which bind teachers and administrators with myriads of restrictions and regulations and make it costly and difficult to relieve educators for even egregious negligence and performance — often make bona fide change next to impossible.

Education reform will come in increments, but the most crucial steps are to recognize the failings of the current system and offer parents of all income levels at least minimal choice in selecting where they will school their children. This would mean allowing parents alternative options from the standard (not definitional) public education model: a tax-funded, board-directed school with a broad (non-specialized) curriculum taught by educators with collectively bargained contracts. One may compellingly argue that there is nothing implicitly wrong with this model; less easily can one argue that this should be the *only* model available to middle- and lower-class Americans.

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Public Interest Institute at Iowa Wesleyan College

600 North Jackson Street

Mt. Pleasant, Iowa 52641-1328

Phone: 319-385-3462 Fax: 319-385-3799

E-Mail: public.interest.institute@limitedgovernment.org Website: www.limitedgovernment.org

The problem many people find with the standard public education model is its bureaucratic arrangement, which often results in excessive red tape and structural ossification. Charter schools (public schools exempt from certain state regulations) and private schools are given greater freedom from administrative government control. This allows them greater flexibility in implementing innovative methods of education; school days or years can be lengthened, specific curricula (foreign languages, computer technology, mathematics etc.) can be emphasized, compensation models can be adjusted as an incentive in recruiting teachers.⁷

Unfortunately, because most Americans cannot afford to purchase education twice (first through taxes and then through tuition), private and charter schools have predominately been available to only the most affluent Americans. Yet in recent years this has begun to change as states have found ways — primarily through the tax code and vouchers — to make these schools more affordable for ordinary Americans. According to the Center for Education Reform, since 1991 more than four thousand charter schools have opened in 41 states across the United States, serving more than a million students.⁸

Yet the success of charter schools is not limited to their popularity. In a 2004 study, Harvard Professor of Economics Caroline Hoxby found that students attending charter schools scored significantly higher in proficiency tests than students attending regular public schools where those students would most likely otherwise have attended. Hoxby found that these students “are 5.2 percent more likely to be proficient in reading and 3.2 percent more likely to be proficient in math on their state’s exams.” The study also concluded “that charter schools are especially likely to raise the achievement of students who are poor or Hispanic.”⁹

For half a century American schools have suffered from education stagnation despite an eight-fold increase in education spending, massive reductions in class size, and extraordinary advances in technology. Education reform requires progressive thinking and bold action, not the solutions offered in the usual lamentations: “more money, smaller classrooms.” We have tried this formula; it has not worked.

Albert Einstein defined insanity as “doing the same thing over and over and expecting different results.” State governments have the tools to give citizens education alternatives: charter schools can be expanded, school expenses can be made tax deductible, or vouchers can be targeted to increase the schooling options for middle- and lower-income families in struggling areas. For its part, Iowa has seven charter schools, and the Center for Education Reform ranks its charter law as the second weakest in the nation (of 41 laws).¹⁰

Unfortunately, the odds of the Legislature improving the education options of Iowans any time soon look slim. Governor Culver has made clear what he regards as education reform (teacher salary increases). For the time being, it appears insanity will reign.

(Endnotes)

¹ U.S. Department of Education, National Assessment of Educational Progress, “The Nations Report Card: 12th Grade Reading and Mathematics 2005,” <<http://nces.ed.gov/nationsreportcard/pdf/main2005/2007468.pdf>> (March 13, 2007).

² Diana Jean Schemo, “Grades Rise as Reading Skills Drop in H.S. Study,” *The New York Times*, February 22, 2007, <<http://www.nytimes.com/2007/02/22/education/22cndtest.html?ei=5088&en=ac20780b6d5270fc&ex=1329800400&partner=rssnyt&emc=rss&pagewanted=prin>> (March 14, 2007).

³ Jay P. Greene, Greg Forster, and Marcus A. Winters, *Education Myths*, Rowman & Littlefield Publishers, INC., New York, 2005.

⁴ White House Office of Management and Budget, Table 3.2-Outlays by Function and Subfunction: 1962-2010, <<http://www.whitehouse.gov/omb/budget/fy2006/sheets/hist03z2.xls>> (March 15, 2007).

⁵ Milton and Rose Friedman, *Free to Chose*, Harcourt Brace Jovanovich, New York, 1979.

⁶ Jonathan Miltimore, “Collective Bargaining: An Obsolete Model for 21st Century Education,” INSTITUTE BRIEF, Vol. 13, No.18, June 2006, < <http://limitedgovernment.org/publications/pubs/briefs/pdfs/brf13-18.pdf>> (March 15, 2007).

⁷ Amy Frantz, “Charter Schools in Iowa,” INSTITUTE BRIEF, Vol. 9, No.18, September, 2002, <<http://www.limitedgovernment.org/publications/pubs/briefs/pdfs/brf9-18.pdf>> (March 15, 2007).

⁸ “Charter Schools”, The Center for Education Reform, 2007, <<http://www.edreform.com/index.cfm?fuseAction=stateStats&pSectionID=15&cSectionID=44>>.

⁹ Caroline M. Hoxby, “Achievement in Charter Schools and Regular Public Schools in the United States: Understanding the Difference,” Harvard University and National Bureau of Economic Research, December, 2004.

¹⁰ “Charter Schools,” The Center for Education Reform, 2007, <http://www.edreform.com/charter_schools/laws/CER_IowaLaw.pdf?CFID=6136649&CFTOKEN=58479948>.

Jonathan J. Miltimore is a Research Analyst with Public Interest Institute.

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