

Blueprint for Education Reform: Educational Choice and Empowered Public Schools*

By Vance H. Fried

Introduction

Dramatically improving K-12 education in Oklahoma does not require spending additional taxpayer dollars. We've tried that, and it has not gotten us very far. Other states and cities have tried that. It hasn't gotten them very far either. However, there is a way to make education significantly better at a lower cost. The key is to change state public policy.

In a recent paper published by The Heritage Foundation, Lindsey Burke and I wrote about the major positive changes coming as we move from a closed, factory model education system to an open, personalized model. The current system matured and reached its limits decades ago. Therefore, long-run huge improvements will only occur as the system evolves to an open system with parents making meaningful educational choices for their children.

Oklahoma's educational policy needs to change in order to allow the innovations necessary to achieve the sort of dynamic, open system that spawned technological revolutions like computers

and fracking. However, immediate policy changes can be relatively modest and disruption minimized, while setting the stage for an educational revolution at least as great as that of the original creation of public education.

There are two primary policy issues that must be addressed in order to bring about an open educational system. First, the manner in which public education is funded gives public schools monopoly power over parents and their children. Second, local public schools are overly regulated by the State. Correct these two problems, and publicly funded education will flourish. School choice and selective de-regulation are the solutions.

Choice allows parents to pick the best education for their child given that child's strengths, weaknesses, and interests. While all parents want the best for their children, they differ in the type of education they believe to be best. Some want Montessori, some Direct Instruction; some want art, some sports, some science: and some want Judeo-Christian values, some are devout secularists, some Deep Ecologist. Forcing everyone into the

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same school means that the school is bound to disappoint most parents, particularly given the high level of pluralism in today’s society. Choice gives parents the ability to pick from multiple educational options.

Choice is not just about matching educational features to the student. It’s also about choosing a provider that does an excellent job of execution. Choice fosters competition. Competition leads to better execution. Competition forces every educational provider, including public schools, to up their game.¹

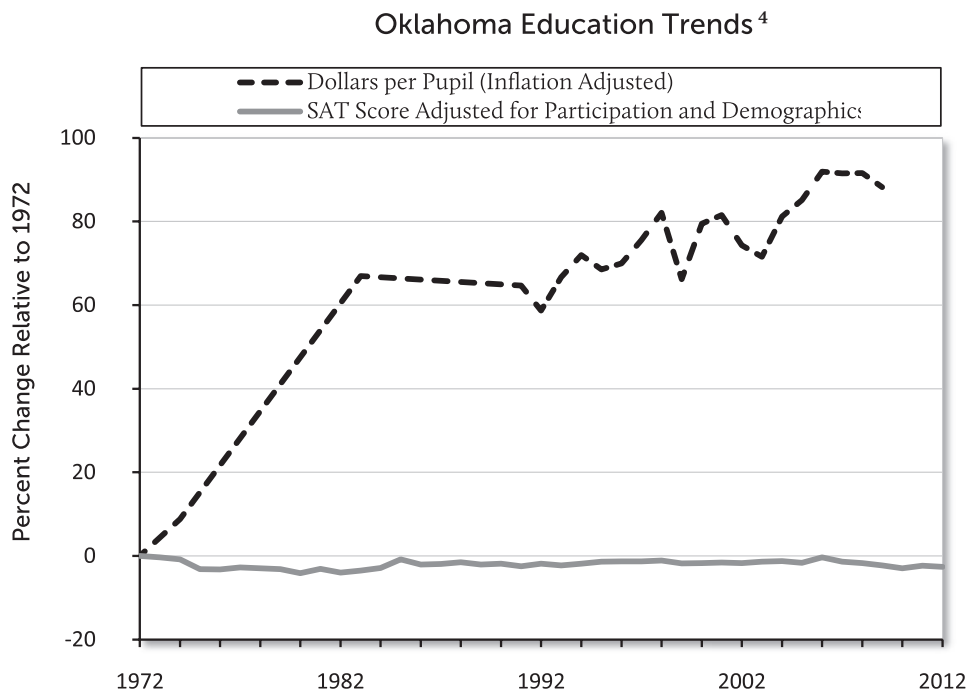
By combining options and open competition, choice leads to innovation. It can, and should, also lead to the de-regulation of traditional, government-run public schools, which are currently regulated monopolies. De-regulation would allow public schools to create multiple options to meet the diverse needs of their students, lower costs, improve quality, and innovate.

Promise of an Open System

The problems that plague Oklahoma public

education today are not due to underfunding. Since 1972, per pupil spending has almost doubled in real terms with no improvement in academic outcomes (See Figure below). Nor are the problems a product of inadequate school staffing. By one accounting, since 1970, public school student enrollment has increased a modest 9 percent, while school staff, including both teaching and non-teaching staff, has increased 83 percent.² The problem lies with an outdated model of education, delivered via school systems that operate under the factory production model of schooling popularized by the Prussians and advanced in the United States by Horace Mann in the 19th century.³ As Harvard business professor Clayton Christensen writes:

Much of the support behind this standardization—categorizing students by age into grades and then teaching batches of them with batches of material—was inspired by the efficient factory system that had emerged in industrial America. By instituting grades and having a teacher focus on just one set of



Sources: derived using data provided by The College Board, www.collegeboard.org; the National Center for Education Statistics; and Andrew J. Coulson, “Drawing Meaningful Trends from the SAT,” Cato Institute Working Paper no. 16, March 10, 2014, <http://www.cato.org/publications/working-paper/drawing-meaningful-trends-sat>.

students of the same academic proficiency, the theory went, teachers could teach “the same subjects, in the same way, and at the same pace” to all children in the classroom.⁵

This model first became popular in the U.S. for educating the future workforce in industrializing urban areas, and then spread to rural areas and upper-income families. By the 1950s, the factory model had come to dominate American education. But by the 1970s, the law of diminishing returns had taken effect, as illustrated by the figure below. Spending more money per student and making incremental changes in the model did not improve overall outcomes. In retrospect, society may have been better off if policymakers had recognized some 40 years ago that the old model was mature and performing as well as it ever could.

American K–12 education can do better than just regaining 1960s-level performance. A new model of education is emerging that holds the promise of personalizing—not standardizing—education for every student. An open education system is competency-based and allows learning anytime, anywhere, blending formal school with work experience, apprenticeships, and continuing professional education. Such an open system holds the potential to empower student learners with choice at every level, reduce costs across the board, and foster economic growth.

Online delivery makes it possible to move away from a system of schooling that batches students based on age, toward student-centered learning in which students can progress based on content mastery. It provides a platform to move away from the current ossified system of measuring learning in terms of seat time, toward competency-based learning as a better measure of student comprehension. Competency-based learning allows students to progress in their education as soon as they can demonstrate mastery of a given subject or topic. Instead of moving students through school in cohorts based largely on age—“both the bored and the bewildered” alike—a competency-based system is much more fluid, allowing a student to progress when she can demonstrate proficiency through varied assessments, such as teacher-designed tests,

formative and summative assessments, lesson-specific tests, and portfolios, among a host of other assessment tools.

A completely open and competency-based education system allows learning anytime, anywhere, and blends formal school with work experience, apprenticeships, and continuing professional education. An open system provides the student with quality credentials in higher education and substantial savings of money and time. The flexibility provided through an open, competency-based education system meets students where they are, at every level, increasing their opportunity for economic mobility. It gives higher esteem to vocational work and on-the-job experience, and sheds the unwarranted stigma associated with trade schools, apprenticeship programs, and on-the-job training.

We have already begun the move toward an open system, although we do not know, nor can we know, exactly what the system will ultimately look like. Rather than attempting to dictate the future, public policy needs to allow the system (parents, students, schools, and other education providers) room to innovate. Luckily, the same public policies that encourage innovation will also improve the performance of public education today, even at public schools operating under the closed, factory model.⁶

Ultimately, an open system will be open not only to parents and their children choosing what educational path they will take, but educational providers making fundamental choices as well. This is true for public schools as well as private educational options. Instituting an open system, in the long run, is as much about allowing all education providers, including public schools, freedom to offer their best in educational options as it is about allowing parents to choose among them.

Moving to an Open System: Change How Education is Funded

Public K–12 education funding is derived from local, state, and federal tax sources. Some of the state and local funding is allocated to a school for general operating purposes, but much of the funding is tied to specific programs with specific

spending mandates. The result is a patchwork of disconnected and often illogical spending decisions. Even worse, the current funding model gives the public schools monopoly power. Currently, education funding is allocated to the school that the student attends, which, for the vast majority of American school-age children, is chosen for them by the state or district based on a zip-code system.

To open the system, public money must be tied to the student. Oklahoma took its first step toward educational choice by allowing a limited number of charters. Until last year, charters could only happen in urban areas, and only with the approval of the local school board. Not surprisingly, local school boards severely restricted the supply of charter schools, and demand currently far exceeds supply.

Last year, charter laws were changed to make them available to all of Tulsa and Oklahoma Counties and lessen the local school districts' ability to block creation of a charter. In the future, further steps should be taken to allow as many charters as the market desires, and allow any qualified group, including for-profit organizations, to run a charter school anywhere in the state. Then, we will work our way to getting the sorts of results that have happened in charter-rich Arizona, which has some of the best-rated schools in the country.⁷

Education Savings Accounts (ESAs) take choice to a higher level than charters. These are accounts set up for school-age children to be used for legitimate educational purposes as parents see fit. They are controlled by students' parents, are composed of taxpayer funds with amounts based on what would have flowed to the child's public school. The funds can be used for a variety of educational purposes at a parent's direction, including for private school tuition as well as tutoring and online instruction. An incentive to economize is provided by allowing any balance left when a student graduates to be used toward continuing education beyond high school.

ESAs have been implemented successfully in Arizona and Florida. In both states, they were limited to students with educational difficulties, but they have since been expanded to Native Americans and military families in Arizona. Similar ESA laws have been passed, but not yet fully implemented, in Mississippi and Tennessee. An ESA universally

available to all public school students passed in Nevada and is set to begin next school year.⁸

Moving to an Open System: Reduce Regulation on Public Schools

Public schooling in its earliest iteration in America was a local matter. Taxes were raised at the local level and decisions were made at the local level. Over time, however, funding sources shifted toward the state, and today more funding comes from the state than local sources. Not surprisingly, states now exercise a tremendous amount of control over local schools. State regulation goes far beyond requiring that districts have sound financing and transparent governance. The greatly enlarged state role has driven up administrative costs and dramatically reduced flexibility in K-12 education. Particularly detrimental to an open system are state rules that dictate local school staffing and instructional processes.

Local public schools are subject to a tremendous amount of regulation. Each school must be accredited, and the Oklahoma accreditation standards are 356 pages long. These regulations fall into four categories:

1. Some are basic good government. The existence of these is understandable, such as transparent finances and audits, open meetings, open records, and health and safety regulations.
2. Some seem designed to make sure the local monopolistic system performs to certain expectations. The A-F school grades system, and student assessments in general are intended for this, along with annual school remediation plans.
3. Some are directives from the state that many argue make schools better. For example, minimum teacher salaries, a "Healthy and Fit School Advisory Committee" that must meet regularly and include parents, "well-lit" libraries with at least 3,000 books, minimum counselor staffing levels, superintendents certification, and a host of

other requirements. One must wonder why these state mandates exist. If they really make schools better, surely the local school board would implement them on their own.

4. Some appear to be necessary for the sake of obtaining federal funds but then introduce inflexibility and bother for everyone else. These include required individual education plans, curriculum guidelines for compliance purposes, federal nutrition guidelines, and reporting requirements. While federal funding is nearly 12 percent of all revenue for Oklahoma's common schools, it is primarily for non-educational purposes (the school lunch program) or targeted programs for low income students.

Federal funds cover less than 5 percent of an average income student's education.⁹ However, in many very important respects, the federal government determines local public school policy. The tail does indeed wag the dog. It has taken the state into some very expensive and questionable directions, such as what Neal McCluskey of The Cato Institute refers to as "NCLB's uber-intrusive requirement that numerous groups of students make "adequate yearly progress" on state tests lest schools be subject to a cascade of punishments."¹⁰

Now is the time to undertake a comprehensive

study of local school regulations with a view to eliminating a large number of them. The State needs to weigh the cost of Category 4 against the amount of federal money received. Perhaps the state would be better off by not participating in a federal program. Hopefully Category 4 regulation will become much less of an issue. On its face, the brand-new federal ESSA significantly diminishes the amount of regulations imposed by the federal government. Perhaps many existing category 4 regulations can now be eliminated.

In addition, all districts whose schools are all graded C or above on the state's A-F grading system should immediately be exempted from all Category 3 regulation. This would allow these districts significant room to innovate. Of course, these districts could adopt assorted state regulations as district regulations as they like, but they would also be free to ignore them if they do not think they are productive. These districts have shown they can competently run a school system. They do not need to be extensively regulated by the State. Rather, the State should focus its quality improvement efforts on the problem districts.

When it comes to category 2, parents with real school choice do not need state protection from their local public school because they do not have to send their child to that school. Thus, Category 2 regulations can be eliminated if the state implements universal school choice.

Together, school choice, selective de-regulation, and the open system will lead to a dramatically improved education for all. •

End Notes

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