

Chapter 3

Elementary and Secondary Education

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10 Principles of School Reform

1. The rising tide of mediocrity.
2. Common Core was not the answer.
3. Allow parents to choose.
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Introduction

Education has been a high priority for Americans since the first settlers arrived here. The Founding Fathers thought a free society would be impossible without an educated population. Thomas Jefferson, our third president, said, “If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be” (Padover 1939).

During America's first century, most schooling was done at home or in small schools run by institutions of civil society such as churches and private societies. Early in the Progressive Era, state governments gradually took over responsibility for financing and then providing elementary and secondary schooling. While private schools continue to operate today, about nine of every 10 students in the U.S. attend schools that are owned, operated, and staffed by government employees. About 70 percent of the teachers in those schools belong to unions, working under workplace rules that frustrate the best and brightest while protecting the incompetent and even dangerous teachers.

Why do public schools fail to satisfy so many parents? Why do U.S. students perform poorly compared with their peers in other developed countries? What kinds of reforms work best, and why? The 10 principles presented in this chapter attempt to answer these questions.

1. The rising tide of mediocrity.

Government schools are failing to provide the quality education students, parents, and taxpayers deserve.

Defenders of government-run elementary and secondary schools in America typically claim they are doing just fine, given the broken homes and hostile-to-learning popular culture they must cope with. There is nothing wrong with the school system, they say, that more money could not fix. That narrative is completely wrong.

Government schools in America today are failing to perform their essential duty of passing along to the next generation the core of knowledge that makes civilization possible. Nearly 35 years ago, the National Commission on Excellence in Education warned "the educational foundations of our society are presently being eroded by a rising tide of mediocrity that threatens our very future as a Nation and a people" (NCEE 1983). The tide continues to rise.

Since 1983, many reforms were instituted and hundreds of billions of dollars in taxpayer money have been devoted *every year* to fixing the government schools, and yet in 2003 the Hoover Institution's Koret Task Force on K-12 Education concluded those reforms "have not improved school performance or student achievement" (Peterson 2003). In the intervening 20 years, about 80 million first graders "have walked into schools where they have scant chance of learning much more than the youngsters whose plight troubled the Excellence Commission in 1983."

Today, 14 years after the Koret Task Force report, evidence of inadequate public school performance continues to emerge:

- Just 37 percent of public high school seniors nationwide scored proficient or better on the 2015 National Assessment of Educational Progress (NAEP) reading assessment and only 25 percent in math. Racial achievement gaps in both subjects persist (NCES 2016a, 2013b–d).
- Proportionally fewer American students perform as well as students in other economically advanced nations. From 2009 to 2015 American students' math and science performance rankings dropped to 40th and 25th, respectively (Hanushek *et al.* 2014; OECD 2016a, 2013; Duncan 2013).
- The national high school graduation rate for 2011–12 was 83.2 percent, indicating nearly one in five students drop out before graduating (NCES 2016c).

The problem is not a lack of spending. Between 1979–80 and 2013–14, per-pupil expenditures increased 75 percent in constant dollars (NCES 2015, table 236.65). Research by dozens of scholars has found no consistent relationship between higher spending and improvement in academic achievement (Hanushek *et al.* 2012; Pullmann 2012).

Declining Productivity

One way to measure the decline of American education is to measure its productivity, the ratio of outputs to inputs. This is a key measure of quality and success in all enterprises, whether public or private. Like achievement scores, productivity measures reveal a national school system in crisis (Hanushek *et al.* 2013; Walberg and Bast 2014a).

Then-Harvard economist Caroline Hoxby found between 1970–71 and 1998–99 American school productivity fell by between 55 and 73 percent. Writing in 2001, Hoxby reported that if schools then were as productive as they were in 1970–71, the average 17-year-old would perform at levels fewer than 5 percent of students actually achieved in 2001 (Hoxby 2001).

The decline in school productivity also stunts economic growth (Lynch 2015; Shultz and Hanushek 2012; Walberg 2014). Raising American 15-year-olds' Program for International Student Assessment (PISA) scores to match the scores of students in Poland would add an estimated \$41 trillion to U.S. GDP within the coming generation and more than \$100 trillion if they reached top-performing Finland

(Hanushek and Woessmann 2010, figures 1 and 2).

The falling productivity of government schools can be traced to three developments (Hanushek 1996; Vedder 1996). The first is the growth of non-teaching personnel (Scafidi 2012, 2013). Government schools in the United States spend more on non-teaching staff than any other developed Organisation for Economic Co-operation and Development (OECD) country, and teachers comprised just 50.3 percent of all American public elementary and secondary school staff in 2013 (OECD 2016b, indicator B6, table B6.2; NCES 2015, table 213.40).

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 non-teaching personnel. Consequently, the average public school student/teacher ratio fell from 17.6 in 1987 to 16.1 in 2013, a decrease of 8.52 percent (NCES 2015, table 208.40).

The third reason for low productivity 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 student.

Lack of Competition and Choice

What explains the declining productivity of America's government schools? At the top of the list must be the lack of competition among schools for students and funding.

When protected from competition, even talented and well-intentioned public officials are motivated to act in ways intended to increase their income, authority, prestige, or leisure (Borcherding 1977). The usual bureaucratic approach is to minimize choices for people who need services and to routinize procedures as much as possible, usually in the name of fairness and efficiency but often simply to reduce the bureaucrats' workload. The result in public education has been large and impersonal schools, assignment of students to schools based on their zip codes rather than their specific needs, and school rules and collective bargaining agreements that stifle creativity and encourage mediocrity (Merrifield and Salisbury 2005).

The absence of competition and choice in public schooling has allowed teacher unions, representing the employees, to dominate school administrators (Lieberman 2007). Union leaders influence political decisions affecting school budgets and restrict access to information needed to implement regulations. The interests of union leaders are often different from and therefore compete with those of the students. For example, students might benefit from the dismissal of incompetent or even dangerous teachers, but union rules often protect such teachers.

Conflicts of Interest

Public schools are heavily regulated because their employees operate in an institutional setting rife with conflicts of interest. For example, superintendents influence standards, make policy, and propose budgets, as well as deliver services: hiring and managing teachers, choosing and maintaining facilities, and so on. They face powerful incentives to set low academic standards that are more attainable and, thus, when reached will seem to show them as highly effective educators. They have incentives to raise the budget to avoid difficult negotiations with teacher unions, and to defer facilities maintenance, since this will be little noticed in the short term or during their tenure.

Managers of private enterprises have incentives to keep the quality of their goods and services high and their prices reasonable lest they lose their customers. Government schools and the politicians who funnel taxpayer money to them can simply gloss over failures and demand more tax dollars be directed to schools “for the children,” never mind that they are rewarding themselves for their own failures.

The plight of district superintendents is made worse by teacher unions (Moe 2011, 2014). A union steward who is dissatisfied can leak information to the school board that contradicts the superintendent’s reports, leading to embarrassment and conflict with the board. Faced with having to discipline an incompetent teacher, the superintendent is torn between doing the right thing and appeasing union representatives (Antonucci 2015; Brimelow 2003). Surveys show the flexibility to fire bad teachers is the most popular reform among school leaders—even more important than increased funding (Loeb *et al.* 2007).

Policy Agenda

While the rest of this chapter will describe specific policy reforms that can improve schools, here are some key observations and objectives that should guide the search for solutions:

- Having governments own and operate schools is only one way to deliver K–12 schooling. Experience is teaching us it may not be the best way.
- America’s government schools are simply not good enough. They are poor compared to schools in the past, compared to schools in other developed countries, and compared to the schools we should want and expect.

- Government schools in America are well funded. The problem is that the funding is going to support staff and bureaucracy, and schools are unable to attract and retain the best teachers.
- The biggest problems facing K–12 education in America today are institutional: They are inside the schools and not in our communities or legislatures. They are perverse incentives caused by a system that rewards the wrong behavior and discourages excellence.

Recommended Reading: Herbert J. Walberg, “Expanding Options,” in Charles E. Finn Jr. and Richard Sousa, editors, *What Lies Ahead for America’s Children and Their Schools* (Stanford, CA: Hoover Institution Press, 2014), pp. 71–86.

2. Common Core was not the answer.

Common Core State Standards give the federal government too much control over education, which should be controlled by parents, students, and teachers.

The failure of government schools caught the attention of former Microsoft CEO Bill Gates. With the leverage of hundreds of millions of dollars in grants from his foundation to teacher unions and liberal and even some conservative advocacy groups, he created something called Common Core State Standards (CCSS) (Alger 2015b; Layton 2014).

Why National Standards?

CCSS was a well-intended effort to address one of the conflicts of interest described in Principle 1, the tendency of teachers and administrators to lower standards in order to make their jobs easier and to avoid being held responsible for falling student achievement. What was needed, CCSS’s proponents said, was a national curriculum that teachers, principals, and state legislatures couldn’t dumb down, a curriculum that would make student achievement and teacher performance objectively measurable.

Thanks to its enthusiastic support by President Barack Obama, accompanied by billions of dollars in federal grants via the stimulus-funded “Race to the Top” program, CCSS was adopted in 2010 with

little public debate by every state except Alaska, Nebraska, Texas, and Virginia.

Regrettably, CCSS was a step in the wrong direction, an expensive and divisive detour from the road of what actually needs to be done to improve America's government schools. There are several reasons for the failure, some of them described below, but the biggest one is that government-defined standards *simply don't work*. They haven't worked in other countries or in the United States at the state level.

There is no correlation between student scores on international achievement tests and whether or not a country has a national curriculum. According to Joy Pullmann, "On the TIMSS [Trends in International Mathematics and Science Study] tests in 2007, nine of the 10 lowest scoring countries in math, and eight of the lowest-scoring countries in science have centralized education standards. The same is true for eight of the 10 highest-scoring countries" (Pullmann 2014).

According to Stanford University economist Eric Hanushek, "There is no relationship between learning standards of the states and student performance" (Hanushek 2012). According to a report from the liberal Brookings Institution, "every state already has standards placing all districts and schools within its borders under a common regime. And despite that, every state has tremendous within-state variation in achievement" (Loveless 2012).

Advocates of national standards overlooked federal laws prohibiting the national government from setting standards. They also overlooked the fact that the country already has national *competing* testing programs in the form of SAT, ACT, and Iowa Basic tests as well as the National Assessment of Educational Progress, or NAEP (Anderson 2014). These tests already offer valid and well-respected measuring sticks comparing schools' progress across state lines.

Low Quality Standards

Despite claims that it is "rigorous," "high-quality," and "internationally benchmarked," CCSS is none of those (Moore 2013). In fact, several states had more rigorous standards in place *before* they adopted CCSS.

Evaluations by independent scholars and even by organizations with financial reasons to favor Common Core conclude it will at best prepare students for a two-year community college (Anderson 2014). Former U.S. Department of Education official and mathematician Ze'ev Wurman has said CCSS math standards would graduate students "below the admission requirement of most four-year state colleges" (Wurman and Wilson 2012). He points out CCSS pushes algebra back to grade 9, "contrary to the practice of the highest-achieving nations," which begin algebra in grade 8.

University of Arkansas professor and reading expert Sandra Stotsky,

who served on CCSS's validation committee but, along with four other committee members, refused to sign it, has said the standards writers refused to provide evidence that research supports CCSS or claims that it is benchmarked to international tests (Stotsky 2012).

The standards set under CCSS may have seemed high and aspirational compared to those of some states, but this is only because No Child Left Behind, the previous national program that tried and failed to raise the academic achievements of U.S. students, created incentives for states to set their standards low, so they could report progress toward the unachievable goal of every child being "proficient" in every subject. This is another case of doubling down on bad policy.

Other Problems with the Core

As educators, parents, and policymakers across the country got a closer look at Common Core State Standards and related testing mandates, many did not like what they saw. Arizona, Missouri, South Carolina, and Tennessee have withdrawn from CCSS and are writing their own standards, and nine other states are reviewing the standards to decide how to proceed. Eighteen of the original 26 partnering states have dropped out of the Partnership for Assessment of Readiness for College and Careers (PARCC) consortium for Common Core aligned testing. In 2017, 12 states have bills to repeal and replace CCSS, with 22 state legislatures working on strong data privacy.

Parents and educators have raised concerns about the apparent politicization of the curriculum, with readings and quizzes featuring "identity politics" while basic historical facts and themes from American history are conspicuously missing (Moore 2013). Critics also raised concerns about student privacy, effects on higher education, and costs associated with implementation and testing (Lombard 2014).

CCSS's proponents have said they expect CCSS to change how teachers are trained and evaluated, making it far more than only a set of tests. Textbook publishers are taking their guidance from CCSS (and played no small role in developing the standards), giving rise to concerns about their undue influence over classrooms.

Policy Agenda

Pullmann (2013b) recommended "states should replace Common Core with higher-quality, state-controlled academic standards and tests not funded by the federal government. They should secure student data privacy and ensure national testing mandates do not affect instruction in private and home schools."

Pullmann and Bast (2016) described four ways states can repeal and replace CCSS, each accompanied by pros and cons:

- Return to pre-existing state standards and tests.
- Create new state standards and tests that do not largely rephrase or simply imitate CCSS.
- Adopt the standards or tests of other states, such as Indiana, Massachusetts, and New York, which were highly regarded before they adopted CCSS.
- Allow schools to choose the tests they administer, including among their options ACT, SAT, and pre-existing state tests.

Recommended Readings: Kirstin Lombard, editor, *Common Ground on Common Core* (DeForest, WI: Resounding Books, 2014); Joy Pullmann, *The Common Core: A Poor Choice for States*, The Heartland Institute, 2013.

3. Allow parents to choose.

Parents have the legal right to direct the education of their children and should be allowed to choose the schools their children attend.

Far better than simply spending more money on failing public schools or fighting over their curriculum is allowing parents to choose the schools, public or private, their children attend. This simple change in public policy would transform K–12 education by changing the incentives of teachers, principals, parents, and students.

John Chubb and Terry Moe wrote in 1990, “reformers would do well to entertain the notion that choice is a panacea. ... It has the capacity all by itself to bring about the kind of transformation that, for years, reformers have been seeking to engineer in myriad other ways” (Chubb and Moe 1990, p. 217).

Parents Have the Legal Right to Choose

Parents in the United States can properly assert the right, recognized by

tradition and law, to direct the education of their children (Arons 1997; McCarthy *et al.* 1981; Skillen 1993). The U.S. Supreme Court ruled in *Pierce v. Society of Sisters* (268 U.S. 510 (1925)) that “the fundamental theory of liberty upon which all governments in this Union repose excludes any general power of the state to standardize its children by forcing them to accept instruction from public teachers only. The child is not the mere creature of the state; those who nurture him and direct his destiny have the right, coupled with the high duty, to recognize and prepare him for additional obligations.”

In *Zelman v. Simmons-Harris* (536 U.S. 639 (2002)), the U.S. Supreme Court upheld the constitutionality of Cleveland’s voucher program, with the majority writing, “In keeping with an unbroken line of decisions rejecting challenges to similar programs, we hold that the program does not offend the Establishment Clause.”

Again in *Arizona Christian School Tuition Organization v. Winn* (131 S. Ct. 1436 (2011)), the Supreme Court affirmed that tax-credit scholarship programs comply with the Establishment Clause because “like contributions that lead to charitable tax deductions, contributions yielding tax credits are not owed to the State and, in fact, pass directly from taxpayers to private organizations.”

Allowing parents to act as consumers, using public funds, often their own tax dollars, in the form of vouchers for special purposes or in recognitions of special circumstances, is not a radical idea. Existing voucher programs include food stamps, low-income housing vouchers, the G.I. Bill, Pell Grants for college students, federal day-care grants, and Social Security (Savas 2000). Social Security, for example, distributes about \$725 billion annually to millions of seniors to spend as they wish (SSA 2012). The seniors spend their Social Security dollars on the goods and services of their choice, including donating some to charities, churches, temples, and mosques.

School Choice Is Spreading

Voucher programs—which allow public funds to be used to pay for tuition at private schools—currently operate in 14 states and Washington, DC. Tax-credit scholarship programs—which offer tax breaks to donors who contribute to scholarship-granting entities—operate in 17 states. An additional eight states—Alabama, Illinois, Indiana, Iowa, Louisiana, Minnesota (which has two programs), South Carolina, and Wisconsin—have tax credit or deduction laws that allow taxpayers to get back from their state governments some part of the amount they spend on private school tuition (EdChoice 2017a). Education savings account programs have been adopted by six states (Benson 2017).

School voucher, tax-credit scholarship, and education savings

account programs served approximately 446,000 children during the 2016–17 school year. Participation in the Milwaukee Parental Choice Program has grown from 337 students in the 1990–91 school year to more than 28,000 in 2016–17. Indiana’s Choice Scholarship Program, launched in 2011, enrolled 34,299 students in 2016–17 (EdChoice 2017a).

Public support for expanding school choice is strong: A recent survey found 60 percent support expanding tax-credit scholarships, 54 percent public charter schools, and 50 percent vouchers (Henderson *et al.* 2015). A different survey found close to two-thirds of Americans support education savings accounts, a way to finance school choice described in greater detail below (Carpenter 2014; DiPerna 2014). With just two exceptions, more than 40 credible public opinion analyses conducted between 2000 and 2013 found higher parental and public support for private schools than for government schools (Alger 2013).

Parents Can Be Trusted

Parents who participate in school choice programs tend to choose higher quality schools as measured by test scores, graduation rates, and other conventional measures of school success (Bast and Walberg 2004). Most parents who choose independent schools also do so on the basis of academic quality (Scafidi and Kelly 2013; Witte 2000; Zeehandelaar and Northern 2013) or adherence to parental values (Catt and Rhinesmith 2016).

The current system of school finance is based on the notion that government knows better than parents do when it comes to selecting schools, but this is patently untrue. Bureaucrats and so-called experts may have information that parents do not, but parents are more likely to know their children’s individual needs and concerns, and they have much stronger incentives to choose the right schools for their children than bureaucrats do. Parents can acquire the information from experts in order to make informed choices; bureaucrats and experts can’t possibly know or care about each child’s special needs and interests the way their parents do (Coons and Sugarman 1978).

In recent years, parents have organized successfully to support school reforms against powerful vested education interests (Kelly 2014). The American Federation for Children, EdChoice (formerly the Friedman Foundation for Educational Choice), Black Alliance for Educational Options, and other national organizations work closely with thousands of local groups of parents and educators to promote and defend school choice programs. A group called National School Choice Week coordinates thousands of events across the country every year celebrating all types of school choice.

Policy Agenda

Public policies ought to reflect the right of parents to exercise control over the education of their children as well as evidence that parents choose wisely when given the freedom to do so. Specifically:

- The right of parents to control their children's education should always be paramount in discussions of school finance, curriculum, and other policies.
- Current policies penalize parents who choose private schools for their children by denying them access to tax dollars collected for the purpose of educating their children. That's just plain wrong.
- Patriots who want to get K–12 education in the United States back on track should be on the front lines of efforts to create or expand school choice programs.
- Such programs—whether vouchers, tax-credits, charter schools, or education savings accounts—promise to bring about the transformation needed to end the tide of mediocrity.

Recommended Readings: Greg Forster and C. Bradley Thompson, editors, *Freedom and School Choice in American Education* (New York, NY: Palgrave MacMillan, 2011); Milton Friedman and Rose Friedman, *Free to Choose* (New York, NY: Harcourt Brace Jovanovich, 1980).

4. School choice programs work.

Putting parents in charge of choosing the schools their children attend results in superior academic achievement, higher graduation rates, and higher parental satisfaction.

Peter Brimelow once called America's government schools "in essence a socialized business, the American equivalent of the Soviet Union's collectivized farms" (Brimelow 2003). It was a harsh comparison, but it spoke to the central truth about America's educational crisis. If they ever are to improve, America's government schools must compete with one another for students and tuition.

Competition Brings Out the Best in People

Many people's first reaction to the idea that schools should compete is negative. Teachers should choose their profession and stay in it because they love children and teaching. Principals should rise up through the ranks of teachers and become school leaders because they are respected by their colleagues. In such a system, we hope people are motivated by love and idealism to cooperate and collaborate for the common good.

This sentiment is right, but the conclusion is wrong. There is need for lots of love and compassion in schools. Teachers must have these attributes in abundance. We hope they do, and we hope they keep returning to the classroom year after year at least in part out of sheer love of teaching. But teachers need, enjoy, and benefit from friendly competition with one another and rewards for good work just as all people do.

Competition brings out the best in people, enterprises, and organizations—not because it appeals to greed or selfishness, but because the desire to innovate, earn the esteem of others, and be best in one's field is deeply and widely instilled (Walberg and Bast 2014b). Competitors provide benchmarks against which to measure individual efforts and also invaluable lessons in what to do and not to do. Rewards for high achievement are common in all fields, from athletics to music and medicine to science.

Requiring schools to compete should not be controversial. Competition is relied upon to provide food, clothing, shelter, transportation, smart phones, entertainment, and countless other essential goods and services. Competition among providers of pre-school and after-school services and higher education is allowed and encouraged. Yet constructive competition among primary and secondary schools is suppressed by assigning students to unchosen public schools and withholding public funds from private schools. Why?

Schools Improve When They Compete

A review of more than 200 analyses from 35 studies of the effect of competition on public schools found “a sizable majority of these studies report beneficial effects of competition across all outcomes” (Belfield and Levin 2001, p. 2). Another review found 31 of 33 empirical studies determined competition improved outcomes at public schools (Forster 2016).

Competition from both public and private school choice strengthens academic standards and improves student achievement in core subjects (Egalite 2014; Hoxby 2003a; Gray *et al.* 2014). A recent meta-analysis of 200 studies published from 1990 through 2013 also found that approximately two-thirds of them documented positive effects of

competition from public and private school competition on student achievement, and none found negative effects of competition (Hood and Stoops 2014).

These findings wouldn't surprise us if they were about businesses competing to sell us food, clothing, or shelter. They surprise us because they looked at schools, which usually are nonprofit or government-run institutions. We think schools offer their goods for free because we often don't pay for them ourselves, or pay for only a small fraction of their true cost. But schools, at least the good ones, actually do compete ... for our tax dollars, tuition, charitable contributions, and with one another for the best staffs, best locations, and best deals on the services and goods they buy.

Schools improve when they compete. We need to keep this in mind whenever school finance and oversight is debated because too many people imagine competition isn't appropriate, isn't occurring, or shouldn't be necessary to make people do the right things.

Students Benefit from School Choice

Students attending private schools, which compete with each other and with "free" government schools for students and tuition, outperform public school students on most measures of academic achievement. According to the U.S. Department of Education, "For the past 30 years, NAEP has reported that students in private schools outperform students in public schools" (Perie *et al.* 2005, p. 2).

On average, the costs of private schools are about half that of public schools, and their graduates have higher college attendance and completion rates (Chingos and Peterson 2015). Most large-scale studies and surveys find beneficial effects of school choice on the achievement of students who participate by enrolling in private schools as well as the students who remain in the local public schools (Holley *et al.* 2013).

A recent meta-analysis reviewed more than 50 scientific studies and found that compared to district public schools, charter schools had higher achievement gains in math in most grades, as well as sizeable positive impacts on high school graduation, college enrollment, and student behavior (Betts and Tang 2014). Twelve of the 16 random assignment studies to date have documented academic benefits of voucher programs for all or some participating students, such as improved student achievement, higher high school graduation, college attendance, and college-degree completion rates (EdChoice 2017b; ERA New Orleans 2017; Friedman Foundation 2015).

Two studies of Louisiana's statewide voucher program found negative impacts in math and reading achievement during students' first year; however, during their second year in the program those negative impacts dissipated in reading and diminished in math. A third study of

the Louisiana program found after three years the math and reading performance of participating students was similar to their peers who did not participate in the program. The sole study finding no significant impacts was subsequently discredited for its unscientific methodology. When Harvard University researchers repeated the analysis using scientifically credible methodologies, they found statistically significant positive results.

Research also shows that parents of voucher students reported less fighting, truancy, tardiness, and cheating in their children's private schools than in their children's previous public schools. Voucher parents further reported the private schools kept them much better informed about their children's behavior and academic progress (Forster and Carr 2007; Peterson 2006).

Parents and non-parents alike view charter and private schools more favorably than traditional public schools. Since 1993, parental satisfaction levels with private schools have remained at or above 80 percent; chosen public schools (e.g., charter schools) have satisfaction levels that have remained around 60 percent. In contrast, assigned public schools have parental satisfaction levels stuck at around 50 percent (Alger 2013). Yet policies limiting student participation in choice programs have resulted in students being turned away, with more than 1 million children on charter-school waiting lists nationwide (Kern and Gebru 2014; Walberg 2007).

The Fate of Failing Schools

If schools are made to compete with one another for students and tuition, failing schools would have to close their doors so new schools can open that can do a better job satisfying parents. This is not a bad thing. Schools and the systems that finance and operate them exist for the benefit of children, not for the adults they employ. This simple truth is often forgotten when the survival of "neighborhood schools" or the well-being of current teachers and administrators is put before the interests of children.

In a system of expanded school choice, the number of children needing to be educated would remain the same, so educators will be as much in demand after the plan takes effect as before. Good teachers and skilled administrators may face the inconvenience of taking new positions at different schools, but otherwise they should not fear a competitive marketplace.

One early voucher proposal provided guaranteed loans and similar assistance to community groups that founded voucher schools (Coons and Sugarman 1971). A revolving loan fund for such a purpose could be established with the funds earned from the sale or lease of public school space. Economics professor Richard Vedder (2000) proposed profit-

sharing and an employee stock ownership plan that would enable public school teachers to own their schools.

“Parent Trigger” laws empower parents to demand that a public school be closed or converted into a charter school, or to receive vouchers to enroll their children in nearby private schools (Bast and Pullmann 2012; Bast *et al.* 2010). Failing schools in this case could become charter schools or be leased to teachers or entrepreneurs to become voucher schools.

Policy Agenda

Public policies should reflect the fact that competition and choice are appropriate and necessary in an education system, just as they ensure the efficient delivery of virtually all the other goods and services we need. Policymakers should acknowledge the following truths:

- Competition is not foreign or inappropriate in education. Just as it does in other arenas, competition among schools brings out the best in people.
- Empirical research overwhelmingly confirms that schools improve when they have to compete for students and tuition.
- Students benefit when schools compete for enrollment and tuition, as documented by higher test scores, graduation rates, and other conventional measures of success.
- The fact that not all schools will succeed in a competitive marketplace is no reason to avoid competition and choice. Failure is necessary if success is to be rewarded.

Recommended Readings: Herbert J. Walberg, *School Choice: The Findings* (Washington, DC: Cato Institute, 2007); Herbert J. Walberg and Joseph L. Bast, *Education and Capitalism* (Stanford, CA: Hoover Institution Press, 2003).

5. Avoid new regulations.

School choice programs should lead to less, not more, regulation of private schools.

Some advocates of school reform oppose school choice programs out of fear they will lead to more regulation of private schools or homeschoolers. This could happen if the school choice program is poorly designed and if parents and school administrators are not diligent, but properly designed programs should lead to less, not more, regulation.

Politics Makes Regulation Necessary

Regulations are the price we pay for choosing to rely on political systems instead of markets to detect and prevent inefficient or corrupt behavior. Every government layer of bureaucracy attempts to restrict the range of discretionary decision-making in the layer below it by imposing rules, requiring reports, and naming oversight committees. The more complex the service, the more costly, complicated, and detailed its rules and the less responsive it is in meeting the needs and desires of beneficiaries (Bast *et al.* 2014).

Federal and state officials, for example, annually direct spending of billions of dollars to “categorical” or “compensatory” educational programs. In theory, these funds go to special classes and services for children categorized as poor, migrant, bilingual, racially segregated, or psychologically impeded. School superintendents might otherwise be tempted to neglect these children because they represent few voters or are unlikely to complain about poor service. In practice, the programs have created huge bureaucracies counterproductive to learning.

Many public schools fail because they are overregulated. Regulations grew over time because school administrators faced conflicts of interest that led them, in the absence of competition, to act against the interests of students (Pullmann 2013a; Shuls 2013). Allowing parents to choose and requiring schools to compete would restore a proper incentive system, making deregulation possible (Walberg 2014).

Private school systems have less need for bureaucracy and regulations because success is *automatically* rewarded as more students enroll, generating more tuition income, while failure is penalized with fewer students and less income. When an incentive structure is right, it rewards activities and investments that actually benefit students and satisfy parents while penalizing and defunding decisions that serve only to reward staff or bureaucrats outside the classroom.

School Choice Empowers School Leaders

Education choice frees school leaders from excessive regulation by replacing politics with markets. Accountability comes “from the bottom up,” parents making informed choices for their children, rather than “from the top down,” bureaucrats and other officials imposing strict rules (Hill 2013; Moe and Hill 2012).

School choice ends the superintendents’ conflict of interest between pleasing unions and serving students. As Savas (2000) explained, “The distinction between providing or arranging a service and producing it is profound. ... It puts the role of government in perspective” (p. 65). School choice means school boards and superintendents would be responsible only for funding schools chosen by parents that met certain standards of financial and academic accountability, civil rights, and safety. Responsibility for actually *producing* schooling would rest in the hands of the leaders of individual schools competing for students and public funds.

Private Schools Are Exempt from Many Rules

Secular and religiously affiliated private schools enjoy greater autonomy from government regulation than do government schools partly in recognition of the fact that markets hold them accountable to parents and others in the community. (Another reason for the light regulation is because parents organize to oppose heavier regulation.) This light regulation is typically a privilege rather than a right: Regulating schools is one of the powers left to the states by the U.S. Constitution, and most state constitutions do not guarantee freedom from excessive regulation.

For the most part, vouchers, tax-credit scholarships, tuition tax credits, and education savings accounts do not open any doors for government regulators that are not already open to them (Catt 2014). Religiously affiliated schools are protected by the First Amendment against federal or state regulations that interfere with freedom of religion, regardless of whether they participate in a school choice program.

School choice legislation should be written to ensure private schools retain their authority over curriculum and textbook selection, as well as student admissions, retention, and discipline. Private schools should continue to be exempt from statutes that guarantee teacher tenure and contract renewal and that restrict transfers and demotions. Private school employees should continue to keep their labor freedoms: For example, they should be free to determine for themselves whether they will belong to a union or professional association (Lieberman 1986; Valente 1985).

Some Concessions Can Be Made

Parental choice advocates should consider making some concessions to

the public's concerns over the accountability of private schools that accept public dollars. The accountability goal can be accomplished using existing state and federal statutes.

Cleveland's voucher program, for example, expressly bars participating private schools from fostering unlawful behavior or teaching hatred (Ohio Rev. Code §§ 3313.974–79, see § 3313.976). Even private schools that do not accept federal funds are already prohibited from discriminating with respect to race, color, and national origin (42 U.S.C. § 1981). Schools that accept federal funds must comply with additional prohibitions against racial and disability discrimination (42 U.S.C. § 2000d; 29 U.S.C. § 794).

Education choice proponents may also agree to require participating schools to administer norm-referenced standardized achievement tests of each school's choosing and make aggregate test results publicly available. Because most private schools already administer such tests, this is unlikely to be a burdensome regulation. In a competitive marketplace, good schools would have sufficient motivation to publish and even advertise performance-based information.

Recent research findings, however, indicate regulations intended to ensure the quality of private schools participating in school choice programs are actually having the opposite effect (DeAngelis 2017; Sude *et al.* 2017; Bedrick 2016). Voucher programs in the District of Columbia and Louisiana stand out for being the most regulated programs in the country, with strict mandates dictating admissions, tuition, and testing policies for private schools. In response, many higher-performing private schools refuse to participate in the voucher programs, leaving families with fewer quality school options for their children.

Policy Agenda

Four strategies are available to legislators seeking to reduce the risk of an education choice program increasing regulations on private schools. They are:

- Adopt legislation establishing that the autonomy of private schools is in the public interest and thus will not be subject to any new regulations.
- Give opponents of increased regulation the legal standing and tax funding they need to protect school autonomy. This ensures private schools can retain quality legal representation when needed.
- Require any government body with regulatory powers over schools participating in a choice program to have a membership equally balanced between government and private school interests.

- Combine with the choice plan an initiative to deregulate public schools. This could put public and private school leaders and teachers on the same side of the issue, so they could work together to resist new decrees.

Recommended Readings: Andrew D. Catt, *Public Rules on Private Schools: Measuring the Regulatory Impact of State Statutes and School Choice Programs* (Indianapolis, IN: Friedman Foundation for Educational Choice, 2014); Joseph Bast, "Why Conservatives and Libertarians Should Support School Vouchers," *Independent Review*, Fall/Winter 2002.

6. School choice benefits teachers.

Teachers, too, are empowered by a system of education choice and would see the same respect and rewards afforded other professionals.

Teacher unions are the main source of opposition to expanding school choice (Moe 2011; Lieberman 2000). In many cities and some states, they are the only source of organized opposition to school choice, yet their sheer size and political power make them formidable foes of reform. However, the unions have a major vulnerability: Their members benefit when school choice is expanded.

An Unfree Occupation

Compared to professionals in other fields, public school teachers are surprisingly unfree (Alger 2014; Hess 2010). To attain government certification to teach, they must attend teachers colleges and take courses that are often condemned as useless or even counterproductive in the classroom. They must join unions and have hefty dues withheld from their paychecks, largely for political campaigns without their consent. Merit pay is largely off-limits in public schools.

The lack of competition among schools within districts takes negotiating power away from teachers and puts it in the hands of public school administrators. Districts can hire the best teachers for less and offer few choices of teaching subjects, workloads, and working conditions, without worrying about these good teachers seeking better terms at other schools. Teachers are especially vulnerable to this kind of

treatment because (1) they often are their household's second wage earners, so they are not free to move to another city or state, and (2) their skills do not qualify them for better-paying employment in other fields (Weisberg *et al.* 2009; Hoxby and Leigh 2005).

Public school teachers lost the rights that other professionals take for granted because the market forces that protect and reward professionals do not operate within the public school system. Bureaucracy rewards centralized authority, resulting in school districts and schools that are too large offering a single curriculum that is unlikely to be best for most students.

Centralized school systems cannot function with multiple and constantly changing curricula, as there can be no certainty about what students should have mastered in earlier grades, making it difficult for school boards, superintendents, and principals to accurately assess the performance of individual teachers (McShane 2014).

Teacher Unions Protect Teachers but at a High Price

Absent objective, professional competence measures and accountability to the parents who, through their tax dollars, foot the bills, teachers rightly fear favoritism and other kinds of managerial abuse. Powerful teacher unions offer insurance and collective bargaining protections that severely limit principals' managerial prerogatives. Consequently, incompetent teachers are almost never fired, and even the most troubled schools are seldom closed. This state of affairs has badly damaged the teaching profession and hurt generations of children.

Until recently, New York City was notorious for its "rubber rooms" (Brill 2009). Teachers unsuited for teaching but protected by union rules would simply be assigned, with full salaries, to large rooms with tables and chairs in which they could sit all day and read, sleep, surf the web, or whatever, all because it is too difficult and costly for administrators to fire them. Needless to say, good teachers resent this damage to the reputation of all teachers, to say nothing of the use of money on bad teachers that should go into the paychecks of the good ones.

Teaching is often disrespected as a profession. "New students [entering teachers colleges] are drawn disproportionately from the bottom third of American college students," as measured by their scores on high school achievement tests (Hoxby 2003b, p. 93). This situation corresponds with the advent of widespread collective bargaining, which imposed a rigid salary schedule and made the teaching profession unattractive to talented individuals who preferred to earn competitive salaries based on performance (Hoxby and Leigh 2005).

School Choice Offers a Better Route for Teachers

School choice allows public school teachers to recover their lost

freedoms while boosting the productivity of K–12 schools. Private schools offer a glimpse of how school choice benefits teachers.

The 2011–12 “Schools and Staffing Survey,” a national survey of teachers and principals conducted by the U.S. Department of Education, found public school teachers are twice as likely as private school teachers to say the stress and disappointments they experience at their schools are so great that teaching there isn’t really worth it. Also, public school teachers are far more likely than private school teachers to say they would leave teaching if they could find a higher paying job. Moreover, in spite of the proliferation of administrative staff, nearly seven of 10 public school teachers report that routine duties and paperwork interfere with their teaching—compared to just four of 10 private school teachers (NCES 2013a, table 210.20).

If parents were allowed to choose schools for their children and if public funds followed them, superintendents would have little incentive to mislead parents or voters. Accurate consumer reports containing school-level information about student achievement and professional competence would become widely available, similar to those now available for automobiles, hospitals, consumer electronics, and other goods and services.

School choice would allow a variety of curricula to be applied consistently based on the needs of students and preferences of parents. This would allow more accurate evaluation of each teacher’s contribution to a student’s learning. Schools that retain unqualified employees would quickly lose students to those with merit-based employment policies.

Most teachers would benefit from a more competitive education industry. The teaching profession has as much to gain from increased choice and competition as students do (Hanushek 2011; Walberg and Bast 2014b). That is probably why the Association of American Educators, the nation’s largest non-union teacher organization, supports school choice (Beckner 2011).

Policy Agenda

Teachers, along with students, parents, and even taxpayers, benefit when school choice is expanded. Policymakers should keep in mind the following facts about union opposition to school choice:

- Teacher unions are practically the only organized voice against expanding school choice in most cities and states.
- Teacher unions oppose school choice because schools that must compete for students and tuition are more difficult to organize, since they cannot afford the waste and inefficiency union policies produce.

- Teachers benefit from expanding school choice because it gives them more choices of employers, opportunities for career advancement, and higher incomes.
- Teachers working at private schools report much higher levels of satisfaction than those teaching in public schools.

Recommended Readings: Chester E. Finn Jr. and Richard Sousa, editors, *What Lies Ahead for America's Children and Their Schools* (Stanford, CA: Hoover Institution Press, 2014); Terry M. Moe, *Special Interest: Teachers Unions and America's Public Schools* (Washington, DC: Brookings Institution Press, 2011).

7. Design guidelines for voucher programs.

Voucher programs give parents a portion of the tax dollars raised for their children's education to use to pay tuition at the private schools of their choice.

Voucher programs give parents a portion of the tax dollars raised for their children's education to use to pay tuition at the private schools of their choice. There is no one best way to design a school voucher program. Programs can differ in which students are eligible, which schools may participate, the value of the voucher, and much more. Here are some insights into "best practices" for voucher programs.

Eligibility Standards

Most voucher programs operating today limit participation to students with disabilities or members of low-income households. Programs also typically exclude students already attending private schools and limit the number of vouchers to be granted or total spending on the program.

Limiting participation to low-income households addresses concerns that voucher programs will be used to fuel "white flight" from urban school districts or to favor wealthy families that can afford to pay private school tuition. Political opposition is thought to be less if only a small number of "truly needy" students are allowed to participate. Budget impacts on public schools are less if enrollment is kept small and

students already in private schools are not allowed to participate.

Milton Friedman warned that government programs designed only for poor people will be poor programs, since they will lack a popular political base and end up being run for the benefit of bureaucrats and interest groups. Unfortunately, the history of the school voucher movement supports his prediction. Many voucher programs today are too small and heavily regulated to prove school choice works or to build a political constituency for more choice (Merrifield 2001).

Limiting participation to only public school students ignores the tremendous savings private and homeschooling parents provide by paying both out-of-pocket tuition and taxes for the schools their children do not attend (Alger 2013). Budgetary concerns are misguided: Rigorous analyses find state departments of education save between \$1.50 and \$2.50 or more for every dollar spent on voucher and tax-credit scholarship programs (Spalding 2014; Alger 2013).

Setting the Value of the Voucher

Milton Friedman, one of the earliest proponents of vouchers, originally called for them to be set at levels equal to the current per-pupil spending of public schools. He later recommended a lower voucher value reflecting the ability of the private sector to produce goods and services at approximately half the total cost the public sector can (Friedman and Friedman 1980).

Voucher and tax-credit scholarships currently average between \$1,000 and \$10,000 for regular education students, and up to \$20,000 or more for special education students. Those amounts are around half or less than average public school per-pupil expenditures (Friedman Foundation 2015a; Lieberman and Haar 2003).

Allow Parents to “Top Off” Tuition

The lower the dollar value of the voucher, the fewer choices parents will have and the less competition there will be among schools. One way to offset a lower voucher value is to allow schools to charge more than the amount of the voucher, allowing parents to “top off” the choice funding.

Such “tuition add-ons” increase the number of schools willing to participate in a school choice program and, by requiring they have “skin in the game,” coaxing parents to become more closely involved in their children’s education (Merrifield and Salisbury 2005). But some school choice opponents and even proponents object to allowing parents to “top off” their choice funding, fearing that would worsen socioeconomic stratification and racial segregation in education (Witte 2000; Coons and Sugarman 1978).

Experience has shown such fears to be misplaced. Most private schools across the country are not ethnically or socially segregated; many

already educate large numbers of low-income and minority students (Alt and Peter 2003). Moreover, nine of 10 recent empirical studies examining racial segregation in private schools that participate in school choice programs found school choice moves students from more segregated public schools into less segregated schools. One study found no net school choice effect on segregation (Forster 2016).

Preventing Tuition Inflation

If voucher levels were set at current government school spending levels, private schools that currently spend less could raise their tuition prices to match the scholarship or tuition tax-credit amount. Parents insulated from the true cost of their children's schooling would not be price-conscious shoppers, and schools would not be encouraged to become more cost-efficient.

To avoid this problem, voucher and tuition tax-credit proposals have long provided for education savings accounts (ESAs) in each qualified student's name into which parents can deposit the difference between the scholarship or tuition tax-credit value and the actual tuition charged (Bast 2002a; Ladner and Dranias 2011). If a voucher were worth \$7,000, for example, and a parent chose a school charging \$6,000 for tuition, the \$1,000 difference would be deposited in the student's ESA.

Withdrawals from the ESA would be permitted only to pay for future tuition, tutoring, or other educational expenses for the student. When a student reaches a certain age (19, 21, and 23 are often suggested), anything left in the account would revert to taxpayers. Alternatively, funds remaining in the account upon a student's graduation from high school could be converted into a higher-education savings account, which would incentivize ongoing savings and minimize reliance on federal lending and student borrowing.

Indiana's Voucher Program

In 2011, Indiana adopted the Indiana School Scholarship Program (ISSP), a voucher program for families in Indiana with incomes up to 150 percent of the amount required for the family's children to qualify for the federal free or reduced-price school lunch program (Bast 2011). A family of four earning up to \$61,000 per year would be eligible to participate in the program. Participation was limited to 7,500 students in the first year and 15,000 in the second, with no cap on enrollment after the second year.

Low-income families qualify for scholarships equal to private school tuition or 90 percent of the state's current share of per-pupil public school spending, whichever is less. Students from households with incomes between that mark and 150 percent of that mark qualify for scholarships equal to tuition or 50 percent of state per-pupil spending,

whichever is less. Scholarships for students in grades 1–8 are capped at \$4,500, but scholarships for high school students are not capped.

In 2012–13, more than 9,000 Indiana students received scholarships and nearly 300 schools participated in ISSP. In 2013 the law was expanded to include children attending failing public schools and special-needs students regardless of family income. The expansion also attached special-education funds of up to \$8,350 to the scholarships received by children with special needs such as blindness and learning disabilities. Today, more than 34,000 students are enrolled.

The law features a fair and non-bureaucratic form of accountability by providing for suspension of scholarship payments for new students if a school fails to rise above either of the lowest two categories of public school performance currently set forth in the school code. Parents are allowed to use their own resources to add to the scholarship if tuition exceeds the value of the voucher, a laudable policy that encourages more parents and schools to participate. ISSP allows schools to retain control over admissions requirements and requires lotteries only if the number of applicants exceeds the number of vacancies.

An especially strong feature of ISSP is that it erects barriers to increased regulation of participating schools. The legislation memorializes the legislature's intent to preserve the autonomy of private schools, saying "the department or any other state agency may not in any way regulate the educational program of a nonpublic eligible school that accepts a choice scholarship under this chapter," and "the creation of the choice scholarship program does not expand the regulatory authority of the state, the state's officers, or a school corporation to impose additional regulation of nonpublic schools beyond those necessary to enforce the requirements of the school scholarship program in place on July 1, 2011."

ISSP isn't perfect legislation. The cap on the value of scholarships for grades K–8 is too low and not indexed for inflation or state per-pupil spending. By limiting participation to low-income families, ISSP requires parents to share their tax returns and other personal information with schools and government agencies to determine their eligibility for grants of different sizes, an invasion of privacy that will reduce participation. And ISSP limits participation to accredited schools, which Indiana currently over-regulates.

Despite these and other flaws, the Indiana School Scholarship Program serves as a good model for legislators considering drafting legislation for voucher programs in their states. As the program expands it could benefit millions of children in Indiana and prompt other states to follow Indiana's lead.

Policy Agenda

The focus in this chapter has been to use vouchers to transform public education, which means changing the way K–12 schooling is provided for all children. With that goal in mind, here are important best practices.

- Allow all parents to choose. This may require phasing in the program over several years, perhaps by grade level or starting with poor families and then moving to universal eligibility.
- Allow all schools to compete. Don't limit participation to only nonprofit, secular, or even accredited schools. Regulate primarily for safety and transparency and not for policies unrelated to student achievement such as class size or seat time.
- Set the value of a scholarship at between half and three-quarters of current public per-pupil spending and allow schools to charge more than that amount, with parents making up the difference.
- No new regulations should be imposed on schools that choose to participate in the scholarship program. Indiana's School Scholarship Program offers a good model in this regard.
- If the scholarship program requires students be tested, then schools and parents should be allowed to choose among different norm-referenced tests rather than be required to take a single state-administered test.
- Place administration of the program in the hands of a neutral oversight authority independent of the public school establishment, including the state school board.

Recommended Readings: Milton Friedman, *Public Schools: Make Them Private* (Washington, DC: Cato Institute, 1995); Herbert J. Walberg and Joseph L. Bast, *Rewards: How to Use Rewards to Help Children Learn – and Why Teachers Don't Use Them Well* (Chicago, IL: The Heartland Institute, 2014).

8. Design guidelines for education savings account programs.

Education savings account (ESA) programs act like vouchers but can be used to pay for a wider range of educational services.

Education savings account (ESA) programs act like vouchers, but tax dollars are deposited into government-authorized savings accounts, which parents can then use to pay for a wider range of educational services. President Ronald Reagan in 1983 proposed ESAs (he called them independent education accounts) and school choice activists have been proposing them at least since the early 1990s.

In recent years, ESAs are beginning to see legislative success (Benson 2017). ESA programs have been enacted in six states. Arizona was first in 2011, followed by Florida in 2014. Mississippi, Tennessee, and Nevada passed ESA laws in 2015, and North Carolina did so in 2017.

How ESAs Work

As vouchers move from theory to practice in cities and states across the country, greater attention is being focused on program design. One design feature mentioned previously (in Principle 7) is education savings accounts, or ESAs.

ESAs are tax-sheltered savings accounts similar to individual retirement accounts (IRAs) and the newer health savings accounts (HSAs). In the case of IRAs and HSAs, employers and individuals make deposits into the accounts and spending is limited or not allowed until the individual reaches a certain age for IRAs, and only for health care expenses for HSAs. An ESA operates similarly but with spending limited to education expenses and with governments depositing into the ESA each year the money collected from taxes that would otherwise go to public schools.

Parents and legal guardians are allowed to draw on their children's ESAs to pay for tuition at the public or private schools of their choice, or pay for tutoring and other educational expenses for their child. At the end of a student's K–12 career, anything left in the account could be applied to college tuition or technical training. When the student reaches a certain age (19, 21, or 23 are often suggested), anything left in the account would revert to taxpayers.

ESAs are not a new idea (Bast 2005). They were the central feature

of a proposal made in 1992 by The Heartland Institute to the New American Schools Development Corporation as part of a national competition for “breakthrough” ideas for school reform. (The proposal placed in the top 4 percent of 686 competitors but did not receive funding.) A year later, ESAs were part of the first modern school choice initiative to appear on a ballot: the 1993 California Parental Choice in Education Initiative. Three years later, the California Educational Freedom Amendment contained similar language. Both initiatives were defeated. ESAs have been proposed by several researchers, including the authors of this chapter, in the years since then.

Why ESAs?

Supporters of ESAs recognize learning increasingly takes place outside brick-and-mortar buildings. Learning environments can be designed to accommodate the needs of individual students, meaning tuition may not be the only or even the largest expense confronting a highly engaged parent. Allowing parents to keep money left in the accounts at the end of each year for use later gives parents a financial incentive to find efficient ways to accelerate learning and for providers to compete on the basis of price rather than only promises of high quality.

ESAs could make school choice more popular among suburban parents who tend to think their government schools are high performing but impose too great a tax burden. Per-student spending for suburban high schools often exceeds \$16,000, more than even relatively expensive private schools typically charge for tuition. With a universal ESA program in place, some of those parents would be tempted to enroll their children in a private school charging, say, \$12,000 a year in tuition, and to place the remaining \$4,000 in the student’s ESA.

ESAs, finally, could protect parents and schools from increased government regulation, which is always a threat under charter school and voucher programs. An ESA would stand between governments and schools, with tax dollars first deposited into the student’s account and then tuition or fees paid by check or debit card by the parent or guardian. Schools would not receive payment directly from government agencies.

Arizona’s ESA Program

In 2011, Arizona became the first state to adopt education savings accounts into law. Called “Empowerment Scholarship Accounts,” the program was first offered only to children with special needs who were previously enrolled in public schools. Parents use debit cards to pay expenses and send receipts to the Department of Education each quarter for approval.

Grants originally were set at 90 percent of what the school would have received from the state minus another 3 percent for administration

costs, approximately \$3,000. Parents agree to enroll their child in private or online schools or to homeschool their children. Instruction must cover reading, grammar, mathematics, social studies, and science. Participating students are not required to take tests.

In 2013, children in failing schools, children in military families, and adopted and foster children became eligible for the program. The amount of the annual grant was changed to 90 percent of state per-pupil charter school funding, approximately \$6,000, plus whatever additional funds are allocated for special-needs children. Annual ESA deposits made to date have ranged from \$1,500 to \$27,500 and average about \$11,500. In 2016–17, 3,547 students were enrolled in the program.

In 2017, Arizona lawmakers expanded the program to allow all 1.1 million K–12 students in the state to apply, but only about 5,500 students will be eligible each year and enrollment is capped at about 30,000 students by 2022 (Wingett Sanchez and O'Dell 2017). Research finds parents are using funds to pay for tuition at a variety of private schools, and more than one-quarter of parents (28 percent) also used their children's ESAs to customize learning options, including paying for private tutoring, therapy, specialized materials, and online courses (Butcher and Burke 2016).

No doubt Arizona's ESA program could be improved: true universal eligibility would dramatically boost participation. But the program has the admirable features of minimal rules, regulations, and bureaucracy. The program also has withstood the usual legal challenges from teacher unions and other entities opposed to change.

Policy Agenda

Education savings accounts (ESAs) are too new and existing programs too small to produce many lessons for reformers. Many of the best practices set forth above for voucher programs, however, apply equally to ESAs. Other issues and possible concerns include:

- Misuse of funds is likely to be a bigger problem with ESAs than with voucher programs because a much larger universe of vendors will be qualified to receive payments from the accounts.
- The state will require sophisticated data processing and auditing systems built around debit cards, a competence private-sector companies have but the government in a given state may not.

- ESAs require more from parents than traditional public schools or even scholarship programs. The state, in partnership with public and private schools and the emerging digital learning industry, must be prepared to field a team of advisors or coaches to lend their assistance.
- As parents use ESAs to take their children's education further and further away from the traditional K–12 school model, difficult issues of grade advancement, graduation, and remediation will need to be addressed.

Recommended Readings: Joseph L. Bast, “A Short History of Education Savings Accounts, *Policy Brief*, The Heartland Institute, 2005; Matthew Ladner and Nick Dranias, “Education Savings Accounts: Giving Parents Control of Their Children’s Education,” Goldwater Institute, 2011.

9. Design guidelines for charter schools.

Charter schools are public schools run by private entities that must compete with other schools for students and funding.

Charter schools are public schools run by private entities that must compete with other schools for students and funding. The schools’ charters say the schools will receive a certain amount of funding per student only as long as they achieve specific outputs and comply with operating standards set forth in the agreement.

Allowing charter schools was among the first efforts to improve government schools by encouraging competition and choice. Measured by enrollment, the number of schools, and test scores, charter schools have been very successful. Some choice advocates, however, worry the charter school movement has become an obstacle to further reform.

The Charter School Success Story

Forty-four states and the District of Columbia have enacted charter school laws. Approximately 7 percent of all public schools were charter schools in 2014–15 (NCES 2017). Some 6,900 charter schools now enroll approximately 3.1 million students (NAPCS 2017a). In 2015, 14 school districts reported 30 percent or more of their students attended

charter schools, and 160 districts reported 10 percent or more charter school enrollment (NAPCS 2015). Many of the students come from low-income homes, including some 80 percent of students in the 10 school districts with the highest charter school enrollment share. Nearly 90 percent of those students are minorities.

Charter school enrollment is growing rapidly, indicating the powerful demand from parents for more educational options. A 2015 study from the National Alliance for Public Charter Schools (NAPCS) reported, “Charter schools are the fastest-growing choice option in U.S. public education. Over the past five years, student enrollment in charter public schools has grown by 62 percent” (NAPCS 2015). Over the past 10 years, charter school enrollment has nearly tripled from 1.2 million students to around 3.1 million students (NAPCS 2017a). The share of students in Washington, DC, attending charter schools, for example, nearly doubled between 2005–06 and 2015–16, rising from 18,000 students to 39,000 students, meaning nearly half of all DC students now attend charter schools (Tuths 2016). Nearly 90 percent of students in New Orleans attend charter schools.

Yet the growth of new charter schools has slowed in recent years, coming to a virtual halt in 2016 according to the Center for Education Reform (CER 2017a). Meanwhile, the number of students on charter school waiting lists is growing, and now exceeds 1 million students nationwide (Kern and Gebru 2014; NAPCS 2014).

Because charter schools are heavily concentrated in low-income neighborhoods and big cities, determining their success relative to traditional public schools can be difficult and controversial. However, the best research on the subject—by Caroline M. Hoxby (2004), Bryan C. Hassel (2005), and Hoxby and Jonah E. Rockoff (2004)—shows convincing evidence of superior performance by charter schools. Importantly, randomized assignment studies—the “gold standard” for social science research—show charter schools have a positive effect on achievement, though these studies tend to be small-scale. (See Walberg 2007, Chapter 3, for a detailed survey of the literature.)

KIPP Charter Schools

Among the most successful charter school networks is the Knowledge Is Power Program (KIPP), a nationwide collection of open-enrollment middle schools commonly located in urban and poor communities. KIPP was founded in Houston, Texas in 1994 and has grown to 209 schools serving more than 88,000 students. Ninety-five percent of students enrolled in KIPP schools are minorities and more than 80 percent qualify for the federal free and reduced-price meals program for children from families in poverty.

KIPP schools identify five “operating principles” that distinguish

their approach from other schools: clearly defined and measurable high expectations for academic achievement and conduct; parents and the faculty choose to be part of a KIPP school (“no one is assigned or forced to attend a KIPP school”); an extended school day, week, and year; principals who are empowered to lead their schools by having control over their school budget and personnel; and a tight focus on high student performance on standardized tests and other objective measures.

All five of these principles track what research shows to be the strategies of high-performing schools. Without the flexibility that charter school status provides, KIPP schools would not be able to adopt these policies, and without the public funding that follows low-income students to KIPP schools, the schools would be unable to compete with free public schools or serve disadvantaged communities. Public schools in districts where KIPP operates obviously could model some of their schools on the KIPP approach but, significantly, they have not done so. Thus, without KIPP, KIPP students would still be sitting in schools that are stubbornly unresponsive to their educational needs.

In 2013, the Mathematica Policy Research group published a multi-year study of KIPP schools and found that after three years in the program the students were 11 months ahead of their public school peers in math, eight months ahead in reading, and 14 months ahead in science. According to KIPP, by the end of eighth grade 62 percent of its students outperform their national peers in math, and 57 percent do so in reading. On state tests, by the end of eighth grade, 94 percent of KIPP classes outperform their local districts in reading; 96 percent do so in math.

KIPP is not the only network of successful charter schools, but KIPP schools illustrate how the charter mechanism can be used to reward students, parents, teachers, and school administrators who set high standards, work together, and use research-proven methods to accelerate learning.

Are Charters Enough?

Early in the history of the school choice movement, its leading advocates faced a difficult decision. Should they endorse charter schools as a modest first step toward the competitive marketplace for K–12 schooling they sought? Or was it too small a step, at best, or at worst a detour that might divert resources away from strategies, such as vouchers and tax-credit scholarships, that could more completely transform government schooling in America? With only a few exceptions, they endorsed charter schools.

The growth in charter school enrollment, studies of their academic achievements, evidence of public support and demand for more charter school capacity, and case studies of successful charter school chains such as KIPP make clear the tremendous amount of good they have achieved.

The lives of millions of students have been improved by this innovation. But nagging doubts about the strategy remain.

Charter schools are still *public* schools. Does this make it more likely they will be co-opted by the government school systems through increased regulation? There is evidence this is taking place (Allen 2016; Allen 2017). More than half of all charter school states—23 states and DC—cap the number of schools that can open, which means demand will continue to outpace supply (NAPCS 2017b). In recent years state agencies have increasingly regulated independent charter school authorizers, limiting charter schools' ability to innovate and offer parents options that meaningfully differ from district public schools (Allen 2017; CER 2017a; CER 2017b).

The Obama administration's Common Core standards have further homogenized public school curricula, teaching, and testing, so charter schools have less independence to distinguish themselves from their district counterparts (Frezza 2014; Walberg and Bast 2014; Butcher 2013). Charter schools are also increasingly under attack in cities like New York, Washington, DC, and even New Orleans. The president of the National Education Association, Lily Eskelsen Garcia, called privately managed charter schools "a failed and damaging experiment" (*Wall Street Journal* 2017).

Another concern is that much of the growth of charter schools has occurred at the expense of private schools, especially inner-city Catholic schools (Meyer 2007; Cavanaugh 2012). Additionally, philanthropists and taxpayers have spent billions of dollars building new charter schools or converting existing schools into charter schools. Had even a small fraction of that sum been devoted to political campaigns or referenda for voucher programs or tax-credit scholarships, either pilot programs like the one that operated for many years in Milwaukee (and more recently has become statewide) or statewide like the newer one in Indiana, many more students would be benefiting from school choice than are today. National surveys continue to show a majority of Americans favor private school choice (AFC 2017; Beck Research 2017). Research also suggests that in states such as Arizona and Florida, which treat public and private school options equally, both types of schools succeed, including Catholic schools (Smith 2017).

Harder to measure but perhaps even more troubling, how many of the parents of the 3.1 million students currently attending charter schools—and the tens of millions whose children attended charter schools in the past—would have been leaders in the effort for more *private* school choice, were it not for the charter school movement acting like the release valve on a pressure cooker, giving them a way to rescue their own children without transforming the government school system? Common Core may be changing this dynamic. It is probably no accident

that education savings account legislation was introduced in at least 16 states in 2017 alone (Benson 2017).

Policy Agenda

Charter schools have been around for 25 years, and states vary in policies concerning their funding and accountability. A large body of research exists on best practices. Some of the more important insights include:

- Do not limit or arbitrarily cap the number of charter schools or the number of students who can attend charter schools.
- Do not attempt to overly specify what charter schools must look like by, for example, specifying student-teacher ratios, seat time, curriculum, or facilities.
- Exempt charter schools from most school district laws and regulations, retaining only laws most necessary to safety, civil rights, financial stability, and accountability to parents. Follow North Carolina's lead and exempt charter schools from teacher certification requirements.
- Fund charter schools at a level close to the amount the public schools receive in order to ensure real competition and choice.
- Establish alternative authorizers. Allowing only a local school district to authorize a charter school often leads to too few schools to meet the demand.
- Close charter schools that are failing to meet minimum performance thresholds.

Recommended Readings: National Alliance for Public Charter Schools (NAPCS), *A Growing Movement: America's Largest Charter School Communities, Tenth Annual Edition*, November 2015; Jeanne Allen, "A Movement at Risk: A Manifesto," Center for Education Reform, 2016.

10. Digital learning: The future of education?

Children today are much more comfortable using information technology than those of previous generations. Many grow up playing video games offering strong visual and audio stimulation, instant feedback on decisions, and nonfinancial rewards for achievement such as winning competitions, accumulating points, or being able to move to the next level of a game. The popularity of such games confirms what parents and good teachers know instinctively: Children can acquire knowledge and learn new skills at seemingly phenomenal speeds when they are fully engaged in the learning experience.

Technology applied to learning, also known as digital learning or online adaptive instruction, has vast potential to transform schooling. Terry Moe and John Chubb (2009) and Clayton Christensen and coauthors (2008) have made a strong case that technology will cause the “creative destruction” of America’s K–12 school system. Either by itself or “blended” with traditional classroom teaching, digital learning is building a record of results substantially superior to traditional teaching and potentially far cheaper when used on a large scale.

Why Digital Learning?

Digital learning adds great value to the classroom because it enables teachers to adapt to the capacity and speed of individual learners, provide minute-by-minute feedback on learning progress, and provide rewards suitable for individual learners. It is similar to an imaginary inexhaustible, highly skilled tutor. Even the impressive results documented below are likely to be quickly surpassed since designers of digital courses can use billions of student responses not only to provide exemplary tutoring tailored to individual students’ needs but also to continuously improve each step in the lessons.

Digital learning during childhood has the additional advantage of leading to mastery of skills, technological and other, that are necessary for further learning in subsequent grades, in college, and on the job. A survey of 300 professionals, for example, showed they spend 40 percent of their time in online communities interacting with others, and some 80 percent participate in online groups sharing information, ideas, and experiences (Valsiner and van der Veer 2000).

Online adaptive *testing* becomes a part of online adaptive *instruction* when computer programs and technology measure a student’s progress while also selecting the next educational steps and lessons—sometimes

called the student's "playlist"—that meet the student's specific instructional needs. Instead of passively listening to other students responding to questions asked by a teacher, each student actively responds at each step in a lesson. If the student is correct, the lesson immediately proceeds to the next step much like a tutor; if incorrect, the technology quickly remediates, making sure the student does not have to struggle with more advanced steps and lessons that rely on a piece of information or skill not yet acquired or, even worse, repeat and even practice mistakes. In these ways, technology resembles a skilled tutor but at a vastly lower per-pupil cost (Walberg 2011).

Online adaptive instruction can be "blended" with classroom instruction to create "hybrid" schools in which students spend part of the school day in front of computers and the rest of the day interacting with teachers and other students (Horn and Staker 2011). Data management systems can continuously update students' records on multiple devices enabling students, parents, and teachers to view a "dashboard" presenting data in ways best suited to their needs. Students spending time in a computer lab can be supervised by older students or teacher aides, freeing teachers to spend time in smaller seminar-style meetings or one-on-one sessions with students. The result is a boost in teacher productivity as well as in student learning.

A meta-analysis of 20 years of research showed adaptive online education programs on average provide better results than traditionally taught classes (Shachar and Neumann 2010). Most studies across various time periods showed superior results for the online programs. While 70 percent of all studies found online classes to be superior, 84 percent of studies published after 2002 found online superiority, suggesting (as we would expect) that online performance is improving over time. Studies after 2002 showed not only superiority but a very large average additional effect of +0.403, corresponding roughly to what is learned in four-tenths of a school year, which means the typical online education student exceeds 66 percent of traditionally taught students.

Rocketship Education

Rocketship Education charter schools provide an example of the use of online adaptive learning that appears to be economical, works for students from all backgrounds, and can be adopted on a large scale (see Spencer 2015; Schorr and McGriff 2011; DeGrow 2010).

Founded in San Jose, California in 2006, Rocketship Education charter schools offer "hybrid" learning to their K–5 students, some 90 percent of whom are poor and minority. Rocketship opened its first school, Mateo Sheedy Elementary, in 2007. It has since opened six additional K–5 elementary schools serving low-income and minority students in San Jose. An eighth Rocketship school, Rocketship Southside

Community Prep, opened in Milwaukee, Wisconsin in August 2013. According to Rocketship's website, its founders aspire "to ultimately open regional [school] clusters in 50 cities, effectively changing the lives of over 1 million students."

Rocketship students spend two hours a day in the Learning Lab, a computer lab where they work on software that teaches basic math and literacy skills. Computerized instruction focuses on repetitive and drill-intensive tasks such as arithmetic and spelling and gives teachers up-to-the-minute assessments of each student, which they then use to guide one-on-one and small group sessions with students during the rest of the school day. Rocketship says the time its students spend in the computer lab allows the company to hire between five and six fewer teachers in a school, about 25 percent of the total teaching staff, generating an annual savings of about \$500,000.

Some of the savings is used for higher pay for teachers and to pay for the aides who act as coaches in the computer labs, but more importantly the savings make the model financially sustainable and scalable since charter schools typically receive per-pupil stipends that are less than what traditional public schools spend. In 2013, Rocketship Education announced plans to modify its system by placing teachers in addition to aides in the Learning Labs, with one teacher for each group of 90 students (Vanderkam 2013).

Data from the California Department of Education confirm the success of the Rocketship model. In 2012, Rocketship Mateo Sheedy Elementary, the first of the Rocketship schools to open, scored 924 on California's Academic Performance Index (API), well above the state average of 815. The five Rocketship schools enrolling students at the time the state tests were administered achieved an overall performance of 855, despite the lower socioeconomic status of their students.

In 2011, SRI International, a nonprofit research and development organization, conducted a 16-week study of Rocketship's use of DreamBox Learning, an online math tool. Students in kindergarten and first grade used the program. The study found, "Rocketship students who received additional online math instruction through the DreamBox Learning program scored substantially higher on an independent mathematics test than similar students who did not receive the additional online instruction time. For the average student, these gains would be equivalent to progressing 5.5 points in percentile ranking (e.g. from 50 percent to 55.5 percent) in just 16 weeks" (SRI International 2011). If that performance enhancement were continued over the course of a student's entire K-12 career, the difference in academic standing at graduation would be huge.

While many charter schools now incorporate adaptive instruction into the school day, Rocketship has concentrated on creating a business

model that will enable it to produce hundreds of schools each generating superior results at a lower per-pupil cost than public schools. This requires designing schools that do not rely on charity or exceptional leaders or teachers willing to work 70 hours a week or longer and do everything from raising funds and recruiting and managing staff to providing after-school counseling to students.

Policy Agenda

Digital learning promises to truly transform K–12 education in America, creating opportunities to move beyond the “bricks and mortar” model and assumptions of conventional public schooling. Guidelines for incorporating digital learning into the school reform agenda include the following:

- All students, regardless of their background and socioeconomic background, can be digital learners and therefore all students should be eligible.
- Student progress should be based on demonstrated competency, not seat time.
- Students, schools, and parents should have access to multiple high-quality digital providers, not only a few approved by regulators.
- Public funding should encourage continued innovation in this field by empowering parents to choose schools that use digital learning—including “blended schools” and virtual schools—or to contract with alternative digital learning providers.
- Digital learning provides huge opportunities for homeschooling, making this a realistic option for millions of families.

Recommended Readings: Terry M. Moe and John E. Chubb, *Liberating Learning: Technology, Politics, and the Future of American Education* (San Francisco, CA: Jossey-Bass, Wiley, 2009); Clayton Christensen, Curtis W. Johnson, and Michael B. Horn. *Disrupting Class: How Disruptive Innovation Will Change the Way the World Learns* (New York, NY: McGraw-Hill, 2008).

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Additional Resources

Additional information about elementary and secondary education policy is available from The Heartland Institute:

- PolicyBot, The Heartland Institute's free online clearinghouse for the work of other free-market think tanks, contains thousands of documents on education issues. It is on Heartland's website at <https://www.heartland.org/policybot/>.
- <https://www.heartland.org/Center-Education/> is the website of Heartland's Center for Transforming Education, devoted to the latest research, news, and commentary about K–12 education issues. Read headlines, watch videos, or browse the thousands of documents on education issues available from PolicyBot.
- *School Reform News* is The Heartland Institute's monthly newspaper devoted to education issues. Subscriptions with digital delivery are free, print subscriptions are \$36/year for 10 issues. Subscribe at www.heartland.org/subscribe.

Directory

The following national organizations provide valuable information about K–12 education policies.

American Federation for Children,
<https://www.federationforchildren.org/>

Association of American Educators, <https://www.aateachers.org/>

Black Alliance for Educational Options, <http://www.baeo.org>

Cato Institute, <https://www.cato.org/>

Center for Education Reform, <https://www.edreform.com/>

Center on Reinventing Public Education, <http://www.crpe.org/>

EdChoice (formerly Friedman Foundation for Educational Choice),
<https://www.edchoice.org/>

Education Next, <http://educationnext.org/>

Heartland Institute, <https://www.heartland.org/>

Home School Legal Defense Association, <https://hsllda.org/>

KIPP Charter Schools, <http://www.kipp.org/>

Koret Task Force of Hoover Institution, <http://www.hoover.org/research-teams/k-12-task-force>

National Alliance for Public Charter Schools,
<http://www.publiccharters.org/>

National Center for Education Statistics, <http://nces.ed.gov>

National Center for the Study of Privatization in Education at Teachers
College – Columbia University, <http://ncspe.tc.columbia.edu/>

National School Choice Week, <https://schoolchoiceweek.com>

Program on Education Policy and Governance at Harvard University,
<https://sites.hks.harvard.edu/pepg/>

Reason Foundation, <http://reason.org/>

RedefinEd, <https://www.redefinedonline.org/>

University of Arkansas, Department of Education Reform,
<http://www.uaedreform.org>