

*Cambridge School Choice  
Conference*

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CENTER FOR CIVIC INNOVATION  
AT THE MANHATTAN INSTITUTE



# *Cambridge School Choice Conference*

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*Charter Schools and Vouchers: An Overview*

*Charters and Vouchers:  
Relationships and Accountability*

*Effects of Vouchers on Students and Families:  
The Latest Results*

*The Impact of Charter Schools  
on Traditional Public Schools*

*The Impact of Choice on Public Schools  
in Milwaukee and New Zealand*

*The Effects of Schools on Civic Engagement*

*The Achievement of Arizona*

*The Constitutionality of School Choice*

*Vouchers and Charters: What Lies Ahead?*

*A School Choice Debate*

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**Center for Civic Innovation  
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**Resolved that:**

**“School choice will ruin American education.”**

Speaking for the resolution were:

**Bruce Fuller**, *Professor of Education, University of California—Berkeley*

**Tom Mooney**, *President, Cincinnati Federation of Teachers*

Speaking against the resolution were:

**Chester E. Finn, Jr.**, *John M. Olin Fellow, Manhattan Institute for Policy Research; President, Thomas B. Fordham Foundation*

**Howard Fuller**, *former Superintendent of Schools in Milwaukee; Distinguished Professor of Education, Marquette University*

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# Introduction

**Alan Altshuler**

*Director, Taubman Center for State and Local Government,  
Kennedy School of Government, Harvard University*

**Paul E. Peterson**

*Director, Program on Education Policy and Governance, Kennedy School  
of Government, Harvard University*

**Chester E. Finn, Jr.,**

*Manhattan Institute for Policy Research*

**DR. ALAN ALTSHULER:** Paul Peterson will begin our conference today. Dr. Peterson is responsible for launching the Taubman Center's program on education policy in governance at Harvard University, which has become a powerful force in recent years.

After sampling virtually all fields of American government during the course of a long and distinguished career, Paul has returned to the field of education in order to launch this new program—the Program on Education Policy and Governance—which is dedicated to grappling with the great debates of education in America today.

While this venture may not be completely free of biases, it strives not to be constrained by traditional paradigms of education. I believe that this conference is a good example of the program's approach: we will be dealing with a couple of issues confronting contemporary education, but you will find the perspectives to be refreshing in their diversity.

Without further ado, let me turn the podium over to Paul.

**DR. PAUL E. PETERSON:** It was two and a half years ago that we had our first conference on school choice. At that time, we had the luxury of looking at all the information that had

accumulated over a decade, and we tried to bring together what we knew about that particular topic. Our conversation was of sufficiently high quality that we were able to generate a publication, “Learning from School Choice.”

It was truly an engaging conference, and though we planned to have another one in the future, the thought that we could actually run another conference two years later seemed a little optimistic at the time. You simply cannot learn enough about a topic like this in two short years to make it worthwhile to run another conference.

Then, fortunately, I had a conversation with Chester Finn, who convinced me that a lot was happening out in the charter school world. As you may know, I have spent more time looking at vouchers than charter schools, and there is a common perception that proponents of vouchers are generally suspicious of charters. Without taking any stance toward either approach, we decided to take the opportunity to bring these two topics together to see how they look when juxtaposed. This is the focus of today’s conference: what our researchers can tell us about what is happening in terms of these two innovative reforms.

This thrust is what we have attempted, and we will not know whether the attempt will be successful until the end of the day tomorrow. We invite your participation. We have a fine collection of working papers, and I am looking forward to the discussions and commentary. We are hopeful that the conversation will be one that you will all find stimulating.

Before moving on to our program, however, I want to introduce Chester Finn.

**DR. CHESTER E. FINN, JR.:** I want to greet you on behalf of the two organizations with which I am chiefly affiliated. The Manhattan Institute for Policy Research, which has a longstanding and growing interest in education, is delighted to cosponsor this conference. The Thomas B. Fordham Foundation, which is one of the three funders of this conference, also has a deepening interest in education policy and education reform. I am proud to speak on behalf of these two organizations.

At this point, we will ask the first panel to come up and I will turn the floor over to John Brandl. Mr. Brandl is dean of the Hubert Humphrey Institute of Public Affairs at the University of Minnesota.



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# Charter Schools and Vouchers: An Overview

Moderator:

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Panelists:

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Discussants:

**Jeanne Allen**, *Center for Education Reform*

**Richard Rothstein**, *Economic Policy Institute*

**MR. JOHN BRANDL:** This first session is an overview of what is happening in vouchers and charter schools. The accumulating research is occasionally yielding questionable results, but on balance, the findings are remarkably positive with respect to vouchers. I have four introductory observations.

The first observation is made in the second paper to be presented today—Jay Greene’s paper contains the following statement: “All of the researchers who have served as evaluators of the publicly funded choice programs in Milwaukee and Cleveland, as well as the privately funded programs in Washington, D.C., Dayton, New York and San Antonio, agree that these programs have been generally positive developments.”

With respect to acceptance by parents, student achievement, and what might be called “social cohesion”—integration and teaching tolerance and citizenship—Terry Moe, the author of the third paper you will be hearing today, infers from national surveys that vouchers will bring a reduction in the educational differences between families whose children attend private schools versus public schools. According to Moe, vouchers will also bring a relative increase in the enrollment in private schools of blacks and Latinos.

The second observation is that it is harder to generalize about what is going on with charter schools than with voucher systems. Gregg Vanourek will be presenting the first paper today with his coauthors Chester Finn and Bruno Manno, and he will discuss the growing popularity of charter programs.

The third point to be made is that *a charter is not a charter*. I remember when we started evaluating Head Start, and it took a long time before it sunk in that one Head Start is not just any Head Start. Each individual project is different. This applies perhaps to an even greater extent to charters.

In the language of experimentation, a charter is not a “treatment” in the sense that a carefully defined action hypothesized to have beneficial effect is applied to all members of a group. Charters vary from one to another. In fact, the design of the charter *will* greatly influence the effectiveness of the charter.

The fourth point may be a bit more provocative. It is increasingly incumbent on those who believe that the current arrangement in schools can yield satisfactory results to articulate a theory that explains why we are to expect improved results. Those who have been arguing for various forms of choice have put forward a theory based on economics and the discipline of competition, but we have yet to see a well-articulated theory explaining why we might expect improved results from public schools. I fear that we are depending upon the spontaneous goodwill of the teachers, and while there are certainly many idealistic people who go into schooling, the systematic force that one needs to create meaningful change is currently lacking.

Gregg Vanourek will present the first paper of the conference. Mr. Vanourek was vice president of the Thomas B. Fordham

Foundation. He is now a graduate student who will be receiving a master's degree in management from Yale University. While earning his degree, Gregg has not only coauthored this paper, but also the book you have seen that Bruno and Chester have coauthored with him, *Charter Schools in Action*. I am very pleased to introduce Gregg Vanourek.

**MR. GREGG VANOUREK:** The paper I will be presenting this morning is entitled "Charter Schools: Where We Are and What We Know." Most of what I am going to be addressing comes out of the book I coauthored with Chester Finn and Bruno Manno, which just came out last week from the Princeton University Press.

My challenge this morning is to try to summarize and synthesize four years' worth of research and data in about fifteen minutes. We are going to get into many of the specifics of these issues later on in the conference, so I view my role this morning as giving an overview of the charter movements and foreshadowing some of the major trends that we are going to see.

First, I will talk about where we are in the charter movement after eight years of research, and I will report some of our collected data. Second, I will talk about what we know and the ten conclusions we have drawn about charter schools.

Since the first charter law was passed in Minnesota in 1991, there has been tremendous growth. Today we have about 1,700 charter schools, enrolling about 350,000 kids all over the country. We have legislation that authorizes schools in 36 states plus the District of Columbia, and we actually have charter schools up and running in 32 states and D.C. To put those numbers in perspective, they are up from two states in 1992 and just nine states about five years ago.

What I find interesting about this tremendous growth is that there is considerable concentration among charter schools. If you go back five years and look at the "big three" charter states of Arizona, California, and Michigan, you find that 79 percent of all the charter schools were in those three charter states. Two years later, that number dropped to 59 percent, and today—for the first time—the big three charter states no longer have a majority of America's charter schools. The number is down to 45 percent. This concentration is a function of the strength of the charter laws in

these states.

It is important to put the growth of the charter movement into perspective. Right now, there are 51 public schools for every charter school in this country. Charters only represent about 2 percent of all public schools, and less than 1 percent of enrollment, because they tend to be smaller than regular public schools.

There are 15 times as many private schools as there are charter schools. In the context of American education—in terms of raw numbers—the charter movement is fairly small, but growing rapidly. If you compare charters with vouchers in terms of the number of students benefiting, charters have a significant numerical advantage. We are going to get into some reasons for that later on in the conference when we address legal and constitutional barriers to education reform.

In terms of the relatively small number of charters, there are some places in this country where the charter laws are having a dramatic effect already. Ten percent of the public schools in Washington, D.C., are now charter schools, and the same is true in Philadelphia. In Kansas City, Missouri, 13 percent of students attend charter schools. In Arizona, 20 percent of the public schools are now charter schools. This is astounding.

There is tremendous diversity within the charter school movement. A quarter of the schools are back-to-basics schools, but we are also seeing progressive schools, traditional schools, and multi-age groupings. And in California, “virtual” charter schools have begun to develop.

Fifty-nine charter schools have closed. This represents about 3.5 percent of all charter schools. Over half of all charters are located in urban areas, and less than 10 percent of charters are run by educational management organizations such as Edison or Advantage Schools.

Seventy-two percent of charter schools are actually new start-up institutions that were built from the ground up by parent or teacher groups. Eighteen percent are formerly public schools that converted to charter schools, and 10 percent are formerly private schools that converted to public charter schools.

Charter schools are actually a good deal smaller than most



public district schools. The median enrollment at a charter school is 137 students, versus 475 for public district schools. Two-thirds of all charters enroll fewer than 200 students, compared with only 17 percent of public district schools.

This particular statistic is going to change because the 72 percent of charters that are new start-ups “build out.” They might start as kindergarten through fifth-grade institutions, but they will add a grade each year, until they become K through 8 schools or K through 12 schools. This is a significant and definite trend in the charter movement.

Many people have expressed fears over the issue of “cream-ing,” the concept that charter schools are going to enroll a significantly more advantaged population of students. Our evidence points to the contrary. Data from the U.S. Department of Education state that charter schools actually enroll a slightly higher percentage of children eligible for the federal school-lunch program on average than do public district schools. Charters also enroll considerably more minorities than regular public schools. When compared with public district schools, charters enroll an equal percentage of limited English proficient students (LEP students), and a slightly smaller percentage of special-education students. (This last number varies, depending on how you define disabilities.)

When looking at these national data, it is important to keep in mind that it is just a snapshot and that we also have to look at the state data. The U.S. Department of Education has been looking at not only the state data, but has also been comparing individual charter schools with its districts. What it found over time is that the vast majority of charter schools do not differ significantly in terms of the racial concentration: they tend to resemble their surrounding school districts.

Based on these observations and my research and that of my colleagues, we have reached ten conclusions, which we discuss in depth in our book. I will briefly run through the ten conclusions and highlight several.

The first conclusion is that *not all charter laws are created equal*. There are strong charter laws and weak charter laws. This observation goes back to the existence of charter concentrations in the

“big three” states, which we discussed earlier. Charter legislation makes a big difference in terms of setting the tone for a state’s charter movement.

This particular phenomenon has been widely studied and scrutinized. There are many obstacles to charter schools, including governance challenges at the school level or financial difficulties in the start-up phase due to a lack of capital funding. There are political barriers and organizational challenges as well. We believe, however, that most of these obstacles are surmountable either through policy solutions or through strong leadership.

Another conclusion we have reached is that *charter schools represent great innovation and institutional and organizational diversity in education*. I think that I have already addressed this point to a large extent.

The sixth conclusion on the list is that *charter schools have an eager clientele*. Seventy percent of charter schools have a waiting list: there is great demand for these schools, and an important limiting factor at this point is lack of supply.

We have encountered evidence of considerable satisfaction among charter students, teachers, and parents. We’ve also seen—mainly anecdotally—that charter schools are very good at leveraging parental involvement. This is a function of the fact that they are schools of choice: many of them tend to be small, and they are using innovative ways to get parents more involved with the school.

Conclusion number nine is very important: *Charter schools are beginning to have ripple effects on their communities, on their school systems, and on American public education in general*. Hudson Institute studies have confirmed this observation over the years through anecdotal evidence. Eric Rhodes from the University of California at Berkeley confirmed this more systematically in a study that he conducted several years ago, and the U.S. Department of Education recently released a report that also confirms many of our initial findings.

Finally, *charter schools are advancing the debates on accountability*. Charter schools are assisting us in thinking of new ways of looking at educational accountability.

We have also identified ten common allegations that are made against charter schools, and we cover each of them in depth in our book. It turns out that most of them are either exaggerated or false.

One such allegation is that charter schools “rob” funds from regular district schools. This premise, of course, depends on whether you believe that the money belongs to the system or that it belongs to the kids. Another example is that charter schools are not really different from district public schools. This is simply not true.

That does not mean that charter schools are reinventing the “education wheel.” What it does mean is that in individual communities, many charter schools are offering choices that were not previously there. They are innovating through different educational philosophies, curricula, and governance structures.

The previous several points are what we now know, but there are still many important areas in which we have a long way to go in our research.

First—and perhaps most important—is the issue of academic achievement. At this point, there are no conclusive data: we have some state evidence that looks good, but other state data are inconclusive or actually look bad. At this point, we are simply not certain.

It is difficult to measure comparative academic achievement at charter schools. We have tests that are changing in districts or states over time, and we have tests that are not comparable from one school to another. Another problem is that a decision has yet to be made on whether charters should be compared with regular public district schools or with schools that have similar student bodies. This, however, is a problem that faces all schools, not just charter schools.

Another key issue is the effect that charter schools will have on special education. There are arguments on both sides of this issue. On one hand, there are people talking about equity and access to the charter schools for students with special needs; these are legitimate concerns. On the other hand, there are people talking about innovation, quality, and excellence. In fact, the two sides are talking past each other: it should not be an either/or proposition, but for now the way that charters will handle special education has yet to be seen.

The next issue is accountability. In theory, we know how charters should enhance educational accountability, but how does it work in practice? The average charter school is less than three

years old. That means that the vast majority of charter schools have yet to hit the typical five-year reauthorization period. We do not yet know whether actual charter school accountability will match its theoretical backing.

Critical mass is another important issue on which we cannot yet state conclusive findings. Will charter schools become a substantial reform in terms of numbers of schools, or will they remain fairly small? What is the threshold value for a critical mass? It is not yet certain; but, as I said before, we are beginning to see interesting trends in this regard.

There are several other notable trends on the horizon. One is accountability, and in our book, we draw up a new framework for charter school accountability. In designing the framework, we draw on parallels to the private sector that involve full transparency: schools should disseminate complete information to their various constituencies.

The second trend is community. This is an issue that we will be returning to throughout this conference, but it is worth foreshadowing that our findings clearly show that charter schools are truly creatures of a civil society. In the last chapter of our book, we paint a vision of what the future would look like if the entire American public education system went chartered. There have been calls for this type of reform, and we think it is an intriguing proposition. I encourage you to review that chapter of *Charter Schools in Action*.

The bottom line is that charter schools are not the answer to our educational woes, and putting the “charter” label on a school does not instantly make it an educational success. Charter schools are not yet as strong in practice as they are in theory, but we believe that charter schools are the most vibrant force in American education today and have the potential to renew it based on the four core charter principles of freedom, innovation, choice, and accountability.

**MR. BRANDL:** The next paper is by Dr. Jay Greene. Dr. Greene became interested in education policy while a graduate student in the Department of Government at Harvard. He has held academic positions in Texas and is now a Senior Fellow at the Manhattan Institute. He will be reviewing the results of the voucher

experiments.

**DR. JAY P. GREENE:** The amount that has been learned in the last few years about school choice is astonishing. A few years ago, we had a lot of theoretical evidence—evidence by analogy—to the likely effect of school choice, but we did not have much direct evidence. Now a flood of new choice programs and studies of those programs have yielded a lot of very interesting information.

These new programs include publicly funded school choice programs in Cleveland, Milwaukee, and the new statewide program in Florida (from which we don't yet have much evidence). We are also seeing privately funded school choice programs in Washington, D.C., Dayton, New York, and San Antonio.

From all these programs, we now know quite a bit about the effects of school choice. We know more about certain questions than about others, but we can categorize what we do know into three questions: What are the effects of school choice on the “choosers,” those who participated in the programs? What are the effects of school choice on the “non-choosers,” or, as often negatively framed, “those left behind”? And what are the effects of choice on society more generally, and on values and integration in particular?

We are currently best able to answer the first question. When reviewing the evidence on what we know about the effects of school choice on those who choose to participate, I was struck by how consistent the findings are across all the studies. It surprised me because—being one of the researchers involved in this—we have a tendency to find differences between our findings and magnify those differences in debates over methods and debates over interpretation of findings. In those debates, we lose track of something more fundamental: the fact that there is a basic foundation of agreement on many of these issues. What surprised me is that there is a positive consensus among the evaluations of these public and privately funded school choice programs.

In assessing whether choice is beneficial to choosers, the first outcome we can look at is whether the people who are participating report being satisfied. Do they like the program? Are they

happier than people who are eligible for a given choice program, and applied but couldn't get in? Do parents believe that access to a private school via a voucher or scholarship has been a positive experience for their child?

The unambiguous and overwhelming finding is that parents love these programs. Everybody has come to the same conclusion. John Witte finds this to be the case in Milwaukee. It is also true in Cleveland, according to Kim Metcalf and our own studies. It's true in D.C., in Dayton, and in New York. Everywhere we go, people who are involved with choice programs love them.

The logical conclusion based on these findings is to say that this program has benefits for participants. For example, if a program to improve public parks were implemented, and we then surveyed people in the city to see if they liked their parks more, we would receive responses about how much people loved their parks and how much better their parks were after the improvements.

In education, we do not find this reasoning sufficient. As researchers, we do the equivalent of going to the parks and counting the pieces of garbage and enumerating the number of repair reports from parks. What people say about the parks cannot be believed: only the objective evidence—the pieces of garbage found in parks—can be believed.

Similarly, researchers do not believe parents: parental satisfaction is not seen as sufficient evidence to prove that choice is beneficial to the choosers. The debate has instead focused largely on test scores. What is striking here is that even when it comes to test scores, virtually all studies find benefits of school choice.

Two of the three studies in Milwaukee find significant academic benefits for choosers. (The third study finds neither a benefit nor a harm.) The evaluator of the third study concludes that the program is beneficial and that it provides parents with a benefit that they would not otherwise obtain.

In Cleveland, both evaluations that had been conducted find test-score gains, as well. I believe that the results from Cleveland are not as strong because they are not from random assignment experiments. I would not put quite as much confidence in these particular results; nevertheless, they are pointing to a positive ef-

fect on test scores.

In Washington, D.C., newly released results also find significant test-score gains for younger children, but some backsliding by older children. This is according to a random assignment study. According to these findings, there is a group for which there are benefits, and that might tell us more about how we should design choice programs.

In Dayton, random assignment studies show significant test-score gains, and this is the case in New York as well. Test-score findings show a significant benefit for choice programs in every city that has been studied.

It is safe to say that choice programs benefit choosers based on the research that has been done on these programs. What about everybody else? Is it sufficient to find that choice benefits choosers?

It might be sufficient if we had no strong reason to believe that others were hurt. There is, however, a suspicion that choice may benefit choosers at the expense of others. One allegation against choice programs is that choice may hurt those who do not participate by sticking public schools with less desirable students—the concept that choice creams off the best and leaves the rest of the students behind in that public system with fewer resources to handle them.

Interestingly, from what we know about choice program experiments, there is little to no evidence of this “creaming” phenomenon. In all studies of choice programs, participant incomes are very low, single parenthood rates are high, and previous test scores were very low. It is not an elite population participating in these programs.

It is probably true that the choosers are slightly more advantaged than the non-choosers. The public school reports on this issue from the Edgewood private school voucher experiment in San Antonio and from Florida, however, actually find no differences. To be fair, though, the bias research that Paul Peterson and others have conducted finds some evidence of creaming.

Paul likens this phenomenon to “2 percent milking” rather than creaming. It is unfortunate, but worth keeping in mind, that even the most thoughtfully designed antipoverty programs will ben-

enefit only the more elite of the disadvantaged—those who know how to take advantage of the opportunities presented to them.

Food stamps, for example, provide benefits to many disadvantaged people, but is it realistic to think that they reach the homeless person who is living under a bridge? The most disadvantaged may not have the wherewithal to take advantage of programs that are offered. If providing benefits to the elite of the disadvantaged is a disqualifying feature for a program, we should stop our welfare efforts because they naturally target the more advantaged of the disadvantaged.

What about the effect that choice programs have on public schools? Do they improve in response to the competition from school choice? Here we do not have as much evidence as we would like, because these programs are very small and have not been running for very long.

Caroline Minter Hoxby has done work on the amount of school choice that exists in the public sector. This is based on the premise that we already have school choice to a large extent: people with financial resources can move to school districts that they wish to have their children attend or they can simply send their children to private school.

People with financial resources practice school choice all the time. It is only the poorest among us who do not have school choice. Hoxby looks at variations in the amount of choice in different metropolitan areas and finds that in areas with more competition, there are better academic outcomes and lower costs. This is what you would expect from economic theory: more choices produce better outcomes at lower costs.

What about the effects of school choice on our society more generally? What about integration and civic values? There is far from consensus on these issues, though the research that has investigated these questions takes a different approach from what has been done in this area before. Before, people were looking for evidence of the “segregationist effect” of choice by looking at whether choosers differed from non-choosers. People such as Amy Stewart Wells and Douglas Williams found that choosers differed from non-choosers and then inferred that choice would have segregationist effects.

The fallacy with this conceptual framework is that it ignores



all the residential choice that occurs: school choice as it exists today for those with the financial resources. Additionally, people who choose are, of course, going to be intrinsically different from those who do not choose. The question is whether a system of reduced-cost choice—vouchers—will produce more or less integration than our current system of high-cost choice.

We have found that in systems where cost of choice is lower, people are more likely to choose their schools freely, produce more integrated environments, and approximate the demographics of the broader community than they are in systems where the cost of choice is high. This is true in Cleveland and in Milwaukee and appears to be true from all the analyses that have been performed on existing private schools nationwide.

What about the question of tolerance? This question actually has not been researched much: it has just been assumed that private schools “teach” bigotry. Now, however, some interesting new studies are using well-established tolerance scales from the field of political science to make this inquiry. In these scales, people are asked whether they would allow disliked groups to engage in certain political activities, and the more willing people are to do so, the more tolerant those people are thought to be.

As it turns out, people who attend private school score higher on these tolerance scales than people who attend public schools. It is difficult to say exactly why this would be. We do not have a good explanation for why private schools should be producing higher tolerance rates than public schools. It is a very consistent finding, however, across the few studies that have examined this issue.

Much work still has to be done on school choice, particularly regarding the systemic effect of choice on non-choosers and the effects of choice on integration of civic values. On the question of the effects of choice on choosers, however, the answer is quite clear, and additional research will soon shed light on the other two fields of inquiry.

**MR. BRANDL:** The third speaker this morning is Dr. Terry Moe, professor of political science at Stanford and also a Senior Fellow at the Hoover Institute. Terry received his graduate education in political science at the University of Minnesota. Many people

in America came to their understanding of the issues we are discussing here today through *Politics, Markets and America's Schools*, a very influential book that Professor Moe coauthored with John Chubb.

In the paper that Professor Moe will present today, he uses survey data to infer the characteristics of students who would move into private education from public institutions if choice programs were more widespread, and he comes up with very interesting results.

**DR. TERRY MOE:** Vouchers are by far the most controversial issue in American education today. In my view, vouchers hold the greatest promise for transforming the system, but if we are to have any meaningful policy discussion regarding vouchers, we must address this fundamental question: Do parents want to use them?

Do parents want their children to go to private schools? If the answer is yes, we must then ask who exactly are these parents, why do they want to send their children to private schools, and what would happen if they did? What would the social consequences of such a shift be? In my paper, I have used a broad range of variables to address these questions in a rigorous and controlled fashion.

Let me address the conventional approach to these issues. There is a debate in the academic literature between people who support vouchers and people who do not. The people who are voucher advocates say that there are many parents who want to go private, and they want to do so mainly for performance reasons. Parents care about finding better schools for their kids. This argument is very straightforward.

The voucher advocates say, therefore, that if vouchers were available and choice were expanded, low-income parents in disadvantaged areas with low-performing schools would be the first ones to want to go private, because they have the strongest reasons for doing so.

The critics say that parents are not that concerned with performance. Instead, parents are preoccupied with social concerns. Basically, white parents want to avoid having their children associate with black children. They want to get their kids out of diverse schools and into all-white schools. Parents who have money want

to flee low-income parents. Critics of vouchers say that there is a severe trend toward separation and Balkanization. According to them, if we expanded choice, we would worsen the social biases and divisions that already characterize American society.

Based on this argument, it is evident how critical it is to determine who these parents are who want to go private and what their reasons are for this desire. The literature on this issue is still very small, though it is growing. At this point, we do not know very much. What we do know is that when low-income parents are given vouchers, they take advantage of them in huge numbers.

Performance is certainly an important reason that parents often give for participating in choice programs. If you ask them whether academics are important to them, they say yes; usually, that is the number-one reason they give. There are not, however, any comprehensive studies that attempt to put performance into a broader analysis with other reasons that parents might give for wanting to go private, and therefore it is not yet possible to evaluate how important performance is to parents on a relative basis. How do academics stack up to other motivations for going private? This is the question that my paper endeavors to answer.

First, it is important to think about the logic of choice. We can learn a lot from simply looking at our own logical expectations with regard to choice.

The system of education that we have now is a system in which the public schools are free and the private schools are not—they are very costly. On that basis, we would expect that people who are relatively advantaged in terms of income and education would tend to be the ones who would be more likely to go private. They are the ones who can afford it, and they are also the people who are more motivated to do so. Precisely because choice is possible, we are going to see very basic social biases in the current system.

Another important set of variables to consider are value systems. For example, parents who are very religious may be more likely to want to send their children to private or parochial schools.

They may be more likely to pay to send their children to schools whose values reflect their own.

If you were to reduce the cost of going private to zero by giving people vouchers, you would find that people who are lower in income, who may have less education, and who may be less motivated would be the ones who would then be able to move into private education. If the threshold is lowered, instead of getting a worsening of social biases, you would see a moderation of the existing social biases.

On theoretical grounds, this is what we should expect to happen. In theory, then, the critics of choice are wrong. What can we say, however, on empirical grounds?

First, what can we say empirically about the people who currently send their children to private schools? These people do, in fact, correspond to the stereotype. The people who tend to go private right now are higher in income and education. They tend to be white, for the most part, and many of them describe themselves as Catholic, fundamentalist Christian, or Republican.

These descriptors are essentially what we would expect, and academic performance turns out to be very important to these people, as well. Performance is—even when you control for everything else—the number-one reason that people go private, even under the current system.

The second empirical question is, how many current public school parents would like to go private if they could? Fifty-two percent of public school parents say that they would be interested in going private if money were not an issue. This doesn't mean that all these parents would actually go private if they had access to vouchers, but there is certainly an enormous constituency for this type of initiative.

Who are these public school parents? It turns out that the parents who are especially interested in going private have low income and tend to be minority. Many come from low-performing school districts. In general, they are the more disadvantaged people in society.

On the other hand, it is also true that Catholics and born-again Christians are among the current public school parents who are especially interested in going private. There exists a split: you get

the less advantaged members of society who correspond to the modern voucher movement, but the second wing—the more traditional wing—of the voucher movement has been built around religion. This wing is based upon the values that are commonly associated with the Republican party. When investigating this question among current public school parents, you find a pronounced dichotomy.

If you look specifically at attitudes, what are parents considering when they are thinking of going private? Our research has revealed that parents are not frivolous about this; their approach to this issue is highly structured. The parents who want to go private are the ones who perceive the current system to be inequitable. They believe that parents should have more influence and that schools are too large and are doing a bad job of teaching moral values. These parents believe that markets and competition in choice would be a good thing for public schools and education in general.

In my study, I also include public school ideology as an important variable. This is a normative attachment to the public schools that is a huge factor that tends to be overlooked in studies. Anyone who is familiar with education knows that there is an ideology that forms the foundation of a public school system. This ideology is a large part of my study, and I show that it prevents many parents from wanting to go private.

Of all the attitudes that tend to be associated with parents who want to go private, the single most important attitude is the perception that public schools are inequitable. It turns out that if you move from low to high on the inequity scale—in terms of your perceptions—the increase in the probability of wanting to go private is 17 percent. This is a large effect. If you estimate this statistic separately for low-, middle-, and high-income people, it is the low-income people who put more emphasis on equity than anyone else. For this segment, the impact is 26 percent. Without doubt, inequity is a big part of the desire to go private.

What about academic performance? Performance dominates every other factor. Parents are primarily concerned with performance when they make decisions about whether they want to go

private. The impact of performance is 37 percent on the probability of wanting to go private. This increase is huge and dwarfs everything else.

Racial issues do not seem to have any impact on the desire to send students to private institutions. The race results are quite interesting, however. Race is a big part of the critique of choice, but it seems that race is the weakest factor when it comes to the attitudes that motivate people to go private and to support vouchers.

People who are opposed to diversity are not more likely to want to go private than people who support diversity. If you look at inner-city parents, it turns out that performance is the number-one reason that these people have for wanting to go private. These are not irresponsible, incapable parents who have no sense of what they are doing. They are fundamentally concerned with their children's academic performance.

There does appear to be a possible racial effect for whites in the inner city. Whites who are opposed to diversity are more likely to want to go private. It is important for choice supporters not to ignore the fact that there is a possible element of racial motivation in the desire to go private among the white urban population. This could be potentially problematic.

Once this analysis is completed, you will be able to predict statistically which people are most interested in going private. If you take those people and assume that they go private, then you can create a simulated new private sector and compare it with the original private sector. As people move out of the public sector, a new public sector will emerge, as well, which will serve as a basis of comparison with the old public sector. You will then be able to see what the new systems look like and how they would compare with the old.

The result is that the existing biases in the current system would be substantially moderated. The income bias is basically eliminated, and the racial bias turns out to be reversed. Of the parents going private, 45 percent are either black or Hispanic. When you add them into the private sector, the new private sector turns out to be 33 percent minority, as compared with 22 percent in the public sec-

tor.

With the implementation of choice, the face of the private sector changes significantly. Now it is fairly small and selective, but there are people moving in to the public sector, and they are largely minority. Choice creates a private sector that is more ethnically diverse than the public sector would be.

The bottom line is that choice sets in motion forces that lead to a moderation of the kinds of inequities and biases that we associate with the current system. Equity issues have a huge appeal for ordinary people, and performance is the main force that drives parent choice.

**MR. BRANDL:** Now we are going to hear from two discussants. Ms. Jeannie Allen is president of the Center for Education Reform, an advocacy organization supporting reform in the schools. You've seen her on television and in newspapers, and she is the author of *The School Reform Handbook*.

**MS. JEANNE ALLEN:** Dr. Moe, Dr. Greene, and Mr. Vanourek have just provided you with a great deal of data, and it is my job to distill this information and see whether these things are likely to occur. The likelihood of these reform trends actually taking place is certainly a matter of debate, but I contend that the nature of this debate is political, not strictly educational.

I base this statement on analysis of the information just presented as well as what you are going to hear throughout the rest of this conference. In framing this debate, we have to look at the rational elements versus the emotional elements. Like Dr. Greene, I believe that it is important to look at how choice and charter programs affect academic achievement, the public schools and those who remain behind, and civic values and integration.

In terms of academic achievement and charter schools, Jay Greene made an important point in noting that parental satisfaction data are plentiful. Parental satisfaction is, in fact, a key component of achievement. There are integral ties between how well students perform and how satisfied they and their parents are. Parental satisfaction data are one strong indication of academic performance.

It is true that we know less about scholastic achievement within charter schools than we do with choice programs. There are

two reasons for this: first, charter schools and voucher programs are as different as apples and oranges. Additionally, there are different ages for each charter school.

We have, however, looked at the 60 studies to date that have been done on a national, regional, state, and local level on charter schools, and overall, if you compare the results of all those studies, over 80 percent demonstrate some positive effects of charter schools. It is true that many of these studies are fairly reliant on teacher and parental satisfaction, but, to a certain extent, they are also reliant on some of the test-score results that we have on a state-by-state basis.

Dr. Greene argues that the five studies that we have today on school choice have some striking similarities. Cecilia Rouse's work and Derek Neal's research at the University of Chicago show net effects of children in private schools relating to their later income. Both studies are fairly positive about charters and choice as far as academic achievement is concerned.

There are certainly no studies that are saying that children are not doing as well as they were before they left a district school. Evidence in support of a claim like this simply does not exist.

When it comes to the effects of charter programs on public education, again, there are positive effects in charter schools that abound in a wide variety of studies. With vouchers, we know that choice schools are taking the most disadvantaged. Dr. Moe's work explains that when you factor in housing biases, remove the income barriers, and people have the opportunity to choose, these people tend to be the least advantaged in our society. It is interesting that when you factor in choice programs to the de facto school choice practiced by those with financial resources, it tends to be the most advantaged and the least advantaged who would practice school choice the most.

Whether or not parents choose and how well they choose—even among advantaged people—depends heavily on their expectations and how much they know about what a given school provides. I could argue based on personal as well as professional experience that there are a great many advantaged people in this country who are disadvantaged in terms of information. We cannot make one



sweeping statement about lack of information with regard to choice or charter programs. Lack of information is, however, a key component of most charter and choice program designs.

You often hear that money is being siphoned out of district schools by charter or choice programs. There is certainly a problem when schools do not have the money to cover their fixed costs. If you take students out of a district school and the money follows them, you may leave a system in disarray. The data that suggest that this is actually happening because of charter schools are questionable at best. Additionally, this particular issue varies widely depending on the state; yet you rarely hear the argument on a state-by-state basis, or on the basis of particular programs.

Finally, in terms of socialization and integration, what are the most integral facts? One can argue on the emotional end—regardless of everything that has just been presented—and you will still get a number of myths about what happens in a world of charter schools or school choice.

None of these emotional arguments really matters, but I want to take the opportunity to review them and their logical shortcomings. For example, despite all the evidence to the contrary, you will still hear that parents cannot make decisions for themselves; critics say that parents do not have enough information to make decisions.

Another argument is that public money should not fund institutions that are not held accountable to the public. This morning's news reported that the U.S. Department of Education lost a million dollars because of a simple clerical mistake. Where is the accountability there?

The Institute for Justice found that in Florida, \$40 million from public coffers is going to private institutions and has been for a very long time. Head Start programs are contracted private institutions. Catholic schools currently receive public money to serve their students. This is an emotional argument, and there is not much to back it up.

Some critics cite the static model theory: we have vouchers and there are all these people out there eligible to practice school choice, but where are we going to get these schools from? Who is

going to open these schools? The static model assumes that no other activity is going to occur if children suddenly have choices in their hands. Mr. Vanourek's book on charter schools addresses this fallacy thoroughly.

Another argument that we are hearing more and more readily now is that public schools are working. Critics of choice and charters are pointing to a 2 percent increase in NAEP scores over the last 20 years and saying that public education is working.

Some claim that charter and choice programs are an attempt to do away with public schools, and that people who support choice are out to destroy public education. I have never met any of these people.

Finally, we go back to the Balkanization argument: our children will suddenly be forced into situations where they are with other students who look, sound, and act exactly as they do. There is no evidence that supports this separationist argument.

In the end, the opposition is largely emotional. We should continue to have these factually based debates and provide the evidence. We also need to keep in mind, however, that there are political, ideological, and patriarchal attachments to certain ideals that prohibit people from seeing the benefits of choice for America's children.

**MR. BRANDL:** The final member of this panel—the second discussant—is Richard Rothstein, a research associate at the Economic Policy Institute, adjunct professor of public policy at Occidental College, the national education columnist of the *New York Times*, and senior correspondent for *The American Prospect*. Mr. Rothstein is truly a busy and accomplished man.

**MR. RICHARD ROTHSTEIN:** There are two reasons that supporters of charter schools, vouchers, and choice programs generally give for that support. The first reason is consumer sovereignty. This is the notion that choice is good in and of itself. If parents want to choose a school for their children and are satisfied with the choice that they make, that should be enough evidence to justify the reform.

To take this to an extreme, if consumer sovereignty is the reason that one supports school choice, one must accept the fact

that a parent who chooses a school that is worse on some objective measures is better off than a parent who is compelled to send his child to a school that is better on some objective measures. If this is the only reason that a person has for supporting choice, there is not much evidence about school quality that is relevant.

But education is not only a private good; it is a public good. Because education is a public good, parental satisfaction or parent choice cannot be the only consideration used in evaluating whether a school system is desirable. It is certainly one of the considerations, and because education is not only a public good, but also a private good, the public has an obligation to evaluate schools, too.

Supporters of choice often ridicule those who object that parents may not know what is best for their own children. I want to caution you about that kind of ridicule. For years, many of the same people who are now ridiculing that criticism of school choice complained that parents are self-satisfied, content, and complacent and do not really understand how bad the schools that their children go to are and that that is why we need to turn over the system.

The second set of reasons for supporting school choice is the notion that there are objective measures of good and bad schools. Advocates of choice, charters, and vouchers suggest that these programs will improve schools on these objective measures, regardless of what parents think of the schools that their children attend.

That point is one that is worth examining in much greater depth than advocates of charters and vouchers have done to date. I am going to read briefly from Chester Finn, Gregg Vanourek, and Bruno Manno's *Charter Schools in Action*. They talk about Colorado in 1998 and a study that found that charter performance was stronger than state and sponsoring district averages.

This was a claim that, on an objective measure, charters actually produce better outcomes. Finn, Vanourek, and Manno describe a Minnesota study that found that 40 percent of charter students met the state's graduation requirements for math, compared with 71 percent of students statewide.

This would seem to be an indication of failure, but Minnesota officials note that half the charter students were economically disadvantaged. We have a different kind of standard for evaluating

the outcomes of charter schools. It seems we cannot compare them with state averages; rather, we must compare them with the performance of other disadvantaged students.

Is this the standard that we are going to use? Are we going to say that it is acceptable to have lower achievement standards for economically disadvantaged children? Are we, therefore, going to evaluate the impact of charter and voucher schools not on whether they produce better achievement overall, but on whether they produce better achievement for comparable groups of students?

If this is a valid way of evaluating charters, we must take a step back and ask whether this is the way we should be evaluating the public schools that are said to be failing and the charters and vouchers that are intended to remedy this failure.

Terry Moe talks a great deal about performance in his paper. He says that on performance grounds, parents with high incomes and education levels are those who have the least incentive to go private. Objectively, the parents with the most to gain from going private are the ones who are stuck in the worst districts.

This observation begs the question, How are we defining what the worse districts are? Are these the Minnesota standards that the Finn, Vanourek, and Manno paper talked about? Or are we using the Colorado standards, where we are comparing charters with schools statewide? Are these so-called worst districts really that bad if we apply the standard of comparable student bodies that is now being introduced for voucher and charter programs?

Jay Greene, in his presentation, put up a slide that stated that the private voucher plans in New York produced a gain of about 2 to 5 or 6 national percentile rank points on some objective measures. That was the advantage that the students got from going to private schools.

As I recall, the original paper in which these statistics appeared estimated the achievement level in these private schools to be at about the 35th percentile, nationwide. If we are going to evaluate a school as being a successful school after the introduction of vouchers, are we using the same standard that we are using to determine whether students are coming from the worst-per-

forming regular public schools?

Greene does talk about the Edgewood private school voucher experiment in San Antonio and reports that the students who were choosing the vouchers had the lowest performance, at the 35th percentile. They were leaving the public schools, which voucher proponents consider failing schools, that performed at the same percentile level at which the “successful” voucher schools in New York were performing.

I am suggesting that if we are going to move forward in this debate—and by we, I mean those of us who tend to be skeptical, and those who tend to be in favor of vouchers—we need to stop talking past one another on this fundamental issue. If vouchers and charters are designed to rescue failing students and failing schools, and if successful schools are going to be judged on whether they perform better than students in comparable schools and demographic circumstances, it seems that more honesty needs to be directed toward evaluating the so-called failure in the first place.

Jeanne Allen made a crack before about the 2 percentage-point gain in NAEP scores over a 30-year period. This statistic is true, but that gain has been quite substantial for minority students. The gap in NAEP scores between minority and white students has been cut in half over the past 30 years.

If this is the case, many of the schools that these three papers assume to be failing schools may, in fact, be the most successful schools in our system. And many of the schools that these papers assume to be the successful schools may, in fact, be the failing schools in our system.

The charter and voucher debate began with the assumption that the public school system was failing our children, particularly in the inner city. I am suggesting that as charter and voucher advocates begin to have solid examples of charter and voucher schools that they want to evaluate, they are going to become much more realistic in setting up the criteria by which the success of these institutions is to be judged. It should be incumbent upon them to use the same standards to evaluate the public schools that they will want to use for their charter and voucher schools.

At this point, there is no consensus about how to evaluate a

school as either “failing” or “successful.” We are not going to be able to judge the validity of the charter and voucher experiments unless these standards are established.

The most notorious recent addition to the voucher movement has been Governor Jeb Bush’s statewide voucher plan in Florida. Two schools were identified as failing in that state. Those schools had the lowest test scores in the state, and their scores had failed to improve over time.

After doing a bit of research on these two “failing” schools, I came to the conclusion that they may be, in fact, quite successful. One of them is located next to two public housing projects, and it has a 70 percent mobility rate. The test scores that are being used to judge this school as failing may not be low compared with comparable students or comparable schools. These schools may be providing quite a bit of “value-added” to students, more so than many of the schools in Florida that have A, B, or C ratings.

Because it had the lowest test scores as a result of the family characteristics of the students who enrolled in it, however, it was deemed to be failing, and vouchers were said to be the solution. It may be that some of those A and B schools in Florida are the ones that need an alternative to the public system.

The one thing I found very interesting about Professor Moe’s paper is that the data show that enrollment in private schools over the last 20 years has actually been declining in this country as a share of total public school enrollment. What is most fascinating is that it has been declining at every income level. This is the case even in the upper 20 percent of income distribution.

There has been a large decline of parents sending their children to religiously affiliated schools, and at the very top of income distribution, there has been only a slight increase of parents sending their children to independent, nonreligious schools.

Even if you assume that all the charter school students are private school students and add them to private school enrollment, you would still get no net increase over a 20-year period in the share of total enrollment in private education.

It seems to me that choice and charter systems are much

more complex than their advocates usually acknowledge.

**MR. BRANDL:** A good place to open our discussion today would be Richard Rothstein's contention that advocates of both vouchers and charters have set their sights too low and are declaring victory over gains that are really quite small. Furthermore, there have been improvements that are quite promising among low-income individuals in public schools, and choice is undercutting the progress that is being made there. Would any of the panelists like to address Mr. Rothstein's comments?

**MS. ALLEN:** Mr. Rothstein's stereotype that people are pushing charters and vouchers because public schools are failing is slightly off. The reality is that public schools are failing many students, and they are not improving quickly enough for others. Public schools are not pockets of hope, but rather are mediocre at best.

I do not think that anyone is suggesting that education reform is simplistic. There is still a lot of work to be done, and it is because public education in America has a long, negative history.

**DR. GREENE:** Mr. Rothstein was conflating two questions: How does choice benefit the chooser? And how does it benefit the non-choosers? The selections of quotations from both my work and from Professor Moe's work were pieces of evidence that we produced to address only the second question. We were investigating the question, Is choice creaming an elite population out of the public schools? The evidence says no. That does not mean that these schools are "bad" or "failing" schools. These statistics are descriptors of the children and whether they are "elites."

Children with household incomes of \$11,000 who are scoring at the 35th percentile on standardized tests are not elite children. That is the evidence on the creaming question, but Mr. Rothstein is applying these statistics to the achievement question and saying that we are applying a double standard.

I think that we can all agree that gains in academic achievement are our unambiguous goal. We want our students to do better than they otherwise would, even if it is still at a relatively low level; at least it would be an improvement. All the evidence collected from school choice programs says that there are gains for students relative to what they would otherwise do. Again, this is according to random

assignment studies.

As far as charter schools are concerned, and the double standard between Colorado and Minnesota that Mr. Rothstein pointed out: Mr. Vanourek said previously that the evidence on achievement in charters is still unclear. To sum up, the evidence on academic achievement is clear with choice programs, but has yet to solidify with charters.

**DR. MOE:** Choice supporters have not dealt well with the fact that public school parents are by and large quite satisfied with public district schools. The Phi Delta Kappa survey proves directly that public school parents like public schools. It is important for people who advocate choice to come to grips with this fact, because it has a lot to do with the kind of support that Americans will express for different reform proposals.

Americans also believe, in large numbers, that private schools are better than public schools. They may not be entirely correct in this assumption, but it affects their preferences nevertheless. Many parents are only minimally satisfied with their situation in a public school and think that private schools offer all kinds of great opportunities. Many people are prevented from taking advantage of those opportunities.

For these people, choice is not necessarily about getting out of a desperate situation; it is about taking advantage of opportunities that people with financial resources take advantage of every single day. They want the same opportunities.

Within this broad population of people who are fairly satisfied with the public schools, there are enclaves of people who are not satisfied at all. Many of these people live in urban areas. To be fair, many low-income parents in urban areas like their public schools. This is not a revolutionary situation where you have a seething popular mass in the inner city that is ready to burst out of the public sector.

Many in the inner cities have no major problems with the public schools, but there is an intense minority of people in the inner city who are highly dissatisfied with their schools. They want to get out of these schools. You see this phenomenon in Milwaukee, Cleveland, Jersey City, and some other cities, as well.

Choice offers an opportunity for these people who really are



dissatisfied to get out of the public schools. It offers an opportunity for the public to exercise opportunities that only families who are fairly well off have been able to exercise until now. Choice is an attempt to correct an explicitly inequitable situation.

**MR. BRANDL:** Professor Moe has just acknowledged that there is widespread support for the public schools, but there is evidence that things are going better for those students who switched over to choice schools. Would you like to comment on that, Professor Rothstein?

**MR. ROTHSTEIN:** I have two comments to make. One point is that the evidence so far is severely limited; everyone should acknowledge that. I do not dispute the findings of the few studies that have been completed to date, but we need many, many more studies and experiments to be able to state a firm conclusion on these issues.

The second point is that these experiments cannot account for the contextual effects. When you allow a small number of choice participants to opt into private schools that are self-selected prior to the application of choice, you get a different kind of school from what you would get if you moved a large number of students into that school and privatized the existing public system.

If peer and contextual effects make a difference, one would expect that the experiments that have been performed so far would show that as more and more students move into private schools, the gains become somewhat smaller. At this point, they would be influencing themselves, not simply being influenced by those already in the schools.

Advocates of vouchers, charters, and choice make the assertion that low-performing schools are schools that have low test scores. If we are measuring these schools by gains and not by levels, these standards need to be applied to public schools as well as choice and charter schools. Until we are prepared to apply the same standard to regular public schools as we apply to choice schools, advocacy of choice is going to appear to people to be ideological, not based in fact.

I do not dispute that there are many failing inner-city schools, but there are also many successful urban schools, and we cannot

distinguish them by just looking at test scores.

**MR. BRANDL:** Is the evidence that says that children are doing better when they move to private school than they would have done if they had stayed in public school not directly responsive to your point?

**MR. ROTHSTEIN:** No, it is not, and for two reasons. One is that there is very little evidence of this actually being the case, and there is also contradictory evidence. The second reason is that if contextual and peer effects matter, you would expect that the more students who move into a system, the less those effects would be, to the extent that you had accurately measured them in the first place.

**DR. MOE:** Professor Rothstein is correct that you cannot tell how good a school is by looking at the test scores, because the test scores are influenced mainly by the background characteristics of the kids, and only partly by the quality of the school.

This is the argument with regard to the schools in Palo Alto, California. Everybody brags about how great the Palo Alto schools are. I do not think they are great; I think the kids are great. The population base is exceptional in every way. You could lock these kids in the closet and they would do great. It is difficult to say objectively whether the Palo Alto schools are good, and the same is true for many schools in urban areas. Some of those schools could be quite good, but the test scores are low. The test scores are low because of the demographic that these schools serve.

The people who are doing research of this kind are well aware of this phenomenon, and when they try to figure out how much kids are learning, they are controlling as best as they can for the demographic characteristic of the student bodies. It is a difficult task.

Another point that needs to be taken into account is politics. The two schools that were singled out in Florida as “failing” may not be terrible schools. They were singled out on the basis of bad test scores, though it is clear that there may be far worse schools in Florida than those two schools. As a matter of public policy, maybe we should be saying that it is unacceptable to allow kids who are low in income and may come from disadvantaged families to have abysmal test scores. Allowing these schools to exist is al-

most an affirmation of persistently low performance.

From a public policy standpoint, I do not think it is a bad idea to go after the schools with low test scores and try to raise performance. We should want to treat these students the same as we treat everybody else. Our expectations of these students should be the same.

**DR. PAUL HILL:** How do you assign responsibility on the issue of “value-added” education? We have just completed a national study of charter school accountability and have found that a big problem in many school districts is that they never bother to ask the value-added question of its schools.

Charters are under a value-added regime, but there is no basis on which to compare them. Whose responsibility is that? Is it the responsibility of people trying to innovate in charter schools? Is it the responsibility of people who think, who want new options? Is it the public’s responsibility? This is not a complaint against vouchers; it is a criticism of the public school system.

**MR. ROTHSTEIN:** I agree and think that it is the responsibility of the public. It is a public responsibility to insist on value-added measures. These measures are a way of evaluating the public sector as well as the private sector, and because schooling is a public good, the public has a right to expect that its schools produce value-added.

**MR. BRANDL:** Does this constitute a reservation against the charter movement or against public education as it exists?

**MR. ROTHSTEIN:** For me, it constitutes a reservation against the basis of the charter movement that purports to want to save students from failing districts and give them private options. I do not think that the charter movement and charter advocates know that the targeted districts are really the worst districts: They may be good districts.

**MR. BRANDL:** Why do you assign the burden of proof in the direction of people trying to trade off?

**MR. ROTHSTEIN:** I am not assigning; it is a public responsibility, and the public has not lived up to it. It is a public responsibility to develop value-added measures for all schools, both public and private.

**DR. FREDERICK HESS:** In terms of whether public

schools are failing, I do not think that the 2 percent gain in math scores over the past 30 years tells the entire story. The fact is that spending on these schools went up by 75 percent during the same period.

Schools have been costing a lot more. We have been trying to improve their performance by dedicating a lot more resources toward the schools, but we are getting flat results.

Professor Rothstein also pointed out the “Reagan miracle”: black/white test scores closed dramatically from 1980 to 1986, but that trend has been flat since then. There has been no gain in almost 15 years. How to interpret this trend remains a puzzle. What aspects of public schools initially led to that result?

I also want to pick up on the discussion of value-added measures, which, as Richard points out, are extraordinarily important. Today’s accountability systems have failed. States are rushing to provide regular accounting for their schools and are doing so according to level of performance. Proceeding in this manner guarantees that the suburban schools are perennially wonderful while the central-city schools are terrible.

Governor Jeb Bush’s voucher plan in Florida started out in an awful way by picking out a few very low-performing schools without regard to whether they were good schools. It is my understanding that Florida is moving within the next two years to a value-added gains measure of performance.

It is not just the poor, minority central-city schools that are failing. We will see a large number of suburban schools that look like D and F schools by the Florida rating, and then it will be interesting to see how public support changes for this program. It is easy to rally general public support for a program that only targets minority schools, but I anticipate a political backlash when suburban schools begin to be pressured.

**MR. ELLIOT MINCBERG:** I join Professor Rothstein as one of the relatively few skeptics of vouchers here today. I have a comment about the alleged consensus among the three researchers in Milwaukee that Jay Greene spoke of.

John Witte’s conclusion about the desirability of vouchers is limited to the voucher program prior to the expansion that has

occurred. This strikes me as an important point that ought to have been included in Dr. Greene's paper and the Cecilia Rouse study.

Additionally, I believe that a critical finding in the Rouse study was that the schools that outperformed both regular schools and voucher schools are, by and large, what I call "Sage schools": schools where class size is significantly smaller for low-income kids from grades K through 12.

These are very important points that belong in Dr. Greene's paper. They give some context to the Witte and the Rouse statements. Without context, these citations are not as supportive as they would appear.

**DR. GREENE:** First, the Witte comments are actually from January of this year. Second, in response to the concern about expansion of the program to include higher-income children, the income requirements have not, in fact, changed. The only expansion that has occurred in the program has been the inclusion of religious schools as a choice option. That fact does not really speak to the concern about opportunities for low-income families.

My main point is that John Witte is actually among the least positive of the evaluators of the five different programs, but nevertheless, he does not find harm; rather, he finds something to praise. That may not be a lot, but it is something. As far as Rouse's class size, I am puzzled by the class-size-versus-vouchers framing of the question. If both have benefits, we should do both. How about smaller class size through the use of vouchers?

I have one last point about Cecilia Rouse's class-size study. Unlike her voucher study, the class-size study is not based on a random assignment. The quality of the data available for her class-size studies was much weaker than the random assignment analysis that she conducted for vouchers.

**DR. ROBERT MARANTO:** I liked a lot of Professor Rothstein's comments, but I have two questions. He points out that the percentage of students attending private schools is going down, or at least stabilizing. Is that not largely because of the decline in the numbers of priests and nuns, which has forced Catholic schools—which have been the dominant force in private education up until recently—to hike up their tuition dramatically in the

last 30 years?

The second point is that you mentioned that the allegedly failing schools in Florida have huge mobility problems, which presumably make it very hard for them to do their jobs. In a charter or voucher system, where student attendance is no longer tied to geography, would it not be much easier to educate kids? You are able to have them in one school for a long period of time and develop more of a school community.

**MR. ROTHSTEIN:** To address the first question, as I indicated, I am puzzled by these data. I do not understand the decline in private school enrollment. I, like many of you in the audience today, believed that people have “voted with their feet,” but now I see through these data that it turns out that people are voting in the opposite direction.

What puzzles me most—and this relates directly to your question—is that there has been a decline in enrollment even among the upper 20 percent of the income distribution, at the same time that this upper 20 percent is growing enormously in terms of real income. The ability to afford private school has presumably improved during this period of time.

**DR. MARANTO:** How much has tuition increased?

**MR. ROTHSTEIN:** I am not certain, and, as I say, I am puzzled by these data. I think it is something that is worth examining further.

With regard to the second point you made, I do not know enough about the particular circumstances. I suspect that the kinds of kids we are referring to—for example, the situation I mentioned earlier with the school that is drawing from two housing projects—are going to have mobility problems regardless of whether they are placed in a charter or voucher program. I do not think that the mobility problem would disappear or even be reduced.

**DR. HELEN LADD:** I want to raise the issue of how choice affects the polarization and stratification of students. We can talk about small voucher programs that are targeted specifically to low-income people, and we can come away from those studies, seeing that they seem to benefit low-income families, and not even worry about stratification. Or, we could do some careful

research on the demand side—as Terry Moe suggested—and think about what would happen if the voucher system were universal and all students had the opportunity to go to private schools.

At the end of Professor Moe’s presentation, he suggested some simulations based on demand-side analysis, but he did not mention the cautionary note that he makes on page 27 of his paper:

On page 27, he writes that these data do not allow us to address the gap between what parents say that they would do and what they will actually do, and it does not allow us to address the supply side of the issue. He acknowledges that schools find some students more desirable than others and are therefore more accepting of certain types of students.

I argue that this cautionary note is extremely important. I have done research on the choice in the New Zealand school system, and there is evidence that both these issues are extremely important. The data from New Zealand show that parents, regardless of socioeconomic class, rank the same private schools as the best schools, and when they are asked which school they would like their children to attend if money were no object, they list the schools in similar ways.

When push comes to shove, however, and they actually end up finding and getting admitted to schools, there is a real change in distribution in the schools that the kids end up with. This is a result of supply-side factors. The better schools have the right to be selective, and they naturally limit their admissions to students who will enhance or maintain their prestige. This means simply that performance is context-specific.

**DR. HILL:** We now have several publicly funded voucher programs and some privately funded foundation scholarship for low-income people. In a sense, the privately funded elements are adding money to the system, and it is not a zero-sum game.

If, however, we move toward larger voucher programs and the type of simulations that Terry Moe was addressing, it is unlikely that the current structure is going to continue. If legal issues such as the separation of church and state play out in favor of vouchers, the changes will come largely through public funding. How will politics change public policy moves from targeted—of-

ten privately funded—vouchers for the groups that are seen as the most disadvantaged, to a broader mechanism that could include middle-income or moderate-income people? A lot more money will be changing hands, and a zero-sum game between public and private schools might well emerge.

**DR. DAVID PLANK:** The way the movement has progressed over the last ten years has been by targeting the low-income in inner-city areas, where everyone can agree that something needs to be done in terms of education reform. There is a high demand for vouchers in these areas.

In terms of a larger program, it is going to take a long time to overcome the opposition to vouchers. We are going to get a program here and a program there. In the meantime, however, low-income, largely minority populations are going to be receiving vouchers, and they are going to be learning about the new opportunities opened up to them by school choice. Support will remain high in these communities.

Civil rights groups are increasingly under pressure to drop their opposition to vouchers. It might seem far-fetched right now, but my view is that in the very near future they will switch sides.

The teachers' unions will eventually be isolated on this issue. Democrats will increasingly come under pressure to represent their traditional constituencies in urban areas, and they will incrementally switch sides. This is going to play out over a long period of time, but I believe that within the next 50 years, vouchers will be extended throughout the broader population.

Finally, I would like to ask Jay Greene to talk a bit more about the parental satisfaction data and why we should take them seriously. His colleagues on the panel raised two critiques of these data, and a third observation is that economists and psychologists agree that consumers who were asked about a high-stakes choice in the aftermath of that choice say that they are very satisfied with their choice. For example, people who buy cars are very satisfied with the cars that they buy, in general. You would certainly expect, then, that parents choosing to place their kids in a particular school would be very satisfied or at least would express satisfaction with the choice that they had made.



There are at least three reasons to be doubtful about the weight of the parental satisfaction data.

**DR. GREENE:** Hardened dissidents can distort parental satisfaction reports. In the debate now, however, parental satisfaction receives almost no weight. It is completely dismissed, and my suggestion is only that it ought to receive more weight. In other policy arenas it is considered sufficient, even though psychological distortions exist in those areas as well.

I would like to address Helen Ladd's comments about what happens in large choice systems. There is evidence currently from private schools. Remember that *de facto* school choice already exists. We have residential school choice. People choose where they live if they have money to do so, and they choose schools in that way. Public schools produce and reinforce segregation in housing. We can look at public schools nationwide and private schools nationwide to see which are more representative in terms of race.

It turns out that in more than half the public schools—55 percent—classrooms have less than 10 percent minority students. Public schools are generally all white or all minority. Compare this to 45 percent for private schools. Almost 33 percent of private schools have classrooms where there is a racial mix that roughly resembles the national racial mix, while only 18 percent of public schools nationwide can say the same.

The choice programs in Milwaukee and Cleveland produce similar results. Interestingly, even if you look at choice as it is currently exercised—with the constraints that exist—we are still seeing better racial integration in chosen schools than in schools that are based on housing factors.

**DR. LADD:** In regard to parental satisfaction, there are polls such as the Gallup poll, which poses questions such as, "Are you satisfied?" There are also larger, more comprehensive data on public attitudes—gathered by organizations such as Public Agenda—that go beyond state-by-state analyses of charter and choice programs and actually look at what a parent thinks based on questions relating to performance and involvement.

I do not think that you can discount more in-depth parental satisfaction data, but you do have to disaggregate it from the polls.

**MR. BRANDL:** I have two summary comments. We have made some progress today. There is agreement that value-added measures are necessary for all three groups: public, private, and charter.

Second, the epithet “ideology” has been hurled in both directions here. I challenge those who are proposing or defending a public policy to articulate the theory that underlies their proposal.

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# Charters and Vouchers: Relationships and Accountability

Moderator:

**Chester E. Finn, Jr.**, *Manhattan Institute for Policy Research*

Panelists:

**Scott Hamilton**, *Fisher Family Foundation*:

“Accountability in a World of Charters and Vouchers: Are Market Forces Enough?”

**Michael Mintrom** and **David Plank**, *Michigan State University*:

“The Emerging Market for Schooling: Evidence from Michigan”

**Bryan Hassel**, *Public Impact*:

“Politics, Markets, and Two-Choice Reform Movements”

Discussants:

**Isabel Sawhill**, *Brookings Institution*

**Kristin Kearns-Jordan**, *School Choice Scholarships Foundation*

**DR. CHESTER E. FINN, JR.:** Our first speaker is Scott Hamilton, the managing director of the Fisher Family Foundation. He will be addressing accountability in schools, and his specific focus will be charter schools. The subtitle of his paper is “Are Market Forces Enough?”

**DR. SCOTT HAMILTON:** I’ve been asked to speak on an issue that I was heavily involved with as the associate commissioner of charter schools in Massachusetts. When I came to that state in January 1996, there really was not an accountability policy in place for charter schools. There was a theory—and there were promises—but there was not a policy. It is this issue that I will address today.

I am not a researcher, and I think that it is safe to say that education research—with some extremely notable exceptions, such

as James Coleman—has not always been blessed with having the best and the brightest from the research community. I think that Diane Ravitch put it well in a recent magazine article when she said that current education research “just has not been up to snuff.” One thing that we can say about charter and voucher programs is that they have attracted a much higher caliber of researcher to the education arena. I commend all of you for the work you are doing. I am an avid consumer of it, and I am glad that vouchers and charters have elicited this kind of response.

I believe that charter and voucher programs may ultimately fail because of the enormous expectations that we have placed upon them. It is unfair. It was alluded to earlier today that there are many who want charters and vouchers to cure public schools’ ills overnight, and if they do not, they will be declared failures. In Massachusetts, if charter schools do not become “Buckminster Fuller Schools”—if they do not come up with wild new ways of teaching kids and then quickly and successfully replicate those in the public schools—they will be declared failures.

This leads to the issue of accountability and the question of what exactly we want to hold voucher-accepting schools and charter schools accountable for. As in the private sector, we need objectives for what is to be done, measurements of those objectives, and consequences—both positive and negative—that depend on progress or attainment of those objectives.

The first question when addressing accountability is, What should the objectives be? If you speak to people in Boston from the Office of Civil Rights, they believe the objective should be the maintenance of civil rights at all costs in all schools calling themselves “public” or receiving public money.

The inspector general’s report says that charter compliance in Massachusetts should involve the schools’ always getting three bids when purchasing office supplies. They will declare charter schools a failure if they do not get three bids for office supplies and get the best value.

There are others on the market side who say that parental satisfaction should be the objective: if parents are happy with the

education that their children are receiving, the schools should be deemed successful.

I think that there are problems with all these elements. We can turn a blind eye on compliance, and I am pleased that we have spent more time this morning talking about results instead of compliance. I believe that parental satisfaction is important, but I think market forces are not enough because we should be chiefly concerned with accountability for objectively measured academic performance gains over time.

I do believe that market forces can be harnessed to act as the primary force of accountability for all schools, and to me that is the chief promise of voucher and charter programs. The market, however, is underdeveloped. Chester Finn and Bruno Manno's book discusses the paltry school information available to parents. Even with a group of fairly well educated academics, it is difficult to come to a consensus over academic performance results. There is a great deal of complexity to valid school performance information.

In order for the market to work in an efficient manner and to hold schools accountable for performance, we need transparency and information that is easy to interpret.

Parents are currently unsophisticated customers of public education, but only because they are inexperienced. I know that it is possible to reverse this trend, as I saw many examples during my tenure in Massachusetts of parents quickly becoming adept consumers of education. It takes a little time, though, and it takes some education and experience. There is a lot of transition that needs to take place. There is a lot of capacity building that needs to take place here, and we need to be cognizant of this.

There are some counterproductive forces at work within charter and choice systems. For example, in this state, charter school parents behave as if the school were set up to please their every whim. When we talk about holding schools accountable, it is often the case that if we discover any parental dissatisfaction, it is considered an indictment. Schools need to be very clear about what they do, who they are, and what they provide, and if people do not like it, they can leave. When people leave schools that they are not satisfied with, this is not necessarily an indictment of a school. It

may simply be that it was not a good fit and that the school was preserving the integrity of its program.

Finally, I believe that schools need external checks beyond just tests. They need some sort of inspection by actual people. Our interest in accountability is not just about trying to make sure that students have a better education; we are interested in seeing vouchers and charter schools expand. If this is the case, we have to be thorough to guarantee success. In my paper, I described how effective accountability systems could be constructed with easy, accessible, clear information and an inspection process.

Let me make the distinction between accountability for vouchers and accountability for charters. In Los Angeles a few years ago, a television crew went into several restaurants and found the most disquieting conditions in some of the kitchens of L.A.'s fanciest, most popular restaurants. There was outrage, which led to the city's creating a means of grading the hygiene of all restaurants in Los Angeles.

Every restaurant you go into now has an A, B, C, D, E, or F. These grades help consumers become informed, and that is what we need to aim for in a voucher scheme. We need to make sure that consumers are as informed as possible with charters because they exist at the discretion of the state. Authorizers of charters have an additional responsibility of doing what they can to increase the quality of those schools, monitor them, and see what they can do to improve or shut down bad schools.

**DR. FINN:** Our next speaker is Professor David Plank of Michigan State University, who will tell us about the studies he has conducted with Michael Mintrom in the market for schooling in Michigan.

**DR. DAVID PLANK:** Michael Mintrom and I set out to write a paper that we thought would look quite a bit different from what we ended up with. We had expected to write a paper about the inexorable progress of market-like forces in Michigan's education system and the seemingly unstoppable move toward market mechanisms. At the time, Michigan was going through a rapid expansion in charter schools, and a voucher initiative had been proposed for the ballot this November. The Republican party was in

charge of all three branches of state government, and it looked as though major developments were in store.

That progress has now ground to a halt. The politics of choice has changed dramatically in Michigan, and our paper is no longer the paper we intended to write.

Michigan—as many of you know—is one of the most “choice-friendly” states. In 1993, we approved the change in school finance that created a system in which virtually all funding comes from the state, in the form of portable capitalization grants. The grants can be used in any public or charter school in the state. We introduced charter schools in 1994 and open enrollment policies in 1995. Charter school enrollments have been growing at between 60 and 100 percent a year, and there has been a steady increase in the number of children participating in choice in Michigan. It is about 3 percent of the total school enrollment today.

There will be a voucher initiative on the ballot in November that would remove the constitutional prohibition of public assistance for private or religious schools. The legislation would provide vouchers for students in targeted school districts and permit other districts to enact voucher programs as well.

This five-year expansion of choice opportunities has recently come to a screeching halt in Michigan. In autumn 1999, the state legislature refused to remove the cap on university issuance of charters for new schools. The limit now is 150, and we are at that limit. The effect of this legislation is to preclude the possibility of new charter schools opening in 2000 or 2001. Additionally, the voucher initiative that had been in the works for some time—supported by a coalition including the Chamber of Commerce, the Catholic Church, and a large segment of the African-American community in Detroit—was dealt a severe blow when Governor John Engler declared that he was opposed to the voucher initiative.

At the Republican party’s annual conference, Engler prevented the endorsement of the voucher initiative. He has since strengthened his opposition, promising to work to defeat the voucher initiative. The formal reason he has expressed for his opposition to vouchers is his desire to support charter schools and

his intention to reform the public school system. He argues that vouchers would distract attention and resources from those goals.

What happened in Michigan? Why did these changes take place? Why did this forward motion toward expanded opportunities for parents to choose suddenly grind to a halt? Part of the explanation is simply local politics. Governor Engler is a lame duck; we have term limits in Michigan, and he is coming to the end of his tenure. There are also profound divisions within the Republican party and within the black community in Detroit. There is a real danger of a Democratic resurgence in November, and Governor Engler is apprehensive about bringing out black and Catholic voters to support a voucher initiative when they might also vote for Democrats instead of Republicans.

Professor Mintrom and I argue that something deeper is also going on in terms of this slowdown. As evidence about how the emerging market for education is working in Michigan becomes more definitive, the policy debate is shifting. We argue that there is widespread acceptance of the idea that parents should have more, rather than fewer, choices and that charter schools are now a permanent part of the education system in Michigan. Simultaneously, however, is a growing recognition that choice policies may have both good and bad consequences in Michigan. They create winners and losers, and the debate is now focusing on how to maximize the gains from choice while avoiding the damage that poorly designed policies can do.

Three important issues are at work. The first is the question of education management organizations. One of the previous speakers said that 10 percent of charter schools nationwide have contracts with education management organizations. Seventy percent of charter schools in Michigan have contracts with education management organizations.

This has raised a variety of questions about the boundary between public and private in the education system. There are very serious questions about transparency and accountability that are raised by these management organizations.

The second issue is the experience of Inkster, Michigan. In this town, the school district declared bankruptcy last fall, threw



itself on the mercy of the state, and has subsequently entered into a contract with Edison Schools to manage all public schools in its district.

The Inkster experience has alerted the legislature to the fact that choice may have negative as well as positive consequences. They realize now that policy provisions must be in place to protect against bankruptcy of public school districts, and there are certainly other districts in Michigan that are at risk.

The third issue is the question of access and selectivity. In Michigan, the capitalization grants provide the same amount for all students. There are consequences to this policy. One is that the large majority of charter schools in Michigan are elementary schools, because elementary students are less expensive to educate than secondary students. Additionally, the number of special-education students is substantially lower in charter schools than in traditional public schools; special-education students are simply more costly to educate than other students.

When charter schools succeed in recruiting less costly students into their schools, they actually raise the average cost in public schools. Public schools are left with the secondary students and the special-education students, and because of this their costs actually rise when charter schools target low-cost kids.

I will conclude by saying that the metaphors that we are using to talk about choice in Michigan are shifting. Several years ago, we talked about unleashing market forces in the education system. We spoke of unleashing the power of markets to transform the education system. The current debate is focused on harnessing market forces to improve the education system without causing harm to the students.

**DR. FINN:** Our next speaker will be Bryan Hassel, the director of Public Impact. He will address some of the political aspects of the school choice movement:

**DR. BRYAN HASSEL:** My paper is a study of the interactions between the two largest reforms that we have been discussing today: charter schools and vouchers. It is a study of interactions and politics, but also interactions on the ground level. What is happening in the several cities that have both voucher programs and charter

school programs operating? Do charter laws undermine voucher efforts? These are some of the questions I hope to address.

Some have claimed that the existence of charters has slowed movements toward choice. Others claim that charter schools are, in fact, a stepping stone to vouchers. Does the threat of vouchers in a state boost the fortunes of charter schools legislation? Do charter schools suffer from “guilt by association” with vouchers, which are so controversial? Do charter schools have to defend themselves against charges of being like voucher schools?

There are also interactions on the ground in the implementation of these programs. Do charter schools and voucher schools end up competing for the same students? Do they scrap over scarce resources such as funding and teachers? Do the authorizers—the public bodies that oversee these schools—end up competing for the right to be the sponsor of schools that are particularly appealing? I will talk about some of these interactions as well.

My paper takes up two lines of inquiry. One looks at national public opinion. Many theories about the interaction between charters and vouchers in the political arena have assumptions embedded in them based on the ways in which people regard these two different programs. The second concerns the case studies of Milwaukee and Cleveland.

I am going to speak mostly about public opinion because I have new information from the *Public Agenda's* “On Thin Ice” survey. The survey is not included in my paper, but the data about public attitudes toward choice are intriguing.

The survey of 1,200 adults in the United States was conducted last June. The results came out this year and are valuable for this study because they have asked about both charters and vouchers. The survey asks questions about people’s attitudes toward choice and toward public and private education. They give some important insights into people’s underlying ideas about these programs.

If you look at the results of the study, you can divide respondents into three groups of people who supported charters or choice in some way. Forty-one percent of people favored both kinds of programs, 21 percent favored charters but opposed vouchers, and a little less than 10 percent opposed charters and opposed vouchers.

I am particularly interested in the group of people who favor charters but oppose vouchers. This group serves as a swing constituency; if charter schools are going to block vouchers in a state, it has to be because there are some people who are willing to go for charters but not vouchers.

If charters are going to be a stepping stone toward vouchers, it is because it may be possible to shift the opinions of this group. They are currently willing to go for charters, but once they get used to choice and competition, perhaps they will support vouchers. They are a very important group.

What is the composition of this group? How do they compare with the other groups? On every opinion question in the “On Thin Ice” survey, you find a continuum: people who favor both charters and vouchers are at one end of the continuum, and people who oppose both kinds of reform are at the other end. The people who favor charters only are in the middle.

That is not a surprise; this is the moderate group within the survey. Those who favor charters, however, are much closer to the opponents of both kinds of reform than they are to people who favor both kinds of reform. This is true almost without exception, and in almost every dimension. When they were asked to assess the quality of the public schools, when they were asked about specific criticisms of public schools, and when they were asked to assess private schools, their answers most closely resembled those of charter and voucher opponents.

When they asked people, “Would chaos and confusion result from the voucher program because no one would control where people went to school?” the same thing occurs: the supporters of both programs say no, but the opponents and those who support charters only say yes. When they asked people, “How likely do you think it is that segregation would worsen under a voucher program?” people who favor both measures are fairly concerned, but not as concerned as the people who favor charters only, or those who are opposed to both. When they asked people if they thought public schools would “try harder” if they lost students to a voucher program, there was again a large division between these sets of people.

There was one very interesting category. They asked people if there were going to be a voucher program, hypothetically, should it include religious schools? Essentially, “Would you favor including religious schools in a voucher program?” Interestingly, almost everyone says they would.

Other questions on the survey included: “Do we need a new system altogether because the public schools are so bad?” “Are strong public schools required for democracy?” “Is there a healthy democracy?” “Would all or most low-income kids improve in private schools?” The same divisions appear in all these cases.

There are only a few areas in which charter-only supporters look more like those who favor both. Even in those cases, however, the charter-only people are really in the middle. They are not out there with the people who favor both. Whether you are talking about whether a high school diploma guarantees the basics, or whether private schools generally provide better education, charter supporters fall into the middle of the spectrum and that is about as far over as they come on any of the opinion items.

I have several tentative conclusions based on this survey information. First, it is important to acknowledge that the charter-only group is sizable. It is not the majority but it is two out of every ten people, even if you exclude those who say that they do not have an opinion.

Second, the pattern of opinion that is shown here is fairly systematic. It is important to note that one of the takeaways from the “On Thin Ice” survey is that people do not really understand vouchers or charters, and we should not place much credence in their support or lack thereof. What these data indicate to me, however, is that people have a systematic way of thinking about choice and charters. Their views about charters and vouchers actually relate to their underlying views on public and private education. I believe that people are actually more in tune with these issues than the researchers who performed this survey suggest.

The most important conclusion relates back to the theories of interaction that I mentioned at the beginning. This group of charter-only supporters does not appear to be a group who would support vouchers if charters were not on the table. Their views are

too far away from the people who favor both charters and vouchers. They also do not seem like a group that is going to be convinced of the value of vouchers through an experience with charter schools. Based on these data, I believe that both the theory of charters blocking the progress of vouchers and the theory of charter schools serving as a stepping stone for vouchers are invalid.

**DR. FINN:** I would like now to introduce the first of our two discussants, Isabel Sawhill of the Brookings Institution. She will comment on the three papers, as well as these new data that Dr. Hassel has presented.

**MS. ISABEL SAWHILL:** I will start by making a few brief comments about each of these papers individually, and then I will raise some general issues.

Scott Hamilton raises an important set of issues in his paper. The point here is that there is always going to be some form of accountability as long as public dollars are involved in charters or vouchers. That accountability can be exercised in either a very good and responsible way, or the reverse. Dr. Hamilton lays out a model for what would be the right kind of accountability. He also suggests that in the long term, the public “voting with their feet”—market forces guaranteeing accountability—might be sufficient, but in the short term it may not be.

I agree with his points about why the market is not a sufficient vehicle. I might diverge from him a little in suggesting that even in the long run, we may need something more than just markets if we are going to have real accountability. He emphasizes the need for more adequate information and points to the problem of lags in the adjustment process when you are weeding out inadequate schools. This is not going to happen overnight.

Hamilton writes: “We are in a perilous netherworld between a robust free market and an old-fashioned, presumably rule-based form of compliance. Unless we improve matters, it seems to me, the whole choice enterprise is likely to be killed, either by bureaucratic strangulation, on the one hand, or by some highly visible failures associated with the failure to properly oversee this kind of enterprise.” This paper is a model of conceptual clarity and good sense, and I very much commend it.

When I finished the paper, I found myself asking if there were a real-world model of what he was advocating. Later in the conference, we will hear about school choice in New Zealand, and there will be additional case studies that we might be able to draw from.

I think the theme of the paper of Professors Mintrom and Plank was that the more actual experience we gain with market-based reforms, the more realistic in nuance the debate is likely to become. In terms of the value of these reforms, both opponents and proponents are going to have to back away or rethink the sweeping claims and criticisms that they might once have made. The reality of choice and charters is going to be far more complicated than the theory and the ideology might have suggested in the beginning. I agree strongly with that general point.

The information that Bryan Hassel presented to us this morning is intriguing. The older data contained in his paper are not quite as good, and it suggested to me that the public is very poorly informed and confused about these issues. They do not seem to have the ability to distinguish between charters and vouchers.

There seems to be a relatively small group—although many people might not consider 20 percent small—who make the distinction that they are in favor of charters but against vouchers. In the earlier data that are contained in the paper—as opposed to the data Hassel presented here this morning—an interesting characteristic of the people who make this distinction is that they tended to work for the government. They might have been teachers and members of unions; that was not that surprising.

The charter-only group does tend to look like the opponents of charters and vouchers. There is one area where this hypothesis should be further researched. I have picked up anecdotally that some of the people who are in favor of charters but not vouchers believe that the public schools are not being challenged to perform better. They like the idea of charters—and possibly even vouchers—for the value of the competition and for the wake-up call that they would bring to the public school system. Otherwise, they do not support them. They see them only as a wedge to force faster reforms in the public school system.

In general, I believe that we should be considering two visions for the future. The first vision is that charters continue to grow rapidly in terms of the number of students in schools involved and in terms of continuing to dominate—numerically—the number of people involved with choice schools.

With this growth, however, you have also enormous diversity. There are some very good schools and some terrible schools. If your accountability systems are underdeveloped, the result will be insufficient scrutiny of charter applications, not much monitoring or inspection during the period of the charter, and little basis upon which to decide on renewal. Additionally, poorly performing schools will rarely be reprimanded, which will inevitably lead to two different results.

One result is that the Eric Hanusheks of the world will go into these cities or states and perform rigorous research on how charters are performing relative to regular public schools using value-added measures, and they will find disappointing results. Second, the press, egged on by the teachers' unions and other opponents, will find and publicize examples of charter schools that are performing very poorly, or where there is actually malfeasance or misuse of funds.

These stories in the press, along with the less than glowing evaluations, will lead to a reentry of compliance-based regulatory systems. The public will be unable to make the distinctions between bad charters and good charters, and charters and vouchers will get tarred with the same negative brush: guilt by association. The whole choice movement will die a miserable death.

There is obviously a competing vision that is much more hopeful: charters will continue to grow, but with more up-front scrutiny and the kind of accountability systems advocated by Hamilton, Finn, Manno, and Vanourek. These systems are developed and widely and effectively used. The early evaluations of performance and charters turn out to be excellent. Throughout all this, the press keeps the spotlight on poorly performing public schools, as opposed to bad examples of charter schools, and the whole story turns out quite differently.

**DR. FINN:** Our second discussant is Kristin Kearns-Jordan of the School Choice Scholarships Foundation, based in New York City:

**MS. KRISTIN KEARNS-JORDAN:** I am here to give my opinion on the school choice movement in New York from the ground level. I have spent the last three years as the administrator of the New York Private Voucher Program, which Paul Peterson evaluated and has been discussing quite a bit already today. I will leave most of that discussion to him for later on.

New York just passed a new charter law, and I have been working on opening a charter school in the South Bronx. It is in this context—watching what happens on the ground in New York City—that I found myself with a yellow highlighter going over the papers that were presented today, looking for the points that were particularly relevant to my personal experience.

My previous position was with a private voucher program that had a decidedly political agenda; the politics of school choice in New York were a part of my everyday existence. The founders of the private school choice voucher program soon became very strong advocates of the charter law, as well, though that was not their original intent.

In terms of the interaction between charters and vouchers in New York, there is much to say, especially considering that we technically do not have either. One thing that is striking about New York State is that we recently had our first openly contested Republican primary. The people who have power in New York hold it very tightly. Political scientists talk about diffuse interest versus concentrated interest; New York State is the epitome of concentrated interest. When I was reading Bryan Hassel's polling data, I was thinking about how irrelevant it seems to be in New York and how school choice politics in our state actually play out.

I am familiar with New York's Latino community, partly because my school is in the South Bronx. The Hispanic Federation of New York conducted a poll in 1998, just as the charter law was being debated in the legislature, in which it asked questions about vouchers and charters for the first time.

The Latino community in New York supported both charters (57 percent in favor; 27 percent against) and vouchers (61 percent in favor; 28 percent against). Despite this, I do not know of a single Latino elected official who is openly in favor of either vouch-



ers or charter schools. This disconnect between this constituency and the their elected officials has a lot to do with the teachers' unions and the other entrenched supporters of the status quo.

As I said, I think that these polling data are very interesting, but they do not tell the whole story, especially in terms of the politics of school choice. In pushing for a charter law in New York State, our first several efforts were thwarted, and it was not until the strongly pro-voucher group entered the debate that the law was pushed over the top in terms of support.

During this period, there was a fortunate confluence of events. The state legislature had not had a pay raise in ten years, and the governor was in favor of charter schools. There was a trade: the governor asked for a good, strong charter law in exchange for a pay raise for the legislature. It also became clear that if they were not going to get the raise in December 1998, they were not going to get it for another two years. Lo and behold, we have a strong charter law.

After the passage of this law, I changed my career. I have now founded a charter school and can address the market issues raised in Bryan Hassel's paper. I will discuss this paper from the perspective of a charter school operator. If a charter operator had the option of starting a voucher school, would he do it?

I have been a strong supporter of choice programs for a long time and would have thought that my answer would have been an obvious yes: of course you would take the freedom of a voucher law over a charter situation. In reality, my answer is mixed. Our charter law certainly places some restrictions on our operation. For example, 70 percent of our teachers need to be certified. This may sound innocuous, but the pool of certified teachers is not as good as the pool of uncertified teachers. In fact, we recently hired our principal, and I asked her to teach a class because she is certified. We now will be able to hire two uncertified teachers as opposed to just one.

Seemingly innocuous regulations do have strong effects on schools. Special-education laws are relevant, but no one understands them. Our operations will be regulated based on the special-education laws, but the Board of Education of the City of New York

and of the State of New York have different perspectives on what we actually have to do and what kind of reimbursement we will receive.

I can see some definite disadvantages to choice systems. One set of examples that emerges are all the unresolved issues of religious private schools receiving public funding. We have not had to deal with this issue because we are secular, and in the current political environment I do not think that I would advocate opening a religious school under the assumption that it would be able to participate in voucher programs.

Additionally, I cannot imagine a situation where a voucher program will provide me with the money that I currently receive under the charter law, and I am not just talking about per-student allocation. Some have called this the “public school ideology”: I call it the “halo effect.” As a public school, you are perceived as less threatening and you have an easier time operating.

Another phenomenon that I have witnessed over the past several years is that charter schools and voucher schools in inner cities are bringing an unbelievably dynamic and ambitious group of school leaders and teachers into urban schools. From anecdotal evidence, there seems to be a four-year cycle in urban schools: teachers get frustrated and burned out, and they leave. They might not leave education, but they leave the schools.

Charter schools are bringing these people back and keeping them in the schools. This is vitally important because if after four years your teachers are leaving, you will not have school leaders in the future.

**DR. FINN:** We will now open the floor for questions and comments.

**DR. ERIC A. HANUSHEK:** As I understand it, Michigan pays the same amount for its charter schools as for its regular public district schools because of capitalization grants. What was left out of this morning’s session is that voucher schools typically spend a lot less than the corresponding public schools, though they get equal or slightly better achievement results. Charter schools also tend to spend less. What are the accommodations that must be made when you have less funding?

**DR. HAMILTON:** In Massachusetts, the full per-pupil expenditure that would have been spent in a district school follows the child to the charter school. Facilities are not represented in that number, and I do not think that charter schools are yet receiving their fair share of state and federal grants for facilities.

**DR. PLANK:** Michigan is also quite good. The charter schools get the same per-capitation as the corresponding district schools, up to a cap of approximately \$6,000. The charters do not get any capital funding at all, however.

**MS. KEARNS-JORDAN:** When all is said and done in New York, we get about 80 percent of the district expenditure, and no capital funding.

**DR. HASSEL:** In North Carolina, schools get a fair share of the operating dollars but no capital funding.

**MR. ELLIOT MINCBERG:** I want to address two questions to David Plank that I believe reflect the inner section of all three papers presented by this panel.

Bryan Hassel discussed a trend in which as people become more familiar with choice and alternatives, there is a growth in the number of people who support charters but oppose vouchers. Is this trend being reflected in Michigan's situation, where you have Governor Engler and other Republicans opposing vouchers but supporting charters?

Additionally, could you address the recruitment of less costly students and the accountability issues that this raises?

**DR. PLANK:** The recruitment—or desire to attract—less costly students has to do with funding. One thing that we see in the legislative debate is a divergence between people who think that we should have incentives for charter schools and other schools to recruit special-education students and other higher-cost students, and those who simply want to regulate the system. They could simply say that if you have a primary school you have to have a secondary school, or that if you have a school, you have to have X percent special-education students. I do not think that this type of regulation is viable. The state is going to have to think about incentives in the context of the funding formula.

With respect to people who support charter schools and support vouchers, my sense is that in Michigan, at least, what you

are seeing is political positioning at the moment. It is a very fluid political environment. The labor unions—one of the core constituencies of the Democratic party—are not divided on this issue. They are vehemently opposed to charter schools and vouchers. The African-American community, however, is deeply divided over these issues in a kaleidoscopic way, not along a single fissure. The Republican party is likewise divided between people who are strong advocates of aid to private and religious schools, and people who remain committed to the public schools, including charters.

**DR. HAMILTON:** I would like to note that I have not seen any quality studies that establish that schools being run by EMOs are getting rid of hard- or expensive-to-educate students. There are also no studies that compare the flight of students from these schools with the flight of the same kinds of students from schools not run by EMOs or other schools as well.

In Massachusetts, one problem facing charter schools is that the special-education law expects every public school to be able to accommodate and serve all children no matter what their needs may be. If you put that expectation on a single building—which is never the case in a district—you can see the types of regulatory hassles that charters would face. The Boston superintendent is constantly moving kids around to different schools in order to find the right services for them. It is wrong to place this requirement on individual charter schools.

Additionally, unless we are talking about kids who have certain disabilities that require equipment and aids—which is sometimes the case—there is not an established cost to educating a given child. I have seen cases in charter schools in Massachusetts where kids who were labeled as having an expensive level of special education no longer need that same level because of the way their new school is organized. The charter school is more efficient in educating the child.

I have also seen the reverse, where because of efficiencies of a regular district school, a child is less expensive to educate than if that child went to a charter school. To assume that there is a universal and unchangeable expense to educate any particular child is a fallacy.

**DR. PAUL E. PETERSON:** I have a couple of questions about David Plank's paper. The first thing I want to say is that I thought it was correct in pointing out the possibility that the charter school movement may be reaching an upward bound, despite the fact that the first presentation today saw endless growth.

You also pointed to some "unfortunate" developments in Michigan. I was wondering why you thought they were unfortunate; I would have thought that they were fortunate. The first one was that we are seeing a substantial EMO presence. You write that if they are interested in making a profit, they might take over the charters, and the mom-and-pop charter schools might lose out to the more organized entities.

I think that happens in almost all industries, and seldom do we think that this is a terrible thing. I can remember when I was in college, I had to drive back to Minnesota from Chicago and would stop at mom-and-pop restaurants on the road that had the most awful food. If you think McDonald's is bad, you should go back to those days. It is not necessarily a bad thing that corporate America takes over when mom and pop fail. I want to hear your reasoning.

The second concern I have is that you seem to think that it is a bad thing that a school district might fail and have to turn itself to the Edison Project because the charter schools are giving it competition. Is that not a sign that we are seeing significant adaptation as a result of the charter movement? Is that not exactly what we had hoped would happen?

**DR. PLANK:** I do not think that I said that these were unfortunate developments. I did say that they were developments that were eliciting greater scrutiny from the legislature and that they have led to a slowdown in the progress of the choice movement in Michigan.

With respect to the first question about mom-and-pop charter schools, an initial justification for the charter school movement from Joe Nathan and others was that an inspired teacher or a group of parents would get together and would start a school. As a consequence, we would have greater diversity in the schools that are available for kids and would create a genuine market within which to choose.

With the EMOs, what we see is the standardization of education programs on two levels. One is the standardization of curricula. Mom-and-pops discover that it is very difficult to run a school; they cannot manage the administrative burden, so they outsource some of the load to another company. When the new company comes in, it makes specific demands, including changes in the curriculum and capacity requirements.

Over time, these demands reduce the variety in the education system; I believe that this is an unfortunate consequence.

In terms of the second question, I would not for a moment defend the Inkster public school district. I would, however, assert that the consequences of its bankruptcy were not good. The issue here is really the state's provision to the students of Inkster. This came as a great surprise to the legislature and the governor's office; people were shocked that a district could actually close. This was not foreseen when they introduced their choice policies, and they have had to scramble to make up for it.

Edison has put \$4 million into the district before they have even opened a classroom door. The kids are much better off as a consequence of their district's closing and being taken over by Edison.

**MS. JEANNE ALLEN:** How much of the growth of the EMOs or this convergence of charter and choice supporters—whether intentional or not—is a result of the opposition forces? In other words, if you are trying to understand the relationships between charter and choice, and if you want to understand why 70 percent of charters are run by EMOs versus the mom-and-pops, is it not important to look at the forces that are trying to stop these reforms from becoming reality? When you look at Milwaukee, you see that what tended to bring the choice and charter supporters together was the union's opposition to Milwaukee having charter schools. In Michigan, the MEA is one of the largest, most powerful state unions. Is this an issue in the development of choice and charter politics and how many companies may flock to a particular state over another?

**DR. PLANK:** I think that this phenomenon has more to do with the rules that the legislature has in place. Michigan is clearly on the very high end with respect to EMO participation in charter

schools. This has to do both with funding and the fact that they were not foreseen in the original legislation. There were no provisions put into the statute that would govern the conduct of EMOs. These regulations are only now emerging as part of the policy debate.

I do not think that the growth of EMOs has anything to do with the relative power of the unions. I think that EMOs actually give the unions a rhetorical platform from which to attack choice reforms.

**DR. HELEN LADD:** I would like to ask Scott about accountability. Accountability is very important for charter schools. There are many dimensions along which we could hold schools accountable, and for differing reasons. I want to mention two of these dimensions. First, you might want to use accountability in an instrumental way to try to help these schools improve as they go forward. You could have an outside evaluative team come in and report to those within the school on any possible deficiencies. We would then be sending signals to parents that would put pressure on the schools.

The second dimension of accountability in the charter school movement has to do explicitly with the renewal process. In my view, this second phase is very complicated. As an example, what happens if a school is doing well in terms of state tests, but the way it was able to do this was by moving away from its original mission and the methods it was planning to use as they set up the school? If this is the case, the school was not fully accountable to its charter. You could easily have the reverse situation: a school is not doing particularly well on the state test but is fully consistent with what is in its charter. How should a state think about the renewal issue?

**DR. HAMILTON:** When I started my job in Massachusetts in 1996, I thought that renewal was the key moment in terms of accountability. I thought that by focusing on renewal, the instrumental part of accountability would take care of itself; we would demonstrate that you can and should close down bad schools.

In Massachusetts we have learned, however, that in political reality you cannot look at test results, send in an inspection team, and decide in the fourth year of a school's existence whether to

renew its charter. If you decide that you do not have grounds to renew the charter, the school will claim that it did not have proper notice that problems existed. Parent after parent who loved the school—even if it was performing badly—will come before the renewal board to insist that the school be kept open.

The Board of Education in Massachusetts is fairly strong, but in the face of pressures like this, it weakens immediately. It would much rather say yes, we will keep the school open another year, we will give you time to remediate, to make your corrections. I had a difficult time trying to get the Board of Education to close down a particular school that did not even have any students in it. This school had collapsed administratively and was terrible in terms of academics. The Board simply does not want to say no.

There was the sense that perhaps we ought to be sending in an inspection team in the second or third year. We started running daylong site visits to send a message to schools that we are tracking their progress, and we have found that you have to follow the schools closely, document everything, and put the schools on notice if you think that they are performing inadequately. If you do this, decisions are much easier once you get to the renewal point.

I have always been hard-nosed in my approach to evaluating schools in Massachusetts. If a school is not surpassing the district in terms of academic performance, then what is the point? If this is the case, we ought to give the charter to someone else. In Boston, City on a Hill Charter School seems to be a fine school, but its academic results are mediocre. Caroline Hoxby's initial study showed that there were no differences in academic performance between the City on a Hill students and the students from corresponding district schools.

I do, however, think that the Board of Education made the right decision in not revoking City on a Hill's charter. My approach has certainly changed with experience. I think our standards need to remain high, but if the parents are happy and the school is doing at least as well as the district schools, we ought to let it keep the charter.

**DR. FINN:** The federal study says that 59 charter schools around America have either closed or been closed. How many of these were in Massachusetts?



**DR. HAMILTON:** One charter school was closed in our state. It turned in its charter the day before the Board was set to vote on revocation. Additionally, 14 schools have had their charters renewed, out of the 14 that sought renewal.

There are several schools soon due for renewal that are not at district performance levels; they are significantly below these levels. They ought to have their charters revoked, and I will be disappointed if the Board of Education cannot muster the strength to do so.

**DR. PAUL HILL:** I have a question for Ms. Kearns-Jordan. You said that people in favor of a private voucher system are also favoring charter schools. Does this represent the learning on their part that there is a supply-side problem, and does this mean that they are going to become invested in this view?

**MS. KEARNS-JORDAN:** I would describe it more as a shifting of interest than a learning per se. I think that this particular group thinks that the supply side could work in a straight voucher program as well. There are similar problems in starting up a voucher school or a charter school. It has to do with operations and capital funding more than it has to do with the actual governing structure.

**DR. DIANE RAVITCH:** I thought Bryan Hassel's paper was really well done and has a very strong narrative. It reads like a well-told story, but the one thing I was not convinced about was the interaction between charters and vouchers. You convinced me, for example, that in Milwaukee and Cleveland—where there were already voucher programs—voucher advocates would support charter reforms. I was not convinced of the reverse—that people in an area with a charter law would support vouchers.

It seems to me that one could reasonably conclude, based on the national picture, that charter legislation takes the wind out of the sails of voucher advocacy. What is your reaction to this?

**DR. HASSEL:** In Cleveland, for example, I would not say that the charter people are very supportive of vouchers. I am not arguing that there is an inexorable law that this coalition will be formed. In fact, I think it extraordinary that this coalition did form in Milwaukee.

It is becoming common for voucher advocates to support charter schools for a variety of reasons. In Milwaukee and Cleveland, there are court challenges that might actually end voucher programs at some point, and that makes voucher proponents more interested in charter schools.

I also do not want to suggest that the Milwaukee coalition will always remain intact. It could be that charter schools are a junior partner in a coalition at this point. There are many more voucher students than charter school students in this city, and they have been around for a longer period of time. It could easily turn out that charters, as they develop their own constituency, will begin to assert their own interests, separate from those of the voucher program. It remains to be seen.

**DR. RAVITCH:** Do charters drain support from voucher advocacy if the charters come before the voucher program? We have almost 40 states with charter laws, but only three voucher programs anywhere.

**DR. HASSEL:** It is difficult to say. The public opinion data that I cited suggest that if you form a coalition, it will have to be with the charters-only demographic. This case seems to forestall a voucher program that would have been implemented otherwise. It seems that if there were no charter possibility, people who support charters would not simply switch to supporting vouchers; they would support conventional district reform.

**DR. BRUNO V. MANNO:** It seems that if you get higher reimbursement for charters than you do for vouchers, over time charters are going to begin to dominate for purely economic reasons. You will therefore have many more people associated in one way or another with charters; that will build a political constituency more in favor of charters and perhaps less in favor of vouchers. Will anyone comment on this?

**DR. HASSEL:** That is another key difference between Milwaukee and Cleveland. In Milwaukee, the voucher and charter reimbursements are not the same, but they are very close. As an “education entrepreneur,” you have several viable options. In Cleveland, however, you receive \$2,500 per voucher and \$6,000 as a charter school student. It is a huge difference, and it is a very important policy design issue.

**DR. PAUL TESKE:** My comments build on the question that Helen Ladd asked. I was wondering if the panel would address the role of the authorizer in the process. Scott Hamilton's paper describes what he did in a position with responsibilities on the accountability front. In Michigan, many—though not all—of these schools are authorized by a university, and you have a particular set of problems. Bryan Hassel has done extensive research into how various authorizers have been involved in the process. Would the panel comment on the authorization process and the role of the authorizer?

**DR. PLANK:** In Michigan, 150 of 173 charter schools are chartered by universities. The great advantage of this is that they are independent of their local school district and not beholden to the elected school board.

The disadvantage—which diminishes over time—is that universities are not typically in the business of authorizing schools and are only now learning how to do it. Some universities have taken the job much more seriously and have done a much better job than others. All of them, however, with increasing legislative scrutiny will tighten up their role: the important role that they play in the charter school system.

**DR. HAMILTON:** If you think that universities are bad at authorizing charters, you ought to take a look at what districts are doing. They are either neglecting charter schools altogether or, worse, are treating them just like regular district schools and heading toward the compliance model.

States are struggling as authorizers, as well. That is more of a political challenge, however. I am not certain whether separate charter boards would do a better job than regular state boards of education, but my suspicion is that they would.

When I talk about building capacity for market forces among education consumers, I am really talking about building capacity for charter authorizers to think about accountability in terms of results and the systems that will optimize results.

**DR. HILL:** The difference between special-purpose charter authorizers and other agencies that have roles besides chartering is like the difference between night and day. Special-purpose

charter authorizers understand that their reputations depend on how well they oversee and commission these things. They behave in a completely different fashion from that of school districts that want to assimilate any new model of school into something that is familiar to them. They tend to ignore the parts of the chartering relationship that are unfamiliar.

**DR. FINN:** When you talk about special-purpose authorizers, are you talking about organizations such as the D.C. Charter Board and the Arizona Statewide Charter Board?

**DR. HILL:** Yes, and also university-based organizations that stand on their own.

**DR. TESKE:** In thinking about the relationship between charters and vouchers, I was thinking seriously about John Brandl's point this morning about the theories that stand behind these various initiatives. The obvious difference between the reforms is that vouchers are private and charters are public schools, and it seems that that may be the most important political perception.

As we talk about these issues, it seems that the critical differences between the two, apart from funding, are contained in the accountability aspect. Charter schools are perceived as public schools and are seen as being more accountable. Voucher systems could be set up in different ways that would make them responsive to at least minimal public oversight, in addition to consumer sovereignty.

I also wonder how important the selection mechanism is in terms of these various case studies. We know that the charters, unlike the private schools, are often subject to a lottery for admissions. There have been accusations that problem children can be counseled out of charter schools.

Are accountability and selection the critical differences between these initiatives, and do they have any impact on public perception in your view of the relative advantages of charters or vouchers?

**DR. HASSEL:** They do have an effect on public opinion as evidenced by the information that I presented. People who have concerns about the issues you raised—such as turning away hard-to-teach kids—are more likely to support charters over vouchers.

On the ground level, however, things look very different.

The charter and choice programs that exist are not theoretical ideals. Each program has a specific program design. In Milwaukee, the charter schools can accept any student from the city of Milwaukee, but the voucher schools can only accept low-income children. The actual voucher program in Milwaukee is more restrictive and targeted than the charter program. The voucher program in Milwaukee selects by lottery, which is also true of the charter program. There are, however, many charter states around the country where schools are not required to do a lottery; they can admit students on a first-come, first-serve basis.

The details of program design on the ground level are very important, and the same thing goes for accountability. There are some charter schools that do not have any accountability provisions on them, and it is possible to imagine a voucher program where there are many accountability measures built into being certified as a voucher school.

**DR. FREDERICK HESS:** I have two questions. The first is directed to Bryan Hassel. You made the point about the interplay between the voucher and the charter coalitions, but there is evidence in Arizona that the charter law has taken some of the steam out of the push for vouchers. Are parts falling off the coalition? There are people who have various rationales for pursuing vouchers, and some of the more pragmatic centrists end up getting peeled off because they were simply invested in charters.

My point is that these coalitions are not a universal axiom. It could easily go the other way: you could lower people's concerns about school choice. There seems to be a back-and-forth interplay.

My second question concerns EMOs. The EMOs bring the equity markets into play. With these businesses, you can now tap into large pools of cash, in the absence of which you can only depend on those intrinsically motivated teachers whom Kristin Kearns-Jordan was talking about—the motivated teachers who will go out and gather together grants. At some point, presumably, you run out of this type of benevolent funding.

How is this going to play out in Michigan or in Massachusetts? How do you balance concerns about bad PR that follows

EMOs, with the need to maintain this market capitalization?

**MR. DAVID CAMPBELL:** Edison and other companies have been quite successful in mobilizing substantial amounts of private capital to fund their expansion. I think that Paul Hill's point is still germane, however. Serious doubts remain about whether these companies have a strategy for making money in the long term. They are not going to be able to continue raising equity capital unless at some point they can show a plan for being profitable.

This is certainly grounds for concern. How are they going to become profitable? None of the EMOs has become profitable at this point.

**DR. HAMILTON:** I believe that there are some management companies that have become profitable: Edison is not among them. Our concern in Massachusetts was not initially about the profitability of these companies, and I do not think that will change until we need to make decisions about our school systems in the face of EMO bankruptcy. If you are focused on results, you do not care whether the school-bus companies are making money or if the Edison Project is making money. You care only about what is happening in terms of academic gains with your students.

In Massachusetts, we are experiencing the "Henny Penny" effect: when these for-profit companies moved in, people were decrying the end of public education in Massachusetts. That end has yet to come. The schools are doing okay; some of them are doing really well while others are struggling, but the sky has not fallen.

**MR. BEN WILDAVSKY:** One big movement in traditional public education is the standards and accountability movement. Tests for high school graduation are becoming increasingly common. In a number of places, there are now tests for promotion from grade to grade at certain key levels. To what extent are these requirements being imposed on charter or voucher schools, and to the extent that they are not, does that create a political problem for proponents of vouchers and charters? Does this create a double standard? Can you consistently say that a student has to pass a test to graduate from a traditional public high school, but not if he is going to graduate from a voucher or charter school?

**DR. FINN:** Are choice schools circumventing state account-

ability systems?

**DR. PLANK:** To my knowledge, there are very few charter schools in America that are not being held to exactly the same standards as all the public schools in their state, including having to take new state tests aligned with new state standards. I do not believe that voucher schools are being held to that same standard. That might become a problem, but if they are still using norm-referenced tests that are commercially available, they can probably avoid it.

**DR. FINN:** Are the Cleveland private schools taking the Ohio state tests?

**DR. HASSEL:** Yes, they take the tests in Ohio, but there is no requirement that they use state tests in determining promotion to different grade levels.

**DR. HAMILTON:** As long as the results are made public in an easily accessible way, I think that is fine. My main concern, as we have seen in Massachusetts, is that some state standards are so detailed and prescriptive that it starts to infringe on the school's latitude. I would like to see state standards that are high but basic in their expectations, and not overly detailed and prescriptive.

**MS. KEARNS-JORDAN:** Charters in New York must take the state Regents exam.

**DR. PLANK:** The same is true of Michigan: the charters take the same state tests.





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## Effects of Vouchers on Students and Families: The Latest Results

Moderator:

**Charles Glenn**, *Boston University*

Panelists:

**William G. Howell**, *Stanford University*

**Paul E. Peterson**, *Harvard University*:

“School Choice in Dayton, Ohio: An Evaluation after One Year”

**Patrick J. Wolf**, *Georgetown University*

**William G. Howell**, *Stanford University*

**Paul E. Peterson**, *Harvard University*:

“School Choice in Washington, D.C.: An Evaluation After One Year”

Discussant:

**Caroline Minter Hoxby**, *Harvard University*

**DR. CHARLES GLENN:** Our two panelists this afternoon are Patrick Wolf and Bill Howell, who are going to talk about the cases of Dayton, Ohio, and Washington, D.C., respectively. Dr. Caroline Hoxby will respond for about 15 minutes, and then we will have time for your questions. It is my pleasure to present Patrick Wolf.

**DR. PATRICK J. WOLF:** Dr. Howell and I are going to be talking about the scholarships awarded through lotteries to poor inner-city families that allow them to attend private schools and our evaluations of two of those programs, in Washington, D.C., and Dayton. As mentioned, these are sister studies and because some of the scholars participating in them are involved in both studies, we are going to give one presentation that presents both sets of results. We will then open the floor for questions. To repeat, the papers are separate, but the presentation is integrated to prevent repetition.

There are three major scholarship programs currently operating in the United States: in Washington, D.C., Dayton, Ohio, and New York City. Our two studies are random samplings of the programs in Washington, D.C., and Dayton. These two programs are neither the smallest overall—which is Florida’s program—nor are they the largest—which is the nationwide Children’s Scholarship Fund. They do, however, yield enough participants for us to have been able to assess the impact of these scholarships on students and families.

The design of the study is a randomized field trial: we invite a group of families who are similarly interested in switching from public to private schools for baseline testing; then a lottery is held to allocate the scholarships to a portion of that group. It is a totally random assignment of scholarships. This creates a situation where we have a group of people who are exposed to the treatment—those who actually attend private schools using the scholarships—and a control group that does not differ from the treatment group in any other relevant aspect.

This design is similar to that of drug trials: two groups are assigned randomly; one group receives the experimental drug while the other group receives a placebo. After a period of time, you bring them back and gauge the health gains that they have obtained by exposure to the treatment. This design allows us to compare apples with apples. We are eliminating the self-selection problem that casts doubt upon so many education studies that compare public and private schools.

In the spring of 1998, the families were brought in for baseline testing and surveying. The lottery was held that April, and approximately a thousand children were offered scholarships. Inner-city poor kids in Washington, D.C., all families below 200 percent of the poverty level, were offered scholarships. They started in their new schools in September 1998 and were brought in for testing over the course of that academic year.

We had to hold another lottery and award more scholarships to entice members of the control group to come in for testing, and it was actually six or seven months that these students were in the program. The program did not last for a full year.

We brought in nearly 2,000 students at baseline in D.C. and about 1,200 kids in Dayton at baseline. After a year, we brought in nearly 1,500 of the D.C. kids and about 690 of the Dayton kids.

The question of creaming was brought up earlier. There is the contention that private schools outperform public schools because they benefit from having an “elite” group of students in their school. Here we see that the students who actually used the scholarship differ only slightly in terms of their abilities from those who were offered a scholarship and declined to use it. (We call the second group “the decliners”; the first group is referred to as “the takers.”) All the students who were offered the scholarship were in the treatment group, but not all of them were willing or able to accept the scholarship to attend a private school.

We found that the differences in test scores were rather modest. In general, the D.C. students who took the scholarship to attend the school scored slightly higher on baseline testing. That is the “2 percent milk”—hardly “creaming”—that we get off the top.

In Dayton, the results were somewhat different. In reading, the students who took the scholarships were slightly better in ability, but in terms of math scores, the students who declined the scholarship actually performed slightly better at baseline. When you add it all up, these differences are not statistically significant, and substantively they are quite modest. There is no evidence of creaming.

We also want to think about special-needs students. There exists the contention that private schools will prevent difficult-to-educate students from attending. Some say that these schools are not interested in trying to educate difficult-to-educate students, because they want to generate positive test scores for their school.

We asked parents if their children had any special needs—in particular, a learning disability, difficulty understanding English, or a physical disability. In our D.C. experiment, about 9 percent of our treatment group had learning disabilities and took the scholarships to attend private schools despite the fact that these schools would not have as many programs and resources dedicated specifically to them. Thirteen percent of the decliner group described their children as having special needs and did not make the switch.

The group that had difficulty understanding English and the group with physical disabilities actually made up a larger proportion of the treatment group relative to the decliner group. These types of disabilities certainly did not hold back families from making the switch to private schools.

In Dayton, again the group with learning disabilities was somewhat greater in proportion among the decliners. These slight effects are similar across the board but are not statistically significant. The effects were similar with those who had difficulty understanding English and those with physical disabilities.

When comparing average family incomes, we have a difference between the two cities. There is certainly some economic creaming occurring in Washington, D.C. The \$2,000 a year in family-income difference is statistically significant between the takers and the decliners.

In Dayton, however, we see the reverse. In this city, there is also a \$2,000 gap, but in this case, the decliners actually have the slightly higher family income on average.

We see substantively small effects in the area of average years of education. The mother's education is a very important variable, and there is some evidence that the slightly more advantaged members of this generally disadvantaged population were somewhat more likely to avail themselves of the scholarships for their children and actually have them attend private schools.

We must also consider how parents decide where to send their kids. How do low-income inner-city parents decide where to send their kids to school if they are given that option? The number-one criterion that parents say they use in making that choice is academic quality: the perceived quality of the school. The results on academic quality are similar for D.C. and Dayton.

Religious instruction is very important, though somewhat more important in Dayton than in D.C. Discipline is also important to these parents. Teacher quality is very important in Dayton and somewhat less so in Washington, D.C.

There are other interesting differences between Dayton and D.C. Class size was more important in D.C. than in Dayton, and location was significantly more important in D.C. than in Dayton.

What are the admittance rates to the school that the scholarship recipients want to attend? We found that having a scholarship makes a big difference in whether a child is admitted to a preferred school. Here we are making a comparison between the treatment group and the control group in the two cities. In Washington, the difference is about 18 percent. The children offered a scholarship were much more likely to gain admission to a preferred school. In Dayton, the effect is even more dramatic: we found a 34 percent difference in the proportion of students who gain admission to a preferred school.

What happens to those who do not gain admission to a preferred school? Why did they not get access to the school they wanted? The overriding reason is lack of finances. These scholarships amounted to between \$1,200 and \$1,700, depending on the income level of the family; a sliding scale is used. The scholarships cover roughly half the tuition at the school, requiring a significant family contribution. Fourteen percent of the students offered a scholarship said that they did not gain admission to the school they wanted because of the cost of the school. That is half the proportion of children not offered a scholarship who said they did not get into a preferred school because of money. The scholarship had the effect of cutting in half that financial barrier of entry to a preferred school.

Some issues raised by voucher critics about how private schools will exclude students they do not want to educate are not borne out by these data. Less than 1 percent of the students were turned away from a preferred school because they failed an admissions exam, and less than 1 percent were turned away because they were not affiliated with the religion that the church was supported by.

In Dayton, the differences are even more extreme. About 14 percent of the students offered a scholarship were not admitted to a desired school because of financial considerations. Compare this with 44 percent of those not offered a scholarship who said that economic factors were a barrier to gaining entry to a preferred school. Scholarships cut the economic barrier by two-thirds in Dayton.

Additionally, the Dayton private schools are not using entrance exams to exclude any significant number of students, and religious affiliation is not a significant excluding principle, either.

What are the facilities like in the private and public schools that these students are attending? We found few differences between the treatment and the control group in D.C. The control group in the public schools is much more likely to have a nurse's office in their school, and they are somewhat more likely to have a computer lab. The children who use the scholarship to go to a private school are more likely to have an after-school program and individualized tutors.

In Dayton, the results were slightly different. The nurse's offices are more prevalent in the public schools. It is the private schools, however, that are more likely to have computer labs. Similarly, the private schools are more likely to have individualized tutors and after-school programs. The public schools are more likely to have child counselors in Dayton.

Next, we looked at parental evaluation of their children's schools. Parental satisfaction is not everything, but we believe that it is something to be considered. We asked parents what grade they would give their schools and found that the proportion of parents who would give their schools an A in the treatment group is dramatically greater than the proportion of parents in the control group: 46 percent as opposed to 15 percent.

It is important to recall that the entire population participating in this study wanted out of the D.C. public schools; we are starting with a group that is already disillusioned with the public school system. That probably explains why so few of them would give public schools an A.

Fortunately, Chester Finn ran a randomized telephone survey of all public school parents in Dayton that gives us a benchmark. We can now see how the average public school parent in Dayton evaluates his school relative to the members of the treatment group who use a scholarship to attend private schools. We found that the average Dayton public school parent is about three times more likely to give his public school an A than the average Dayton parent who is participating in the study but whose kids remain in the public school.

We found, however, that the average parent participating in the treatment group is still twice as likely to assign an A to the school that his kid is attending as the average parent in the Dayton public schools is. The fact that we have a specialized population explains some, but not all, of the gap between the proportion of parents who give their school an A.

We then asked a series of questions about specific aspects of the school environment. We found much greater satisfaction among the parents who were able to use a scholarship across the board. With parents who said they were very satisfied with particular aspects of their child's school, the differences were generally on a magnitude of two or three to one. Parents in the treatment group were 200 to 300 percent more likely to describe themselves as very satisfied with these factors: "what is taught," "safety," "teacher-parent relations," "teacher skills," "school discipline," and "academic program."

To continue with the Washington, D.C., statistics, we see that "location" does not have quite as large an effect. "Student respect for teachers" has a big effect, as does "teacher respect for students." The "moral values" factor has a big effect. "Clarity of school goals" and "parental involvement" have very large effects, and "class size" has a huge effect: parents are four times as likely to say that they are very satisfied with that aspect if their children are attending a voucher school. Finally, despite the fact that most of these private schools do not have a lot of bells and whistles, the parents still are very satisfied with the modest school facility that these private schools provide.

In Dayton, we benefited from the benchmark provided by the randomized telephone poll of Dayton, but we still found big differences between the satisfaction levels of the parents who used the scholarships to switch to private schools relative to the control group who remained in the public schools. We found differences on the order of three to one. We found huge gaps in terms of "class size," "academic quality," "school safety," "parental involvement," and "what is taught."

I will now turn the floor over to William Howell.

**DR. WILLIAM G. HOWELL:** It is important to note that saying that there are big differences in the satisfaction levels between

public and private school parents does not suggest that the people who are currently in public schools are unsatisfied. We are only looking at the percentage of people who claimed to be very satisfied. If you drop down a bit, the difference is quite attenuated. People who are currently in public schools are not giving their schools Fs; the average school grade in both cities is about a B-.

One concern with regard to the “creaming” argument that Patrick was addressing is that it can occur over the course of the school year, not just at the point of admittance. The bottom line, according to our studies, is that there is not a whole lot of school mobility within a given school year or from one year to the next. The two groups are roughly comparable. The reason that parents give for changing schools usually has to do with the quality of the school, or the fact that they have found some preferable alternative, or that they are moving away from their current school. It is not that their children are being asked not to return or that they were being expelled from the schools.

In looking at class sizes, we found that they are generally smaller in the private schools in both cities. In looking at disciplinary issues, we discovered that the public and private sectors place different emphasis on what kinds of rules they want to impose in order to maintain discipline. Private schools in both cities are more likely to impose dress codes and uniform requirements, whereas public schools are more likely to require visitors to sign in and students to get hall passes when they leave class.

To follow up on that, we made a remarkable discovery when looking at the factor of “incidents of serious problems.” There is a percentage of parents who say that fighting, tardiness, cheating, destruction of property, and truancy are very serious problems in their schools. You can see marked differences between the two sectors across the board, such that public school parents are much more likely to say that these factors are big problems. When you look at the Dayton statistics, the differences are even more marked.

“Levels of communication” in the private schools are somewhat higher, according to parents across the board. Communication refers to receiving newsletters, grade information, and so on. Again, this trend holds for both cities.



There are no significant differences in terms of how involved parents are in the two groups. It could be that in having applied for the voucher, they have already distinguished themselves as being more involved, and there is not much more value added by actually attending a private school. This is true in both cities.

Now we will take a look at test scores, beginning with Dayton. For non-African-American students, we found a slight dip, but this finding is based on only about 75 kids, and the differences are not statistically significant.

For African-Americans, you see a gain in reading (about seven points) and a gain of about five points in math. These numbers approach—but do not quite reach—the threshold of statistical significance.

We wanted to obtain a perspective on the value of this slight increase in test scores, so we held focus groups where we sat down with parents in both groups and tried to get a handle on what their considerations were in their evaluations of their schools. We also looked at concerns that they had and reasons for their attributing successes to particular factors. One mother in a private school said, “Everything is at a higher level of expectation in private schools. This is even in terms of expectations of parents. Some private schools require the parent to come to the school one week a year and volunteer.”

A mother in Dayton suggested that it had nothing to do with “good kids”; for her, it was just different when you walked through the doors of the private schools. She said that “when you see everybody else walking in a straight line, you realize that you are walking crooked, and you change.”

In D.C., the test-score results are somewhat more nuanced. The dividing line here was not along racial lines, but rather between younger and older kids. When you look at the younger children, you see about a 7-point gain in math—which is highly significant—and about a 2.4-point gain in reading—which is not so significant.

The story is somewhat different with the older kids. There is a slight bump up in the math scores—which is not significant—and a major drop in reading, of about eight points. We have ex-

plored this drop and consider it an important finding. It will be interesting to see whether this trend holds over time. One thing that we believe is happening here is that kids who are transitioning for the first time from public schools to private schools in middle school are having a difficult time of it. There are new problems that are presented when you are transitioning in sixth, seventh, or eighth grade that do not present themselves when you are in second, third, or fourth grade.

If we take the treatment group and divide it into older kids and younger kids, you see that, whereas only about 5 percent of parents said that their younger children had been suspended during the past year, fully 20 percent of the older kids had been suspended. Similarly, when you survey the children themselves you see marked differences. Whereas a solid majority of the younger children are likely to say of their schools, “I like my school a lot,” “Students are proud to attend my school,” “Students get along well with my teachers,” and “I would give my school the grade of an A,” these numbers are significantly lower for the middle-school kids.

It will be interesting to see whether this is something that will extend over time, or if this represents only an initial bump. It is entirely possible that the introduction of vouchers for middle-school kids does not make much difference and that it may, in some cases, even hurt the children.

**DR. CAROLINE MINTER HOXBY:** These are very good papers, and I think that an excellent job was done of covering almost all the types of questions that people might raise. The researchers made attempts to answer those questions and to get data—sometimes making extraordinary efforts, such as conducting the random survey of Dayton public school parents—so that they were certain of having a good group with which to compare the voucher school students.

Therefore, what I am going to try to do today is show you the big picture about what makes these studies good and the ways that we should think about these studies in the larger context of the debate on education reform in America.

The first important point is something that they have done in their studies. They have selected a random control group very

carefully. This solves many problems about unobservable differences between parents who decide that they are interested in a voucher program and parents who decide that they are not interested in applying to a voucher program. If we are worried about parents who are inactive in the public schools, this one element of the evaluation solves that problem.

The second thing that they have done is to establish a baseline for students who apply. They have moved toward the so-called gold standard over time in these studies. I remember the very first evaluation that they did (Milwaukee), where they did not control the way that the data had been collected. They have vastly improved the data collection over time. It is important to take account of how much progress they have made in establishing the best way to conduct a study.

They established a baseline for the students who apply in terms of achievement and in terms of the behaviors of the student. They have asked parents about the behaviors of their students in the baseline. This is the key time to pick up all the demographic information that you need on parents who have applied to the program. You must find out about the parents' home habits; for example, you must discover how much homework the children do. You must find out how satisfied parents are with their current schools. These are important things to understand because these parents are not going to be ordinary parents. You should be comparing their attitudes over time with the levels of satisfaction they had at the beginning of the survey.

It is important to understand parents' reasons for applying because although parents consistently say that they are interested in sending their children to better schools for academic reasons, there is always doubt about whether that is, in fact, true.

A good description of the current school should also be a part of the baseline. This is something that we need to do more in future studies. We need to understand not just why the parents say that they are leaving, but what sorts of classrooms the children were in before they left. Were they in a class that was too large? Were they in a situation with a bad teacher over the past few years?

What triggered the departure? What specific events or specific types of problems in public schools made them want to leave?

Part of the goal here is to provide information to the public schools about what makes parents dissatisfied. Knowing that they *are* dissatisfied is not as helpful as knowing what specific events and specific situations in the schools caused their dissatisfaction.

Patrick and Bill did not talk about this in their presentation, but they have estimated both “treatment effects” and “intention to treat effects.” What is the difference between these two things? The treatment effect is the effect in terms of achievement, parental satisfaction, and so forth on children who actually go to the voucher schools. Intention to treat is the effect on the child that was assigned a voucher but may have decided to stay in the public school. These are both worthwhile things to learn about, because as long as we have charters and vouchers that are only available experimentally or to a minority of kids, it is not clear that we are very concerned about students who get a voucher but decide not to take it because they think that their current situation is better than switching to a given voucher school.

If we move to a full-scale program, however, where people do not always have the backup situation of a regular public school, we would be concerned about having both these types of estimates.

These researchers also do a very good job of examining attrition—who leaves the voucher schools as well as their destination. It is important to keep track of their destination: Are they going back to the public schools or are they going on to a different private school?

Additionally, they keep track of achievement longitudinally, in other words, on a follow-up basis. I would hope that we will continue to follow these students so that we can see some long-term outcomes, such as college attendance.

I have found in my research that many effects that are small after one year become more statistically significant after two, three, or even four years. I think that they are quite daring to release one-year results.

Finally, there was one thing that they did not talk a great deal about in the presentation that is in the paper, and that is the effect

of the program on the peers of both the school choice students and the public school students. This is important for understanding what happens when a voucher program is created in terms of making the schools more or less integrated. Is the average voucher student's experience in a more integrated or a less integrated school? What is the effect of the voucher program on the integration of the public schools and the students who are left behind? In researching this question, you want to look at racial variables, but you also want to look at things such as disability and achievement.

There are two major problems with what I described as "gold standard" evaluations. The first one is that their ability to discern effects for heterogeneous groups is very weak, simply because they have a small number of people in the study. For example, if the effect of going to a voucher school is different for students who start with a learning disability from what it is for other students, it will be difficult to tell. These are simply not very large experiments.

The second major problem is that there are many interesting questions that people have raised that cannot be answered through experiments. These questions can only be answered by examining a full-scale, long-term program where everyone—both the parents and the schools—really believes that it is there to stay. The schools must be willing to build extra classrooms, and parents must be willing to send their children to the school and believe that it will still be there in four years. We will not learn about any of these effects until we move to full-scale programs.

For a moment, let us step away from the concerns that we attach to these issues because of our use of the words "charters," "vouchers," and "schools." I am going to translate everything for a moment into "training programs." The U.S. government and many state governments sponsor training programs and give people vouchers to attend them. Some training programs are run by the state.

Let us substitute "government-sponsored training program" for "vouchers" or "charter schools," and substitute "no training" for "regular public school." We will also substitute "per-trainee expenditure" for "vouchers," and we will reread the studies with these new terms in place.

I ran through the different evaluations and found that at

approximately \$2,200 a year, these are relatively inexpensive training programs. In fact, these programs are a lot like the other training programs that we have in the United States on this per-day or per-week basis.

Let us translate these numbers into something that would be meaningful for “trainees.” As far as I could discern, the average gain in reading was about three national percentile points. It was about six points in math. I have to use something to translate these scores into wages, so I will use a nationally representative study, the National Longitudinal Survey of Youth. It will enable us to see how percentile gains in test scores translate into terms of wages later in life. We see that these test-score gains will result in a 10 to 15 percent wage gain.

This is the highest benefit cost ratio that I was able to find. I compared this ratio with a Department of Labor write-up on all the training programs sponsored over the past 30 years, taking their cost-benefit ratios to be correct, and this ratio was the highest.

There are a few reasons that this training-program analogy is worthwhile. One reason is that the gold standard for a training program is the same for a voucher study. All the things you do in a good voucher or charter school evaluation—randomized samplings, baseline establishment, longitudinal studies, statistics on attrition—you also do in a study of training programs.

Who selects into a training program? As with voucher programs, we see that it is not the most dysfunctional people. We worry about the departure of voucher seekers from schools because they are not the most dysfunctional students. But do we worry about the departure of the more capable poor unemployed people from the peer group of the unemployed? Rarely, if ever.

People worry that voucher participants might be choosing private schools for the wrong reasons. Participants in the training programs we have described might choose training for the wrong reasons, too.

I care about this translation because despite their similarities, training programs and voucher reforms are treated very differently. All the issues listed above arise in training evaluations but tend to be considered unimportant. Additionally, any training pro-

gram that has a statistically significant positive effect is generally considered a win.

In the voucher debate, the emphasis on wins versus losses is different. For example, the most recent randomized training evaluation covers six counties in California. In five of the counties, there was no positive effect associated with the training programs. It was generally considered a win, however, because there were gains in one county. If this had been charters or vouchers, I do not think that we would have had the same interpretation.

If we are truly interested in the development of our young people, why is there such asymmetry in the treatment of these two different types of initiatives? I do not believe that the government should be setting different thresholds for public investments. You do not want to have some public investments that have to pay out at very high cost-benefit ratios, while others do not face this same requirement.

Additionally, schools and training programs are substitutes for each other. Kids who get out of school and cannot read will eventually end up in these training programs.

I would like to conclude by making some suggestions for future evaluations. First, there is the notion of the future gold standard. We need to face the fact that state legislatures have to start thinking beyond experiments—especially small-scale experiments. Again, this raises a set of questions that are hard to answer with the experiments that have been designed to this point.

For example, if I set the voucher at \$2,000, how will that be different from a voucher that is set at \$3,500? If the voucher is restricted to schools that fit particular criteria, how will that be different from nonrestricted vouchers? What if a voucher is larger depending on whether a school has lotteried admittance? These are questions that we find hard to fulfill with the current evaluation methods simply because they cannot vary the parameters of the experiment.

These questions are critically important to the design of large-scale voucher programs but are very difficult to research. The first question of what happens if you change the size of the voucher or the tuition payment for charter schools simply raises more ques-

tions. Would this change which students apply to given schools? Can we learn anything by looking across different evaluations and finding out which students are more likely to go? Additionally, what is the supply response of various types of schools? Do we see only Catholic schools enrolling children if the voucher is small? Do secular schools pick up more students when the voucher is larger?

What about varying the restrictions for the use of vouchers? Should we consider incorporating sibling preferences into vouchers? This is an important point because parents do not want to have their kids in different private schools. Does the current availability of schools really determine the sort of schools that you will end up with in the long run, or would there be enough entry of new schools that the current makeup of private schools does not matter?

What are the mechanisms for informing parents about their choices? Does it make a difference if you help them in the application process? If there is assistance, will you end up having fewer parents who cannot find a private school that will take their child?

Is it important to have incentives to get choice schools to participate in assessment and informing parents about issues such as statewide testing? Finally, what happens when you have to make every child in a school choose—not just the children who make the decision to leave their school? This is an issue that some intra-district choice programs have had to deal with, so it is not totally unknown territory, but on a large scale the results remain to be seen.

I encourage the researchers to address these issues in their future reports.

**DR. GLENN:** Before we open the floor for questions, I would like to make an introductory remark. In all my years of working for the state in the areas of civil rights and urban education in Massachusetts, we supported the idea that parents ought to be able to choose schools as a matter of principle. Specifically, poor parents should have the same opportunity to make decisions about their children that middle-class parents already have through residential and other choices.

We lacked convincing evidence that this was a strategy that would improve the quality of education, however. As you all know, we lacked these data because we were never able to sufficiently



discount the self-selection factor: the fact that people who choose to use nonpublic schools are not necessarily like those who do not. That is why it is wonderful that we are beginning to have a new wave of careful analysis. For the first time, it is possible for us to reach at least some tentative conclusions about the effects that private schools might have.

My one worry is that exclusive reliance on parental reporting without checking against outside sources may build in new kinds of distortions. That is one further recommendation that I might make toward a new gold standard.

**QUESTION:** There is a massive difference in parental evaluations on factors such as satisfaction with class size. How does this correlate with the actual data? Do you have data on classroom size so that we can see how much of it is the “halo effect” and how much of it is real?

My second question has to do with the middle-school transition data. What does the situation look like for students who stay in the district middle schools? Do you also see the negative trends among kids in public school simply because they are hitting adolescence, or was this unique to the private schools?

**DR. HOWELL:** We can verify whether what is being expressed in terms of parental satisfaction with school size or school facilities is just general enthusiasm with being part of a program. This is an obvious next step in our research. In some other cities, we have seen that over time parents become more discriminating about the individual factors, and the differences do not remain uniform across dimensions.

**DR. WOLF:** Regarding the middle-school adjustment, I think that it is important to make clear that we are comparing the older kids, who might be unhappy, with the younger kids. We were comparing the older kids who switched from public to private school with similarly situated older kids who remained in their public schools. Our hypothesis at this point—and subsequent years of data collection will help us test this—is that because the middle-school years are a time when social considerations and peer groups are more important, it is particularly difficult for students to make the transition to a new environment while keeping high academic

standards.

**DR. SCOTT HAMILTON:** Another explanation might be that the reason that the parents wanted to switch their children out of the school in the first place was that they were falling behind. When they switched into the private school, they fell even further behind and became frustrated. The middle-school students who stayed in public schools seem to be doing better after six or seven months than the middle-school kids who were taken out of their public schools and switched to private schools.

**DR. WOLF:** If you look in the report on D.C., you will see that whereas younger kids in private schools say lots of positive things about their new school relative to the control group, the opposite happens with the older kids. It is not just that older kids are grumpy; there is a differential grumpiness about the transition.

My own son switched from a D.C. public school to a private school in sixth grade. At that point, if anyone had interviewed me, they would have found a high degree of parental satisfaction. My wife and I were thrilled with the switch. If you had interviewed my son, however, it would have been a somewhat different story—at least for the first year. The important question is, what will happen after the first year?

**MR. ELLIOT MINCBERG:** In D.C., it makes sense to look only at African-Americans and not to aggregate them because—as you pointed out—95 percent of the students were African-American. If I am reading your numbers correctly, only 66 percent of the voucher recipients in Dayton were African-American, and almost a third were not. Would it not make sense to aggregate African-Americans and non-African-Americans together and determine what the effect is? You may find out that measured over all of them, there is not that much of a statistically significant difference in test scores.

I am not saying that it is not valid to separate them as well, but it would at least resist a complaint by someone like myself if you gave us the data that put the two groups together.

Additionally, I think there may have actually been an error in the D.C. study on the differences in the percentages of the people who gained admission to their preferred schools. At one point in

the summary, you say that 80 percent gained admission to their preferred school. Later on, it says 70 percent, and at another point it says 52 percent actually used the voucher to go to another school. I think it would be helpful to clarify those numbers in the final version of the study, as it is a key point in dispute.

The third point I want to raise has to do with causation. There is a significant difference in the class sizes for the kids who went to private schools versus the kids who remained in public schools. You did ask about the various facilities that parents thought their private and public schools had, but one thing that was not asked about was whether the schools needed significant repair. In D.C., the public schools are simply in disrepair—forget about whether they have computer labs. The question is, do these schools need substantial repair?

As you point out, the older students may have a “damping” effect because they have been placed in a new situation. There might be, however, the opposite effect for younger students, who are perhaps more enthusiastic about a transition. The latter set of factors leads me to believe that much more needs to be done to look at causation as opposed to correlation in terms of why the test scores are going up or down.

**DR. PETERSON:** There may be some numbers that are inconsistent in the report, and we will work out those problems before final publication. I think, however, that the 52 percent and the 70 percent are two completely different percentages measuring two different things. If there is some ambiguity, we will take care of it—again, before final publication.

In response to whether we should aggregate the Dayton study, the answer is that, generally speaking, in terms of social science principles, if you have heterogeneous categories you should not homogenize them; you should keep them distinct. If you have two effects that are going in the same direction, and one is a little bigger than the other, then, yes, you can aggregate them together. In fact, we did this in our Milwaukee study, only to be criticized by Alex Molnar, who said that we should not aggregate the two groups together.

**DR. HOXBY:** When you have a small, randomized control

group and treatment group, as in this study, one thing that we have to be concerned about is that because of randomness, the treatment group and the control group can differ from each other. Small differences in composition of the treatment and control group—say, one was 65 percent black and the other was only 60 percent black—that can arise randomly are problematic when you are trying to do statistical analysis and aggregate across the groups, particularly if the groups have somewhat diverse baseline figures.

There are ways to correct for this, but raw aggregation is probably not the right way to go about it. You would have to have a more structured way to control for the fact that some of them are black and some of them are white and the fact that even very small differences in the composition of the two groups could potentially matter.

I do not think that it is possible to convincingly control for race in such small groups of people. I am not that uncomfortable with the fact that they do not aggregate, largely because I do not think that I could think of a way to do it well.

**DR. WOLF:** I would like to respond to the class-size question because it has come up in the media, and one of the recommended reforms supported by many people as an alternative to school choice is mandated reductions in class size.

We decided to see whether we could make our findings go away by controlling for class size. We did this subsequent to the preparation of this paper, so it is not included in the report itself. We found that in one case, in fact, the effect grows stronger to the point that it becomes statistically significant. On the whole, however, class size has no effect. Controlling for class size has no effect on the public versus private comparison. Our findings were actually lightly perverse; that is, there is some suggestion that larger classes are better. I am not going to argue that point because our estimate of class size is an imperfect one. It is one provided by the parents rather than an actual observation.

In fact, all potential data on class size are imperfect. We either have to rely upon administrative records or on parental guesses, and I do not know which is the more accurate.

**DR. HOWELL:** I am going to try to clarify the different

proportions admitted to preferred schools. I suspect that one source of the difference is that we were using a different reference group to make certain points. The higher proportion is probably for the students who were offered a scholarship and took it. That is a slightly different group from the total treatment group, which included the decliners.

Some decliners did get into a preferred school, but a lower proportion of decliners got into a preferred school than from the treatment group. When you aggregate, you bring the proportion down for the total treatment group. That is probably the source of the discrepancy, but we will certainly recheck those numbers.

**QUESTION:** The two issues that we are looking at—the differing results and potential aggregation, and the D.C. finding that older kids are not doing as well with the vouchers as kids of younger ages—will open up a new frontier in this debate concerning the sources of variability in voucher outcomes. At this point in the debate, it is imperative to determine when exactly vouchers have a good effect, and when they do not.

I have been trying to square the “middle-school effect” with the results of earlier studies of voucher programs. The effects of the schools involved in the Student Sponsor Partnership Program in New York are positive, and the results in terms of the way kids felt about their new schools were similar to those of the D.C. and Dayton surveys. I wonder if the structure of a given school system might be an important factor in this dimension of vouchers. In D.C., it is probable that kids coming into sixth, seventh, or eighth grade are coming into K-8 schools that do not have specific mechanisms for inducting new students, whereas kids joining in the ninth grade are starting in the schools that are used to taking in kids with widely different degrees of preparation and they make provision for these students.

**DR. PETERSON:** That is a plausible point, and we are going to follow our older students as they move on to high school. We are testing and surveying ninth-graders this year.

**MS. HELEN LADD:** For small, targeted voucher programs like the ones you are talking about, I do not think that creaming is an issue at all. I think that it can become an issue as we move to

larger-scale voucher programs.

As I understand Patrick Wolf's statement about creaming, we are comparing just the takers to the decliners. I do not understand how this comparison tells us anything about creaming. If you are going to make any statement about creaming, it ought to be based on a comparison of the takers with the rest of the eligible students.

**DR. HOWELL:** The lottery worked: if you compare the treatment and control group on all the factors regarding education, there are no statistically significant differences. The randomization worked perfectly. There is no creaming between treatment and control. That is why we examine the comparison between takers and decliners. An argument often made in criticism of vouchers is that the better-situated families who are offered vouchers will take advantage of them, and the less well situated people offered vouchers will not take advantage of them. That is why we framed the question in this manner.

If you look at our study, you see that we have four groups: takers, decliners, public school controls, and private school controls. About 12 percent of the families in our study were not offered a scholarship but found a way to go private, anyway. If you break that down by income group, you see how much more severe creaming is under the status quo, and how much more severe creaming is without vouchers. The control-group families who go private are heavily clustered at the higher income levels. Granted, these are all families below 200 percent of poverty, but it is the higher income ranges where the control-group families go private. In our treatment group, they are more dispersed among various income categories. Even some of the poorest families in the treatment group found a way to supplement the voucher and get their kids into private schools.

This finding underlines an important point: whenever you are making a criticism of a policy initiative, you have to frame it in terms of "compared with what." Vouchers do not achieve an ideal whereby income is no factor in whether children end up in private as opposed to public schools. Compared with the status quo, however, vouchers bring about a significant improvement.

**MS. LADD:** What about the rest of the students who would

have been eligible for this program?

**DR. WOLF:** That question is better addressed by our study of the Edgewood School District in San Antonio. In that study, the design of the intervention is that a private group offered vouchers to every kid in the Edgewood District. Edgewood School District is a low-income school district, but there are higher-income families, and you could possibly find some creaming there. This study provides a very good test of the question that you are asking: What kinds of kids did, in fact, take advantage of a voucher that was offered to everybody? In this case, there was a low-income restriction, but there were not restrictions on other characteristics. The private schools could have simply accepted the best and the brightest.

We have test-score data for those kids from within two or three months of their having entered the private schools, and the differences between these kids and the kids who remained in the public district schools are very small. They are not statistically significant. There are, however, some areas where there was a difference. For example, there was a slight difference in family income. In fact, it was because of this study that we began talking about the “2 percent milking” phenomenon, because you cannot claim that there is no creaming at all, but it is still very small.

You could make the point that if you go to a large-scale intervention, you are going to have a lot more creaming, and that is obviously a point that is worth exploring in further studies.

**DR. GLENN:** In answering this question of larger-scale programs and the creaming issue, one ought to look at the Netherlands, where for the past 80 years they have had 100 percent choice. That is, everyone has to choose schools, and 70 percent of the children attend non-state schools. Elaborate research has been performed on this system by scholars looking at whether there have been social-class sorting factors, the kinds of reasons that parents give to choose different schools, the effect upon white flight, and a whole range of other issues. It is a vast natural experiment that has not been enough used in the discussions about these issues in the United States.

**QUESTION:** My question is directed to Dr. Hoxby. It was

helpful to see the gold-standard elements laid out, and the training-program analogy helped put this debate into a certain context.

I thought, however, that you were going somewhere else with your analogy. I thought that you were going to use the analogy as a device to discuss the relative efficacy of voucher and charter programs in raising test scores, versus things such as class-size reductions and other investments in the public schools. These other factors have been addressed with research on the recent Tennessee experiment, among other things.

Do you have any thoughts on how those comparisons might look, and whether the gold standard has been met in these cases?

**DR. HOXBY:** There are very few studies of things such as class size that meet the gold standard, although the Tennessee study that you mentioned is certainly above average. There are two things that we need to think about when we compare, for example, a class-size intervention with a voucher intervention. One is the benefits, and that is the controversial part. For class size, the question of benefits is still very controversial. The big question is whether the benefits of class size are non-zero. For vouchers, we have seen what the evidence is in terms of benefits.

The real difference is going to be in the discussion of costs. I think that it is fairly easy to be definitive about the difference in costs. Things such as class-size reduction programs tend to be expensive. If you reduce class size by 10 percent, you will have to hire 10 percent more teachers, you will have to have 10 percent more classroom space, and everything will be 10 percent more expensive.

The 10 percent reduction in class size is only two students taken away from the mean class size in the United States. A 20 percent reduction in class size—and a 20 percent increase in cost—is only a four-student reduction in class-size average. It tends to be a very expensive intervention.

Vouchers—and, for that matter, charter schools—tend to be a free intervention in the sense that they are usually taking money from some part of the public school system and putting it into another part of the public school system. The net dollar increase is usually zero.

If states that have thought about charter school programs will



take the state money that would otherwise go to a public district school and put that into a charter school, there is not necessarily any money coming out of the public system. The same is the case for privately funded vouchers. I think, however, that it is the cost side where we really understand the differences in these two types of programs.

**MR. JOHN BRANDL:** What is the treatment for the intervention? To what do we attribute the changes in kids and parents that you found? Is it the active choice reinforcing a sense of efficacy and loyalty? Or is it that there is something about private schools—perhaps there are fewer nuisance regulations? Or is there something about religious schools that allows them to better provide a nurturing environment that the public schools cannot provide? It is important that we articulate the reasons behind these measured trends before we try to confer public policy prescriptions. In truth, any one of a range of possible theories could be consistent with what you found here.

**DR. HOWELL:** We performed two different analyses in our study: one was the “intent to treat,” in which we wanted to see what the effect of simply offering a voucher to a group of people would be on a host of educational outcomes. The second was the effect of actually going private.

The next step is to look at the differential effects across different populations. We will break down the groups by grade level, race, and other variables. The third step will be to actually attribute these gains and losses: Are the gains due to school size? Are they a function of a school’s religious affiliation or a sense of mission? We have not looked at these issues yet but are clearly headed in that direction. To the extent that we want to draw lessons from these findings, it is important that we begin to get a handle on what the causal mechanism is.

**QUESTION:** Was there any consideration in your study put toward the effect of educational content? There is a serious void in the amount of research available about middle-school curriculum, and that goes for private schools as well as public schools. Are the curriculum-content issues sparking the departure of students from the public schools?

**DR. WOLF:** As William outlined, there is a bit of a “black

box” nature to our analysis at first. This is because we have not yet reached the point where VOUCHERS ON BALANCE HELP KIDS is as catchy a headline as MAN BITES DOG. I was at a forum a few weeks ago where Sandra Feldman claimed that there was no evidence that vouchers have ever worked anywhere that they have been tried. As long as there is a significant body of policy makers and people at large who do not even accept the positive findings at the end of the black box, there is still a need for more empirical studies.

Ultimately, we would like to know the exact causal mechanism, but it is going to be difficult to tease out. It could be a convergence of factors. Referring to Caroline Minter Hoxby’s point about the different standard that voucher research is held to: in drug trials, they do not bother to discern exactly why a particular drug makes people better. If the randomized experiment demonstrates that it does and there are no negative effects, the FDA signs off and the drug is approved.

At times, you might think that it would be unethical to withhold an effective drug from the market until you find out precisely and exactly how it works, but maybe vouchers should be held to a different standard. I think that is an open question.

**QUESTION:** What was the result in aggregate on intention to treat versus controls in Dayton? I do not accept the notion that you should not look at that. Why would you expect more value-added for one race than for the other *a priori*?

**DR. PETERSON:** In answer to your question, the finding on intention to treat versus controls was slightly less in both reading and math. I’ve forgotten the exact numbers; they are in the paper. You cannot, however, find an effective actual treatment unless you have an effective intention to treat, given the way we model effective treatment, because we do it through two stages. Unless you get a significant effect at stage one, you are never going to find it at stage two.

It is an interesting issue. If you think that the intervention cannot be modified in order to get a higher take-up rate, then you get very interested in the intention-to-treat effect. If you think that the intervention could be easily modified to get a higher take-up

rate, then you are more interested in the actual effect.

For example, think about pharmaceuticals on the market. If half the people are not taking the pill, but the pill is very efficacious for those who do, then you have to explain to people that this is a very efficacious pill. You will get more people to use the pill, though not everybody.

The same thing is true here. You can up the size of the voucher, you can advertise it more, and you can communicate the effects of the program. The difference between intention to treat and actual treatment is driven by the take-up rate. The basic underlying answer is that it is always a bit less.

**QUESTION:** If you look at who actually is responding to the survey, you have a sentence in the Dayton paper—I do not see the equivalent sentence in the Washington paper, so perhaps that study is different—that says that scholarship recipients were required to participate in the evaluation in order to retain their scholarships for another year. How much can we trust their responses? Did they understand fully that what they said did not actually matter in terms of their ability to retain the scholarship? The only thing that mattered was their participation. Did this potential ambiguity provide an incentive for parents to say that they preferred a particular program?

I do not see the same disclaimer in the Washington study, so I assume that it did not work the same way. However, is it still possible that you are losing the parents who are less excited about the program? These are two slightly different focuses, but the basic question is, did people give responses that they thought—incorrectly—that you wanted to hear in order to keep their kids in the program?

**DR. HOWELL:** We cannot exclude the possibility that the parents provided us with answers that they thought would keep their kids in the program. We told the parents that how well the kids did on the tests and what they said on the questionnaires made no difference. We also told them that this information would not be communicated back to the sponsors except at the aggregate level. No individual responses would be filled out. We do not know the potential extent of their not trusting our word. There are some

areas that we expected to be higher—for example, questions on their roles as parents.

**QUESTION:** To the degree that the decliners and members of the control group were compensated and told that they would automatically be included in a new lottery, there again seems to be a bias against public schools among that population. Is it possible that parents are thinking, “If I say the right thing, then somehow this lottery is going to be fixed in my favor?”

**DR. PETERSON:** If all goes well in Dayton this year, we will be able to test the second group, which will not have a lottery. We are going to pay them more money to participate. If we see a huge shift as a result of the difference in the context, that hypothesis will be tested.

**DR. GLENN:** If anyone has shared my frustration about the debates going back and forth on choice while only rarely touching on the empirical evidence, you have had a rich feast of the empirical this afternoon. I would like to thank our panel.

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# The Impact of Charter Schools on Traditional Public Schools

Moderator:

**Jennifer Hochschild**, *Princeton University*

Panelists:

**Robert Maranto**, *Curry School of Education, University of Virginia*  
**Frederick Hess**, *University of Virginia*, and **Scott Millman**, *James Madison University*: “How School Leaders Respond to Competition: The Mitigating Effects of School Culture”

**Mark Schneider**, **Paul Teske**, **Sara Clark**, and **S. P. Buckley**,  
*SUNY–Stony Brook*:

“Does Competition from Charter Schools Leverage Change in Traditional Public School Systems? A Tale of Five Cities”

Discussant:

**Eric A. Hanushek**, *University of Rochester*

**DR. JENNIFER HOCHSCHILD:** There is, in fact, a public school ideology. All of us were brought up with it, and many of us subscribe to it, at least to a certain degree. It is not a derogatory or pejorative thing; it is an important part of the debate about reform in American education.

Public school ideology is at the core of the claim that schools have public purposes that are different from those of any other institution in American society. We need to be very careful in drawing analogies between schools and other kinds of institutions in which people act individually or collectively.

Schools are essentially the only institution in which people have to learn how to deal with others whom they would, on balance, rather not have to deal with. This lesson is absolutely integral for adults who want to become good citizens, and public schools are the only places in which it can be learned.

The other reason that public school ideology is important is empirical rather than normative. For better or for worse, public schools are going to remain the location for the vast majority of American students. You may disagree with this prediction, but we have not seen a large increase in the number of private schools in the last two decades. Despite the rise in income and despite the huge rise in applications to elite private colleges and universities, we do not see a comparable phenomenon in the K through 12 levels.

Unions are not going to go away, and inertia is very important. Most parents describe themselves as satisfied with public schools. Many people share the public school ideology. Charter schools, I think, are very difficult to get going and keep going, and I do not believe that there is a huge, continually renewable population that is prepared to invest the time, effort, energy, and commitment that is needed to get them going and sustain them. For a variety of reasons—you may or you may not like it—public schools are going to persist.

I do believe, however, that the existence of charters and vouchers matters tremendously to public education, and I am delighted that this session is devoted directly to that topic. We have two sets of very interesting empirical papers, which used quite different methods to yield roughly similar results.

The first study, “How School Leaders Respond to Competition: The Mitigating Effects of School Culture,” will be presented by Scott Millman, an associate professor of economics at James Madison University.

**DR. SCOTT MILLMAN:** The purpose of our paper is to investigate the so-called ripple effect: Does choice-induced competition improve traditional public schools? In the near term, we believe that this may be a major gain for choice.

For the time being, due to capacity constraints, most kids will continue to be educated in regular public district schools, but the choice movement continues to expand in the United States. If there are benefits from competitive pressures on the traditional public schools, we could be talking about the choice movement potentially reaching millions of students with tangible benefits.

The test case for examining the ripple effect is Arizona, which has the most far-reaching charter school law in the United States, according to the Center for Educational Reform. Arizona has 348 charter schools, that is, 20 percent of the United States' total, even though Arizona has only 1.5 percent of the United States' population.

The particular ripple effect that we look at in our paper is leadership behavior at the individual school level, particularly the actions of the principal. We think that the principal can play a key role in coordinating school change. Our main focus is what happens at the leadership level of a traditional public school when a charter school is opened nearby. Does that principal start changing his or her behavior?

There are two general worldviews of competition that we encounter. The first view is that competition is an extremely powerful force and individuals in institutions generally respond to it. This is the underlying belief for most economists. Organizational theory, however, which many political scientists subscribe to, stresses the role of constraints. The second view deals with the fact that organizations start out with a certain endowment of resources, and the initial endowment influences what that organization does when you place it under competitive pressure. You cannot automatically assume that competitive pressure will lead to changes: it depends on the endowment that that organization starts with prior to competition. Our model attempts to balance these two worldviews of competition.

In our model, we assume that school districts attempt to maximize financial resources across time, and therefore the threat of charter schools—at least in Arizona—is that when a kid leaves a district school he takes the state operation and maintenance subsidy with him. The subsidy can be as high as \$4,000 per child. Roughly 57 percent of the maintenance and operation monies spent by district schools in Arizona come from the state, and some school districts rely very heavily on that state subsidy. If it were to leave with the student, the districts would feel the effects.

We assume that the district weighs the benefits and costs of trying to hang on to that subsidy. In our model, the leaders of the schools work to improve the public district schools in ways such that

children will not leave. A key mechanism of improvement is whether the behavior of the principal changes as a result of charters.

We have two measures of benefits. First, we have the latent threat. These are school districts in Arizona in which charters are not yet in the district, but could be in that district within two years. The barriers to starting up a charter are very low. It is easy to start up a charter school in Arizona. We postulate that if there are no charters in a district, the benefits from school change are moderate to low. The district is not yet losing money to charter schools, but it might in the near future.

Second, if there are charters present in the district, however, then the district probably is already losing students and money. This is an actual threat, and we postulate that in these cases the benefits from school change are somewhat high.

It is important to recognize that districts are not just going to think about the benefits of school change; they will also consider the associated costs. In terms of changing leadership behavior at the level of the individual principals, we hypothesize that the cost of change is very much a function of the previous endowment that school had, that is, what type of culture the school has and whether it's amenable to change.

Is there a cooperative relationship between principals and teachers? If you start prior to competition with a good working relationship between teachers and the principal, you are in a good position when placed under competitive pressures to increase the level of cooperation among staff. If you have a preexisting culture of cooperation, the cost of responding to competition is low. If you start with a school that has a noncooperative culture, you are going to have problems when competition is introduced. You may have a principal and a set of teachers who are not experienced with cooperative relationships; the cost of establishing the type of culture that you need may be very high.

All these assumptions lead to two hypotheses: the first is that, all else being equal, the actual penetration of charters into your district will likely generate a competitive response; that is, you are more likely to see leadership changes at the school level if charters are present. This second hypothesis is that, all else being equal,



if you start with a preexisting cooperative culture at a school and you are placed under competitive pressure, you are more likely to see school leadership changes that accentuate that cooperative behavior. The principal will work even harder in enhancing a cooperative relationship between his or her staff and among themselves.

The unit of analysis is the individual school, and the cost of responding to competition is determined by the level of cooperation just prior to the introduction of competition. We focused on elementary schools in Arizona because at the high school level, charter operators have to install a fair amount of infrastructure such as labs and stadiums in order to compete, and they do not have the money. As a rule, charters do not get much money for capital expenditures and therefore have a difficult time competing against district high schools. This is not the case at the elementary level.

In terms of sampling, there are 204 districts in Arizona that have elementary schools. However, only 25 to 30 of these districts as of 1997–98 actually had significant charter school penetration. If you do a random sample of 204 districts in terms of variation of the crucial independent variable of competitive pressure, you are not going to pick up many of those 25 or 30 districts. Instead, we took the top 25 districts where the percentage of charter elementary schools exceeded 30 percent of total public elementary schools and sampled 24 schools in those districts.

Next, we picked an additional 21 districts with no charter schools and matched them to the 24 with charters in terms of income, size, and ethnic composition. We then sampled 99 schools from those 45 districts. When you map out our sample, the only variable with any significant difference should be charter school market share. There are almost no charters in the low penetration district, and there is average market share with the high penetration districts. The schools do not differ in terms of size or income. We believe that we have a reasonably good sample.

Within each of these schools that we sampled out of the 45 districts, we spoke to veteran teachers. We paid them \$5 each and got a 79 percent response rate. The teachers took the surveys quite seriously; roughly 40 percent wrote extensive comments at the end of those. These teachers served as our independent variable.

We asked the teachers about their principal's leadership during the 1994–95 school year, when charters were first penetrating the districts, and during 1997–98, three years after the introduction of charters. We inquired about the principal's leadership in terms of several dimensions: Does your principal encourage you to experiment in teaching? Does your principal buffer teachers from outside pressures that might interfere with teaching? Does your principal consult with staff before making decisions that affect them? These are fairly basic questions about the principal's leadership behavior.

The teachers were asked to disagree or agree to these statements on a scale of one to six, one being “strongly disagree” and six being “strongly agree.” The dependent variable is the change in principal behavior from 1994–95 to 1997–98. By looking at the changes in leadership style during those three years—and, one hopes, minimizing the chance that changes in leadership behavior are being driven by other factors—we should be able to learn something about the effect of charter schools on the public district schools.

To determine the latent threat, we had a measure of the percent of subsidy coming from the state or district that could eventually move with departing students. To measure actual threat, we had charter market share data by district.

We divided our sample into two groups of schools based on a level of cooperative behavior between staff and principal for 1994–95 prior to competition. We had 35 schools with noncooperative cultures and 34 schools with cooperative cultures. Our proxy for cooperation is the extent to which teachers said that they had significant influence over curriculum, presumably a key aspect of school organization. If teachers said that they had a lot of control over curriculum in a given school, then that strongly suggests that those teachers have a good working relationship with their principal. Otherwise, they would not have that type of control.

One issue concerning sample segmentation is that you have set up the cooperative schools against the noncooperative schools.

You might say that teachers in cooperative schools are just optimistic; they may tend to overstate changes in leadership behav-

ior. I am not certain that one can accurately categorize veteran teachers as optimistic people. I think that in many respects, they have had enough of school reform. They might be very cynical. If that were the case, however, leadership style should rise across the board for the 34 schools, and the competition variable would be insignificant.

After completing our study, we found—as our hypothesis suggested—that among the noncooperative schools, the competition variables have not had any impact on leadership change. Some changes may be occurring, but they are not correlated with the competition variable. When you switch to the cooperative schools, you get a different story. Here, there is a significant change in leadership behaviors that are correlated with our competition variables.

When you look at the variable “principal effectively buffers outside pressures,” you see that there is no change with noncooperative schools, whereas competition positively changes this variable in cooperative schools. The same is true of “principal consults with staff.” When you introduce competition to these cooperative schools, you see significant changes. In four out of six indicators, you see a competitive impact, but only with the schools that start with cooperative cultures.

This evidence supports our second hypothesis: that the initial endowment of resources of a school influences how it responds to competitive pressure, at least in the short run. It is important to note that these are only short-run results. Our findings, however, do contradict hypothesis one, which says that the actual threat of charters should induce more changes than the latent threat.

We see roughly a 10 percent change induced by the latent threat. When you introduce market-share variables, it becomes a bit less. The change in the dependent variable is still positive, though. When you introduce both subsidy and market share, the change gets still smaller. Competition is still increasing leadership behavior, but the impact on the latent threat districts is a bit larger than it is on districts with actual penetration.

In concluding, I believe that our findings support both worldviews on competitive pressure. These organizations do appear to be responding to competitive pressure, just as the economists would have predicted. Organizational theory, however, is also

playing a role in these results. That is, the response to competitive pressure is not uniform across schools. The endowment of resources that a given school starts with does influence its actions when placed under competitive pressures. If you start with a cooperative relationship, you are more likely to respond, at least in terms of the principal's leadership style. We see no changes in schools that began with noncooperative cultures in the short term.

To qualify these findings, you cannot assume that the leadership changes we have observed in the cooperative schools are necessarily positive. You could make arguments that perhaps some are not. Professional educators, however, would tend to look at the changes that we see as positive.

Additionally, these are only short-run results. There are two possible scenarios that could be an outcome of these observed situations. Scenario one is that the initial changes that we are seeing are precursors for more substantial changes at the school level. Leadership style changes may pass over to the noncooperative schools as well. That implies that long-run gains from competitive pressures to the traditional school of public schools could be significant. This is altogether possible. Scenario two, which is also consistent with these results, is that the initial changes are all that we are ever going to see. Perhaps we will not see more changes. This scenario implies that the benefits from competition for the traditional public schools sector are relatively modest.

Our results—at least in the near term—tend to fall somewhere between the rhetoric of strong proponents and that of opponents of school change. We do not find schools making radical changes, in contrast to the claims of some strong proponents. However, we did not find the district schools to be suffering adverse effects of competition, either. We see a subset of schools making moderate changes that are generally interpreted as being positive by the professional education community.

**DR. MARK SCHNEIDER:** In our paper, we discuss the relationship between the growing number of charter schools and what we call “traditional public schools.”

We think that the relationship between these two types of schools matters for obvious reasons. One of the most important

reasons is that despite the explosive growth in charter school enrollments, most kids are still in traditional public schools. If we are going to make some impact on education in the United States—at least in the short run—it is important that the expansion of choice programs somehow positively affect the traditional public schools.

We want to leverage the expansion of choice and charter programs to improve the public district schools. In studying the effect of this leveraging, we undertook five detailed case studies in urban districts that varied in the strength of their charter school legislation, the proportion of students enrolled in charter schools, and their responses to changing enrollments.

Why should traditional school districts respond to the growth of charter schools? There are several theories. The first one is the importance of market shares: the argument here is that charter schools represent direct competition to the traditional public schools. To the extent that they lose market share and to the extent that dollars flow to the charter schools and away from the traditional public schools, we would expect a response to the loss of resources and to the loss of clientele.

This change in cash flows should also make the traditional public schools more likely to look for successful models: alternative modes of instruction, reforms, or innovations that seem to be succeeding for other schools. We would expect that as the traditional public schools lost enrollment and financial resources, they would respond.

In the five cities that we look at—Worcester and Springfield, Massachusetts; Jersey City and Trenton, New Jersey, and Washington, D.C.—however, we found a variety of factors that forbid financial costs from being imposed on the traditional public schools by competition.

The second theory of why this leveraging effect should exist revolves around the issue of innovation and the importance of new ideas. If you go back to the original arguments in favor of charter schools, you see that we thought that charter schools would free up bureaucracies and that large school districts would design new and original curricula. We thought that charters would cause

traditional public schools to develop new methods of instruction and that public school districts would have to renegotiate the contract between parents and the schools.

We thought that these experiments would diffuse across the traditional public school system and that there would be bright models of innovation and reform that would essentially be laboratories for education.

In our study, we found that—at least in the districts we observed—the charter schools have not been particularly innovative. They do important things that keep parents happy, such as before- and after-school programs. They have expanded parental involvement, and they provide safe schools. None of the charter schools that we looked at, however, was radically innovative in terms of instruction, and none of them has radically new curricula.

The second component that is critically important to the diffusion of innovation is the exchange of information. It is important for any innovations that are occurring in the charter schools to be communicated to the traditional public schools that stand to gain from these new ideas.

We learned in our fieldwork that these lines of communication do not exist. From anecdotal evidence, it seems that many people in the traditional public schools look at the charter schools as living in a different world. One complaint that we found in Washington, D.C., was a variant of this. A high-ranking D.C. official told us that the people in the charter schools are not making any effort to communicate their successes or their reforms to the traditional public schools. It is not just that the traditional public schools are not listening (which they are not)—they are also not being told anything. These are important barriers.

Our inquiry is very simple. Does competition leverage change? Have market incentives built into the charter school laws affected the traditional public schools? Have charter schools provided models that traditional public schools adopt? We looked at various data, interviewed people in the school systems, and tried to answer these questions.

We interviewed principals and superintendents, and the range of responses was astonishing. In Worcester and Trenton,

the superintendents loved what we were doing; they gave out our questionnaires and encouraged their respective faculties to participate. We received fairly good response rates in these cities.

In Washington, D.C., however, we could never get to the superintendent. We sent out a bloc e-mail to faculty and administrators in D.C. and received no more than eight responses. We eventually learned that the superintendent had sent out an e-mail instructing the recipients not to reply.

Upon completing our study, we found that charter schools do affect the behavior of traditional schools, but these effects have been limited by the mitigation of the fiscal impact on public schools. In every one of the five districts, some mechanism has been found to keep the school district from feeling the impact of charter expansion. In Massachusetts, where the charter school law has been phased in over time, none of the school districts has experienced any measurable effects of losing students to charter schools.

In New Jersey, a school reform law is actually pumping additional money into Trenton and Jersey City. In Washington, D.C., even though it has lost 10 percent of its population, funding to the traditional schools is increasing. The schools are losing students but gaining funding.

The other thing that surprised us is that there is a huge population coming into these schools. For these districts, taking 4, 5, or even 10 percent of their students and sending them off to charter schools is not a bad thing. It wouldn't have been possible to predict the effects of this demographic shift at this particular point in time, and we certainly did not expect these results.

We also discovered that in some districts, the principals and the school superintendents are the ones who seem to want change. They tend to be entrepreneurial and often use the threat of charter schools as levers to get the kinds of changes that they want. In other school districts, however, the principals are saying that they cannot change. They believe that their hands are tied and that there are real limits on what changes that they can implement.

There is a fundamental hostility toward charter schools on the part of many traditional public school leaders. They see that

there is a lack of true innovation from many charter schools. Many charters are becoming back-to-basics institutions that simply provide sound traditional approaches to education. Charters do not impress many teachers and administrators in traditional schools.

**DR. ERIC A. HANUSHEK:** Reviewing these papers, I think that this is perhaps the most important session of the whole day for reasons outlined by this panel. Currently, we have 10 or 11 percent of the population in choice, charter, or private schools. Optimists say that in the future, expansion of choice and vouchers might get that percentage up to 20. That leaves 80 percent in the public schools. I do not minimize the value of serving this 10 or 20 percent, but the real hope for major societal changes comes from what happens in the public schools.

I am going to put a spin on the way that we generally look at how competition affects public schools, based on where I see the unifying theme in this inquiry. We have charter schools and are very interested in their effects on the public schools, but we are still early in the process. The charter schools have not been around for very long. What can we do to guess what the outcomes will be in the future?

There is a belief that we cannot directly look at any statistics having to do with the performance of students now because we are still too early in the process. We cannot look at student achievement. These two papers look at the most difficult hypothesis in this debate. In a sense, it is much easier to address the question directly about whether charter schools have a positive effect on achievement. These researchers are looking at the indirect question of whether in different circumstances charter schools induce a change in the public schools that we can observe in terms of effects on the students.

Additionally, their method is very indirect. Both papers look at proxies for long-run outcomes. In particular, they spend time looking at attitudes, processes, and organizations in the schools and hope that these factors say something about the future.

They have set out a list of hypotheses about the organizations, process, and behaviors in schools that they believe to be im-



portant, and in the course of this, both papers have identified a number of impediments to getting any change in those dimensions.

I believe that the authors of these papers got the worst possible draw in terms of research topics. The question can only be addressed through very difficult and indirect measurements, and I do not think that we are going to see an answer to this set of questions in our lifetimes.

We will ultimately have to wait a number of years before we can evaluate this work to see whether it makes any difference. We are concerned primarily with student performance, regardless of measurement issues. Ultimately, we are interested in whether students are doing better academically because of these reforms. These answers are not going to come for some time.

Additionally, it is going to take time to see whether the research tools that the presenters used will be effective. If we are going to evaluate the effects of charter schools on public schools by whether principals pay more attention to their teachers, we need to understand what the inherent value of this variable might be. You can think of a set of vibrant, enthusiastic, and clever teachers whom you would want to pay attention to, but it is also easy to imagine the opposite kind of teacher and the opposite effect.

This is exactly what we have seen when we evaluate teacher-quality differences in schools around the country. One approach to this variable would be to look in great detail at just how teachers behave from qualities such as how much they interact with students to whether they are knowledgeable in particular fields to how they use the pointer at the chalkboard. We have found systematically that every dimension can seem either important or unimportant, depending on what you are looking for at a given time. My interpretation is that there are many different behaviors that will lead to the same outcome.

All our analytical methods look for consistent effects of behavior on outcomes, but it varies quite a bit by people and in a very complicated way that we do not have the analytical capability to adequately model.

This problem carries over to these leadership issues. There is a similar line of research that has looked at leadership and tried

to identify it and relate it to performance. This type of inquiry has a similar history of not being consistent or decisive. I am skeptical that any differences that we see are going to be lined up systematically with performance differences even five years down the road.

One thing that I think could be done productively in this work to put it in perspective is to compare what we see in the case of increased competition in schools with the introduction of competition in other industries. For example, different types of competition are being introduced in the health-care and telecommunications industries.

I use these industries as examples because a colleague of mine who has worked in the telecommunications industry recently made a few points that might be relevant to this debate. First, in the telecommunications industry there seems to be a minimum threshold percentage of penetration, under which you see no reaction by the industry players. For example, before 15 percent of the customers go over to the competitors, the old firms do not pay any attention at all. That might be happening in the case of charters. What is the threshold for public schools to sit up and pay attention? It would be interesting to know if we could identify such a threshold in education.

Second, there are also regulations placed on industries such as telecommunications to protect the emerging firms from anti-competitive behavior. What balances are created by these types of restrictions that could be useful to us in looking at education reform?

Third, we find that in industries open to new competition, the new competitors look a lot like the old firms—at least initially—and innovation only comes later. You have to establish yourself before you can be different, so it may not be surprising in education that the new firms look like the old firms. That is what we see in other industries.

These are just casual observations, but it might give some guidance on how to think about what is going on in education.

Finally, I would like some serious attention paid to what the appropriate time period for observing change might be. It has been asserted here that it is too early in the case of charter schools to observe what may be going on. It seems to me that three years should be long enough for charter schools to be in the market and

for us as researchers to start measuring results. I do not think it appropriate to just say that it is always too early.

**DR. ROBERT MARANTO:** I just did three weeks of field-work in Arizona and have some fascinating stories that will be published in a paper that Scott Millman, Frederick Hess, and I are working on that might get inside the “black box” to a small extent. We looked at four small to medium-size rural school districts that had lost from ten to 305 of their kids to charter school competition to see what determined how they responded and whether they responded.

The overall degree at which the districts were growing mattered a great deal. The size of the districts and the resources that they had also mattered. What was really interesting, however, was that three of the four districts sacked their superintendents. In the fourth district, the superintendent who survived was the one who reacted to the charters in a very strong and positive way.

Two of the superintendents who got fired were clearly doing nothing other than bad-mouthing the charter schools, and in the end they got sacked. People from outside the system who were more suited to making responses to the competitive pressures replaced the fired superintendents. This suggests that many times, districts do not want to respond initially; there may be a time lag, but eventually they will make the necessary leadership changes. We are continuing to figure out where it may lead.

**DR. SCHNEIDER:** I believe that getting us out of the black box is critically important. All these relationships are ultimately contingent on a set of facts that we have to start to better identify and empirically estimate.

One thing that we discovered in the five-city study is how difficult it is going to be to try to assemble a database that actually has all the contextual information that you would need to do to get outside the black box.

**DR. MARANTO:** I think that you might have misunderstood. We have little chance of getting inside the ultimate black box. Collecting all the potential information on these issues will drain a lot of resources without much chance of producing results.

**DR. HOCHSCHILD:** As you increase the number of charter schools dramatically in either a district or a state, can you pre-

dict what the short-term effects would be in terms of the public schools (setting aside the long-term question, for now)?

**PANELIST:** The exciting thing is that we cannot predict exactly what will happen. Let me give some examples of things I would not have predicted. Around half the charter schools in Arizona were started by either district teachers or district administrators who wanted to do something different. Five years ago, those teachers and administrators inside the district school would propose new initiatives and programs, and districts would say no for all kinds of reasonable reasons, usually budget-related. Districts are good at saying no. Bureaucracies are good at saying no. Madisonian Democratic institutions are good at saying no. The charter system means that you can no longer say no to the public entrepreneurs within the public school system.

I thought that there would be a steady decrease in the rate of increase in the number of charter start-ups in Arizona, and there was for a while. Over the last two years, however, it has picked up again. There are an amazing number of very talented people inside the system who want to do something different. Charters are giving them the opportunity to do so.

What kinds of things are these entrepreneurs going to do? They are setting up alternative modes of teacher certification that are based more on actual practice in the classroom. They are setting up an alternative system of accreditation based on outputs rather than facilities. In fact, the charter operators coming together to do this are a mix of back-to-basics operators and administrators for charters that serve at-risk kids.

There is a little charter school in Sedona, Arizona, that is run by four master teachers. The school receives \$4,000 a student. They hire their own teaching aides, set their own salaries, and determine their own materials. The things that are popping up are fascinating.

I am not sure that the market will remain open because even the charter people who are in it now do not necessarily want more charters to enter, and districts have figured out how to use zoning to keep away charter start-ups. If the market does stay open, however, I think we are in for more interesting surprises.

**DR. HOCHSCHILD:** That observation speaks to innovation within the charters, but it does not speak to the implication that all the innovation is going to bleed out of the public schools and into the charter schools.

**PANELIST:** I do not think that is true. Districts are doing all kinds of things to compete with charters. Some reforms are cosmetic, but some are empowering. The Arizona Teacher of the Year five years back asked her district to start a magnet school, and the district said no. If she tried to do that now, it would say yes because if it did not, she would start her own charter school. That is happening again and again.

**PANELIST:** When you introduce competition, you cannot know exactly what is going to happen. Going back to the airline deregulation back in the late 1970s, if you had asked someone to predict the impact that the legislation would have on the airline industry, he would assuredly have been wrong.

**MR. GREG SINNER:** I am the principal at the Frances Parker Charter School in Devens, Massachusetts. I would like to cite one local example of what was just discussed. It is my understanding that the Cambridge School Committee has elected to deconstruct that school into five small units instead of one large unit. The purpose would be to create five small autonomous units that could be free to innovate. That is just the beginning of what is possible under charter initiatives.

**DR. BRYAN HASSEL:** What kind of changes should we be trying to measure when we are looking at the effects of charter schools on public schools? What types of changes are we looking for? It has been stated that we cannot really look at the behaviors of teachers, principals, and other school leaders because we cannot link those variables to school reform in any kind of systematic way. If this is true, the implications of this fact are profound.

This implies that there is no way for teachers to know what works in classrooms and no way for them to know how they systematically can improve what they do. There is no way for principals to know how to lead schools better. There is no way for districts to know how to respond to competition and no way for charter school entrepreneurs to know what kind of school to design.

If you had an open market and a system of accountability standards, you might be able to lop off the bottom of the distribution spectrum, and then everyone would be just randomly trying different strategies. In this system, no one has any idea whether various reforms work. Maybe that type of system works well, but I am doubtful. It seems that we probably do know quite a bit about what behaviors and practices affect student performance. We have reasonably effective research on school reform. If we truly do not have any idea, then much more energy needs to be put into this research effort.

There are many practitioners out there—teachers, principals, district people, entrepreneurs—who need to know the answers to questions such as, Does competition improve schools? To say that we cannot ever figure out the answers seems premature at best.

**DR. HANUSHEK:** The bulk of U.S. education research has gone to answering the question of what kinds of behaviors and practices are systematically important. The inquiry has been a systematic failure. If it were not a failure, we probably would not be worrying about charter schools and vouchers; we would just dictate that kind of behavior.

This does not mean that the situation is hopeless. We do know that different teachers have different levels of ability. We do not know why some people do better than others, but we do know that there are people who, year after year, get systematically better achievement out of their kids than do others.

We also know—and this is a bit more speculative—that we can identify those teachers. Parents and principals do it all the time. Currently, we do not act on this knowledge, but charter schools will allow us to act on it. They will break down the bureaucracy's rigidities. This concept, however, is very different from saying that before you can make changes, you have to know exactly what works. In the current system, you can observe that some people do better than others. For example, if you look at university faculty structure, schools guess who is going to be a good faculty member, and they ultimately make their tenure decisions on the basis of performance. Good universities make better performance decisions than bad universities.

**DR. DEBORAH MCGRUFF:** I am the executive vice president of Edison Schools. I have had the responsibility of establishing approximately 19 Edison partnerships in the state of Michigan and am leading the conversation with the district management in Inkster, Michigan.

Charters in Michigan have caused school districts to make contracts with Edison. Superintendents do not like for-profit companies coming into their districts—especially in Flint, Battle Creek, and Mount Clemens—but they hate having a charter take their kids. They see a contract as a way to maintain control and at the same time provide all-day kindergarten, a longer school day, and computers in the homes, things that parents have told them that they want. If Edison does an independent charter with a community group, the public school leaders know that they will lose their kids.

When you talk about critical mass, some superintendents just do not respond. Inkster has 2,000 children in charter schools. They have the capacity for 3,014 kids, yet the district was not responding to the competition. Finally, the state said that something must change in the district or it would be dissolved. The Inkster district decided to find a competitive company to attract kids back.

I believe that critical mass is found somewhere between 15 and 20 percent. If you do not have that number of children participating in charter schools, school districts do not seem to care. They have to lose enough children from their district to have an impact on their budget, and you have to have leadership that is visionary enough to be responsive. They admit that they hate us, but the drive to save their systems is strong.

**DR. HELEN LADD:** As you scale up charters and add more and more competition, what does it do to the schools? My comment draws on the New Zealand research. There are various ways to look at the school reform that has been going on in New Zealand. One way to describe its system would be to call it a whole country of charter schools. One lesson that I want to highlight from this view is that the playing field of school choice is not level, and the schools serving the largest proportions of disadvantaged students are not able to compete effectively. They have a lot of autonomy in New Zealand, so they have the power to compete.

Additionally, they have great incentives to compete. Some schools have lost as many as half their students.

They have a little more money per pupil because New Zealand has realized that it does cost a bit more to educate disadvantaged students. Despite these advantages, however, they lose students to other schools and cannot compete effectively. The conclusion that we came to in our study is not that choice is good or that choice is bad. Choice is obviously good for lots of people. We concluded that you should not expect choice to solve the problems of the schools serving the most disadvantaged students. If you want to deal with those issues, you need to invest directly in a better understanding of teaching. You also need to create incentives to attract the best teachers to help educate the less advantaged students.

**QUESTION:** In response to Rick's and Bryan's claims, we do in fact know a lot about teaching methods. We have learned a lot of things over the last generation about things that work well in schools. High expectations, time management, knowledgeable and empathetic teachers, and a sense of community are all very important factors. The clincher is that we know all those things, but we do not put them into practice.

**PANELIST:** Is the traditional system capable of major improvement? Some of us have concluded that it is not. The public district schools are not capable of systematically making the necessary improvements. Knowing these things and having the resources to make changes have not yielded results. It is not a question of learning these things and enacting these factors from the top down. Teachers will not do them if they are ordered.

We need arrangements that are vastly different from the traditional public schools. District schools are inherently resistant to change because they are monopoly organizations. That is why charters and choice are so important. They may be our only alternative.

**DR. HOCHSCHILD:** I think that you are absolutely right. We do have a good amount of knowledge about what works in education.

The reason that we do not do what we know will work has to do with the monopoly nature of the system and also with the interaction of race and class in our country. We do these things in



white suburban public schools. We have a very good set of schools in this country that do exactly the things that you are describing in terms of effective teaching. We do not do these things in poor and non-Anglo schools. Additionally, we do not move kids out of bad schools and into the good schools, because the people in the good schools do not want them.

Whether charters and vouchers can solve that problem, I do not know. I am quite discouraged with the public schools and am not at all encouraged about market forces solving the problems of race and class in this country.



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# The Impact of Choice on Public Schools in Milwaukee and New Zealand

Moderator:

**James Peyser**, *Pioneer Institute*

Panelists:

**Frederick Hess**, *University of Virginia*: “Hints of the Pickax: The Impact of Competition on Public Schooling in Milwaukee”

**Helen Ladd**, *Duke University*; **Edward Fiske**, *education writer*:

“The U.S. Charter School Movement: Lessons from New Zealand’s Experience with Self-Governing Schools and Parental Choice”

Discussants:

**Mark Harrison**, *ConsultEcon*

**Thomas Kane**, *Harvard University*

**MR. JAMES PEYSER:** My name is Jim Peyser, and I am the executive director of the Pioneer Institute, a think tank in Boston. In my spare time, I am chairman of the Massachusetts Board of Education. The panel this morning will examine parental choice in charter schools in the context of the K through 12 education system as a whole. We are going to hear from two different perspectives. The first perspective answers the question, “What effect does parental choice have on the quality of district school systems?” This presentation will focus on the effects of competition at the margin, as well as the ways that parental choice can drive change and improvement in local districts. Rick Hess’s presentation will focus on the Milwaukee voucher program.

The second perspective answers the question, “What would our school system look like if all schools were choice or charter schools?” Will the apparent educational benefits of the choice and charter school movements that we see on a small scale be diminished if these initiatives became the norm rather than the excep-

tion? What happens when choice and charter schools move from the margin to the core? Put another way, if the choice and charter school proponents are successful, will we be back here at the Taubman Center in 20 years at a conference entitled “We Have Met the Enemy and He Is Us”? Ted Fiske and Helen Ladd will provide us with an insight into this future by examining recent system-wide reforms in New Zealand.

Let me introduce our presenters and discussants: Frederick Hess has been an assistant professor of education and government at the University of Virginia since 1997. He has been the faculty chair of the Virginia citizenship institute since 1998. Dr. Hess earned his Ph.D. in government from Harvard University in 1997 and his master’s in education in teaching curriculum from the Harvard University School of Education. He has also taught public high school social studies in Baton Rouge, Louisiana.

Ted Fiske is an internationally known education writer and editor who has written informatively on topics ranging from American higher education to primary school reform in Southeast Asia. Formerly the education editor of the *New York Times*, Dr. Fiske is well known as the author of the best-selling *Fiske Guide to Colleges*. In 1991, he published a highly praised study of primary and secondary school reform in the United States, entitled “Smart Schools, Smart Kids.” In 1998, Dr. Fiske and his wife, Helen Ladd, spent five months in New Zealand. In April 2000, the Brookings Institution will publish their book *When Schools Compete: A Cautionary Tale*.

Helen Ladd is professor of public policy studies in economics at the Terry Sanford Institute of Public Policy at Duke University. She is also director of graduate studies in public policy. Prior to 1986, she taught at Dartmouth College, Wellesley College, and Harvard University, first in the City and Regional Planning program and then in the Kennedy School of Government. She earned a B.A. degree from Wellesley College in 1967, a master’s degree from the London School of Economics in 1968, and a Ph.D. in economics from Harvard in 1974.

Dr. Mark Harrison is a freelance economic consultant specializing in public policy and education issues. He taught economics at the Australian National University for ten years. He received

a Ph.D. from the University of Chicago, where he returned in 1995 as a visiting professor at the George Stigler Center. Dr. Harrison has written reports on education issues for the New Zealand Ministry of Education, among others.

Thomas Kane is an assistant professor of public policy at the Kennedy School of Government at Harvard University. Much of his research is focused on questions related to higher education. His book *The Price of Admission: Rethinking How Americans Pay for College* was published by the Brookings Institution in October 1999.

**DR. FREDERICK HESS:** I am going to discuss the Milwaukee voucher program as a case study on how public schools react to the introduction of charter and voucher schools. In some ways, the perspective presented in our paper is unconventional. Our approach may be a little less systematic, but we seek to extrapolate on what I can learn from a couple of the individual trends that I have measured in Milwaukee.

I believe that this line of inquiry is important not just because it is a question of why change may or may not be leveraged and what types of changes are likely to occur. It is naïve to frame this debate in terms of “choice or no choice,” because there is a whole spectrum of options, depending on the structure that we choose. It is also naïve to talk about “deregulation or no deregulation.” I need to remain aware of the fact that markets are highly structured by context, incentives, and a host of other variables.

I am interested in how bureaucracies behave and in what educators do and why they do it. I believe that whether or not we can actually attach systematic outcomes to systematic behaviors, this type of information is useful when thinking about how we recruit different kinds of people into particular professions: How do we affect human capital, and how do I structure a system that is going to create incentives that drive behaviors that we find valuable?

We look at the Milwaukee public schools at the system level. The assumptions are straightforward, but this is actually a mistake that I often make when discussing the competitive effect. For example, think about General Motors in the 1970s. Back then, the notion was not that Toyota market shares were going up and there-

fore, Detroit and Flint, Michigan, were going to decide to produce better cars. It is a collective action problem that will not resolve itself as simply as that. The employees at GM do not have a large stake, necessarily. It is the holders of equity in the company that will put pressure on the board of directors and the top executive. They have a large investment in the corporation and have the incentive to see that there is an improvement in the return on equity. This pressure will get channeled down through the organization itself.

Similarly with schools, I should expect the changes to start at the top and be driven down to the principal and the teacher level. One immediate problem is that no one has an equity stake in the public schools that is analogous to major institutional shareholders in a corporation. The people do not have as much incentive to overcome the collective action problem and to invest the necessary time and energy in pursuing improvement. Even if I do see change at the system level, it is not necessarily the case that it will be driven to the classroom. The question remains open: if I find change at high levels, it may or may not take place at the classroom level; if there is no change at high levels, then we are safe to assume that there will be no change at the classroom level.

There is a fundamental problem in the way that we talk about how competition changes schools. I generally think of competition as a type of bulldozer that will rid the educational marketplace of inefficiencies. As a school, you will either improve, or you will not be there come next year. That is one model of competition that might work in a wide-open marketplace. Public school systems, however, are not wide-open markets.

We need to think of competition as a pickax. Many urban public school systems are highly bound bureaucracies. This is not a new finding; we have known this for about 75 years. Given all the regulations in place in these school systems, it is unlikely that anything is going to change instantaneously. It is so difficult to change these systems that you wind up using moments of change to leverage and slowly get your way. You create little pinholes in the concrete superstructure that is the typical urban school bureaucracy. Interesting things begin to happen in these pinholes.

Urban school systems are very difficult to change for a variety

of reasons. For one, they have an air of crisis about them. These schools are panicked about their status, however, regardless of whether they should be. They feel intense pressure to make changes, but each little change takes a lot out of the faculty or administrators who buy in. The change then recedes and what emerges are increasing waves of frustrated and burned-out teachers.

These schools are faced with uncertainty about outcomes. What is it that I want these school systems to do, and what tools should be at the disposal of the school leaders? There is not much that school leaders can do to make people follow them, even if I could come to consensus on our goals for public education; and we are a long way from consensus about what constitutes excellence in education. Is the important thing test scores? If it is test scores, are we talking about value-added notions, or are we discussing levels? Is it community development? Is it democratic administration of the schools? How are we going to tell which students are performing if reading scores are up and math scores are down? Which of these is more desirable? Consensus remains elusive.

In this paper, I look at Milwaukee's response to the voucher and charter competition introduced in the 1990s. This paper deals explicitly with the early-stage small-scale competition. There is no implied claim that if you go to a dramatic scaled-up competitive system that the changes we have seen will make a linear progression. The short-term consequences are important, however, because I consider the Milwaukee experiment relatively radical, and this is a point of information that is going to be necessary for cities that are considering similar reforms.

We have created a thumbnail sketch of the Milwaukee voucher landscape since 1990, when the state passed voucher legislation at the behest of Polly Williams and Howard Fuller. The state of Wisconsin passed a very small voucher program that involved 1 percent of the students in the city of Milwaukee; this constituted approximately 900 kids at that point. The program was dramatically expanded in 1995 to take up to 15 percent of Milwaukee students, which was about 15,000. That reform, however, was immediately caught up in a legal dispute with the state teachers' union. The key issues were whether the bills were constitutional.

One of the main points was the involvement of religiously affiliated schools. In 1998, the Wisconsin Supreme Court approved the program and affirmed expansion. At this point, 8,500 kids are using vouchers, which means that there are about 6,000 unfilled slots for a variety of reasons having to do with capacity.

The case study presents two major findings. The first is that nothing changes at the classroom level. Teachers do not do things differently. There is no evidence that teachers are even aware of these changes. Teachers are not clear on what a voucher program is and what a charter school program is; it makes no sense to them. They do not even know what they are supposed to be responding to. They do not know if they are even losing students and certainly do not know that they should be trying to retain their students.

At the system level, you see some interesting effects. The systemic effects are not necessarily a response to an actual threat because the system does not have the mechanism to track whether people are leaving. They are not yet feeling much of a bite. The only effects come from bad PR; only this will provoke an anticipatory response from the school board or the superintendent.

The most visible response was in 1995, when Milwaukee public schools were trying to forestall the expansion. They wanted nine specialty schools. The principals had been trying to do stuff for years within the system and were suddenly told to go ahead with their proposal. They brought forward a proposal and it was approved. The system, however, took only symbolic steps to enhance accountability.

Initiatives of this kind are not new. They have been kicking around the system for years. Generally, however, if you go to West Lee, where the Milwaukee administration is located, you will see that they are not in an approval mindset. They see innovation as a hassle. On the other hand, there is a sense that I need to do something in order to forestall the negative publicity from the local press—which undercuts our relationship with the business community and with the locals. There is a sense that something must be done. They did not know what to do, so they just started to approve anything that people would bring before them. This is the traditional system response.

Why is it that we see no response at the classroom level and



a panicked and not well thought-out response at the district level? I suggest that there are four key dimensions that I need to think about. First, at the system level I do not see much of a change because the hit is very small. The way the programs are structured, districts will not lose money. There are a limited number of kids who are going to be enrolled, and given your capitalization and the SES population involved, you are actually not losing the students you most want to keep. Additionally, there is a limited supply of choice schools and simply not enough seats. I do not see a ramping effect at the pace that advocates of choice might like to see, for reasons that I will get to in a moment.

In addition, we often forget that the district schools are actually growing and have been doing so throughout the 1990s. Not only are schools not laying people off; Milwaukee actually has a facilities crisis. They do not have enough room. Therefore, if you take a couple thousand kids off their hands, it is not a particularly huge problem from their perspective. In fact, it is advantageous. If the demographic trends were to reverse, however, we would have different implications.

It is mass confusion at the system level. They do not have the mechanisms in place to know why students are leaving and where students are going. Urban areas have increasingly high rates of mobility. They are used to seeing a lot of students thrash around. There is not much clarity on what exactly is going on. In sum, the hit is relatively small subjectively and objectively.

Second, think about who it is that runs the schools. People do not go into schools because they are interested in market competition. Most people go into schools because it is a cushy job where they are going to get a guaranteed salary regardless of their relative mediocrity. If you take the numbers from Dick Elmore's Harvard study from 1996, probably 70 percent of public school employees fit this description.

Then there are about 30 percent of people who are simply committed to teaching. They do not go into schooling because they want to compete. They go into schools because they love working with children. They love the job. These are the people

who often become principals.

Additionally, if you look at your typical education curriculum, there is very little training for market response. People are not taught about how to attract market share or how to respond effectively. People who are training to be teachers are taught about managing, playing defense in terms of legal concerns and how to work with children.

Third, we have no way to measure accountability. You lack tools if you are in charge of the system. You do not know which of your teachers are doing well and which are doing poorly. Until these structures are created and put into place—which we are starting to do now—it is very difficult even to know what you would do if you were to try to do something.

Finally, there is very little that you can do. You cannot fire teachers. It costs hundreds of thousands of dollars to try to fire a teacher. You cannot demote teachers, either. It is not even clear what that means, unless you are going to stick them with the kids who actually need the most help. You cannot cut salaries. You cannot reward teachers who are effective; you cannot give them a corner office. You can promote somebody out of the classroom if he is incompetent, which is why you get school boards that are completely ineffectual in terms of dealing with market competition. There is just not much you can do.

The larger point is that I cannot talk about choice and competitive impact in the absence of talking about all the other things that we try to wash our hands of when I talk about choice. Schools are fundamentally organizations. An organization in any market situation responds largely to context, incentives, and human capital. Therefore, as much as I would like to avoid all the boring conversation, what we really need to do is talk about who goes into teaching and how I should structure the incentives in the education industry.

**DR. EDWARD FISKE:** There has been a lot of talk here in the various sessions about the fact that many of the charter and voucher experiments are either too recent or too small to draw a lot of definitive conclusions. Someone said that it would be helpful to have a real-world model. We are going to present the case of New Zealand, which we believe is relevant to the issues that we are

talking about in the United States today.

New Zealand has 3.8 million people, which is roughly the same size population as Kentucky or South Carolina. It has a similar culture. It does have 12 sheep for every person, but most New Zealanders live in urban areas. Perhaps most important, New Zealand has a significant minority population. Maori and Pacific Islanders collectively make up 20 percent of the population. We would argue that New Zealand is a functional equivalent of an American state under our decentralized system of education.

In 1989, New Zealand's Labor government abolished its Department of Education, which had exercised rather heavy-handed control over the system for as long as anyone could remember. The government turned the control of the schools over to locally elected boards of trustees controlled by parents in each school. It was as if South Carolina had abolished its school districts and the funding came directly from the state to the schools. Two years later, in 1991, a national government committed to social principles abolished attendance zones and ratcheted up the stakes of reform by instituting parental choice. For the last decade, New Zealand has been operating a system of self-governing schools in a competitive educational marketplace.

The title of our book, *When Schools Compete: A Cautionary Tale*, which is an analysis of this experiment, identifies where we stand on the ideological spectrum. We seek both to annoy and to help those on both sides of the debate. Our thesis is that you have to be prepared for the fact that political forces will inevitably intrude on economic theories.

The book looks at a wide range of issues, and it documents pluses and minuses of self-governance and competition. We analyze the polarization of enrollment by ethnicity that occurred as a result of this combination of self-governance and competition. We have a chapter on what we call the "culture of competition," including its effects on professional collegiality. We spend a lot of time looking at the impact that the system has on schools that become unable to compete in the marketplace.

In the paper we are presenting today, we discuss two issues

that we think are related to charter schools in the United States. I am going to talk about whether charter should be the norm, and my coauthor is going to address issues of accountability.

You could say that New Zealand is an entire country of conversion charters in the sense that every school has autonomy, that they have charters, and that they operate in a competitive environment. Also, their funding is closely tied to the number of students whom they can attract. There are also important differences that we have to keep in mind, however. First, schools in New Zealand operate under these rules whether or not they want to. You do not have a situation where schools are being run by people who come together around an educational vision or a commitment to serve particular groups of students. Another significant difference is that New Zealand charters do not have capital problems because—with a few exceptions—the state is providing the facilities.

Such differences aside, we would argue that the evidence from New Zealand suggests that proponents of charters might think twice about pushing to make them the norm. There are two reasons for this. One of the main arguments for charters is that they introduce diversity, innovation, and responsiveness to the educational system. That was part of the original theory in New Zealand, as well. Each school was to have a charter that reflected national goals but also gave voice to the wishes of a particular school community. Very quickly, however—within a matter of a couple of years, in fact—state authorities, who are also the funding agencies, became nervous about whether their interests in a compulsory state education system were being adequately protected. They introduced what was known as the “Nags and Nags”: the National Education Guidelines, which was a set of general curricular principles; and the National Administrative Guidelines, which set up operating rules and procedures that schools had to incorporate into the charters. As a result, the charters began to look pretty much alike. They became homogenized, and at this point you do not hear much about the individual charters of these schools in New Zealand.

Our lesson here is that the state has a clear incentive to ensure that its interests are going to be served. Similar pressures are

going to be felt in the United States. The very fact that we have so many weak charter laws suggests that this is an important issue in the United States. Such pressures are likely to be minimal if charters are on the fringe. We suggest, however, that if charters become more numerous and more the norm, these pressures will likely increase and become an issue.

The second argument has to do with oversubscribed schools. What do you do when you have more people who want to go to a school than there are available places? New Zealand's answer to this question, in keeping with the principle of self-governing autonomous schools, was to allow schools themselves to select which students they would accept. This policy had some huge problems, as you might expect. It had a deleterious effect on disadvantaged students. It became very difficult for schools that had to take any student who came along to try to make themselves attractive to a wide variety of students. Additionally, they were not able to offer a coherent educational program. In our book, we document an increased concentration of difficult-to-teach, even dysfunctional, kids in particular schools. In a few cases, students had trouble finding any school that they could get into. By the time we left New Zealand, in mid-1998, the government was already pulling back from this policy and reverting to a somewhat modified residential zone system with restrictions that guided schools as to whether they could decide who they would admit.

There are various other ways in which you can handle this issue. You can require schools to accept anyone who comes along, but the problem there is that you would be expanding capacity to popular schools while you had unused capacity elsewhere. That is not financially viable. You could institute random balloting. The problem there is, how do you do work out the logistics for an entire system when people have to apply to six or eight schools to ensure that they get into one? It is also possible that you could move to a system of controlled choice, such as what you have in Cambridge or Boston. The difficulty with that system is that it undermines the virtues of having competition in the first place. You are minimizing the downside risk. Schools know that no matter what they do, they are still going to get some students.

Our bottom line is that you cannot have a system in which all families are free to enroll in the school of their choice. Some constraints are inevitable, and, in a state system, these rules have to be equitable. We suggest that you can enforce fairness by having balloting if the number is limited. If, however, charters become the norm, it is likely that regulation and oversubscription will become huge problems. For these two reasons, we suggest that proponents of charters might want to rethink their strategies in pursuing their expansion.

**DR. HELEN LADD:** I will talk briefly about accountability. It was clear from some of the discussions yesterday that accountability is a major issue as we think about the charter school movement in the United States. If we cannot get the accountability standard right, it is not clear whether the whole movement can achieve its goals. Our argument in the book is that we can learn a few important things from the New Zealand experience. As the 1989 reforms were introduced, accountability was a centerpiece of all discussions.

The idea back in 1989 was that all operating authority would be handed over to the individual school's board of trustees in connection with their respective communities. Together they would write a charter specifying the objectives and goals of the schools. Then the schools would be held accountable for the items in the charter. That should sound familiar to you, since we hear that in the context of the charter school debate here.

To achieve accountability, New Zealand set up an inspectorate in the British tradition, called the Education Review Office. That agency was independent of the government and the Ministry of Education. It was an agency that was not involved in policy making and played no role in authorizing or approving the charters initially. The main activity of this Education Review Office was to visit each school at least once every two years and publish a report for the school and the general public on its findings. New Zealand thought carefully about the inspectorate system and opted explicitly for an evaluation process that was arms-length. They wanted to make sure that the monitors were separate from the schools and not "captured" in any way by the school personnel. This agency is

not designed to provide any assistance to the school; it is just monitoring and evaluating its activity.

In general, we argue that this system appears to have worked quite well in New Zealand because of the independence of the agency, the professionalism of the employees, and the agency's strong leadership during the 1990s. We believe that the model is potentially useful for the United States for some of the reasons that Scott Hamilton talked about in his paper yesterday. Dr. Hamilton noted that it is important that we have site visits and that real people go out to schools and see what is going on. That is what is happening in the New Zealand model, and I should note that it happens in England as well. It is also quite clear that market accountability is not sufficient. When this system was first introduced in New Zealand, there was not full parental choice, but even when full parental choice was introduced in 1991, the inspectorate system was still deemed necessary.

We think that the United States can learn some things from the New Zealand experience: some positive, some negative. The accountability process has not been completely smooth in New Zealand. Lots of issues have arisen, and we think that by looking at the debate over the last ten years in New Zealand, people concerned about accountability stand to learn a great deal.

One obvious question is, What are you holding schools accountable for? Is it outcomes? Is it processes? In our view, New Zealand clearly puts too much emphasis on process and too little emphasis on results in its accountability system. This is not surprising because New Zealand has no national testing. They think that the U.S. has gone berserk in terms of all the testing we do. They are very worried that if they move in the direction of testing, they will end up focusing on achievement levels rather than on the value-added by each school.

The other reason that there is not more focus on results in the New Zealand system is that the charters that were supposed to spell out explicit objectives and missions ended up being much more bland than was originally intended. The Education Review Office had to figure out what it was that they were holding schools accountable for, and they ended up focusing primarily on processes.

In the beginning, this made a lot of sense. During the first couple years of this system, the Review Office came in and really looked at the extent to which schools were in compliance with the laws. When you have a lot of new schools and a lot of inexperienced people running these schools, having an external group come in and say, “You are not doing this,” can be beneficial. We would argue that this makes sense.

In addition, despite the fact that we think that there is too much emphasis on processes, the distinction between results and processes is nowhere near as simple as some proponents of charters and vouchers would make it out to be. For example, is the school’s environment an outcome, or is it related to process?

I mentioned that New Zealand’s accountability system was an arms-length monitoring system. This has raised some issues in the New Zealand context because in the past, the schools were used to receiving a lot of assistance in various forms. Now they are not getting this assistance from the evaluators. We support this facet of the accountability system, but there is still a clear need for the schools to get some assistance. They get the reports back and are told that there are deficiencies of various types, but they do not know how to act on these reports. We think that it is important that the government take responsibility for ensuring that assistance is available to schools either through the public sector or through the private sector.

Another issue is the use of public information as a policy tool. Chester Finn and others call for lots of public information, and that makes sense. There are, however, some examples in the New Zealand context where the public information that was made available through the Review Office had negative, rather than positive, effects. This occurred in the context of schools that were struggling with conditions outside their immediate control, or in cases where schools were trying to make progress and the Education Review Office said that there were still too many deficiencies. The reports had the effect of scaring people away from those schools. The schools then lose funding, and their problems are exacerbated.

The final issue is, who holds the government accountable? In the New Zealand context, the Education Review Office has



decided to take on some of that responsibility. They do not have explicit authority to do so, but they have started presenting reports of whole groups of schools showing that there are real systemic problems related to funding, teacher supply, and all sorts of things. The ERO is trying to send the message to the government that they have responsibilities for the effective operation of these sets of schools.

**MR. PEYSER:** We are now into the discussion portion of this morning's session, and Mark Harrison of ConsultEcon is up first.

**DR. MARK HARRISON:** Helen Ladd and Ted Fiske tell the story of the implementation of the Picot report, which, back in 1988, years before the first U.S. charter school, essentially recommended that the entire government school system be turned from one run by a central department to a system of charter schools governed by elected parent boards. If you have met anyone from New Zealand, you know that a characteristic trait of the New Zealander is enthusiasm, and it certainly spills over into their public policy.

Ladd and Fiske draw attention to the following: the state quickly reasserted central control; little innovation resulted from the original reforms; there needs to be some process for allocating scarce spaces in popular schools; and the use of inspection should hold schools accountable. They conclude that charters should be kept on the fringe to encourage innovation and fairness and that the government should be involved in the allocation of students to schools and the inspection of charter schools.

I agree with many of the facts they draw attention to, but I draw somewhat different lessons.

Picot wanted to devolve funding to schools. Rather than having the center provide services to the schools, the schools were to receive a grant based on student numbers to purchase services as they chose. They would also use the grant to pay staff. Under the centralized system, schools had control over 2 percent of the money spent on them. Picot wanted to increase that amount to 95 percent. He also proposed abolishing the Department of Education and replacing it with a policy-based ministry, a review agency, and a few other bodies, none of which has survived.

What happened? The central authorities quickly reasserted control. The Ministry in New Zealand again controlled the curriculum. The Ministry and unions centrally negotiate the collective contract that determines pay conditions for most teachers. The Ministry determines most of a school's budget: for example, the proportions to be spent on teachers. In fact, most teachers are paid directly by the Ministry. The Ministry also controls teacher training. There is a teacher registration board, which limits who the school board can hire. The Ministry dictates governance arrangements and controls the capital side completely. It determines the number of schools and the amount to be spent on major maintenance.

The charters quickly became one way and standardized. Inspection imposes compliance pressure. The board of a school only has direct control over the hiring of staff within entitlement, the expenditure of operating funds within budget, the setting of voluntary fees, and the determination of an enrollment scheme. The manager of a private sector enterprise with similarly limited powers would be regarded as quite low-level. Most funding is still under control of the Ministry.

The image that springs to my mind is that of the "Terminator." Although the Department was broken up, it relentlessly keeps on going in various new forms. Unlike the Terminator, however, the Department of Education actually got bigger when it was broken up. The proportion of education spending on central administration actually rose by a third a few years after the Picot report was implemented. Although administrative tasks were devolved to the school level, the center kept the funding.

I would suggest that an American charter school that was subject to this much control by a state government would be a very weak charter.

The implications for the U.S. system are negative—the New Zealand experience demonstrates the difficulty of reforming the whole system and decentralizing power. You should never underestimate the bureaucracy as a player in the reform process.

Ladd and Fiske draw the lesson that the government should limit charters to a fringe to reduce the pressure on government to intervene. My lesson would be that we should examine what hap-

pened to determine why the attempt to decentralize failed and whether we can do any better. They are certainly correct in suggesting that there may be problems in introducing charters for all, but why is that? The answer might be to overcome the obstacles rather than simply limiting charters to the fringe. We should learn how to use charters and contracts to reform public education rather than just give up. For example, the central authority may have survived because of its political power, but that does not necessarily mean that contractual relations between schools and the state are a bad idea.

Why did New Zealand's attempt to decentralize fail? First, I should note that what happened was still a vast improvement on the previous conditions. Despite their shortcomings, the reforms were probably a good thing. For example, schools no longer have to order their light bulbs from the central department. There is increased parental voice within the schools and parents receive extra choices, but the reforms certainly have not fixed the problem of public education nor have they introduced a market system.

The fundamental problem with government ownership of schools is that the taxpayers have the rights or liabilities to the residual income flows from the asset. The taxpayers own the asset, but the politicians and bureaucrats control it. The people who control it, however, have very little incentive to put the asset to its best use and instead pursue political and personal interests and are subject to pressure from special interests. The political process is a very ineffective mechanism for looking after taxpayers' interests. Taxpayers are only one part of the politician's constituency.

The problem with the Tomorrow's Schools reforms is they did not fix this fundamental problem. They did not reduce politicization or producer capture. The government remains the owner and funder of schools and thus bears a lot of political and fiscal risk. The political risk is that the government is held politically responsible for school performance. The fiscal risk is that the government has a legitimate role in protecting taxpayers' money. Parent-elected boards do not receive the residual income flows, so they do not have the incentives to make efficient decisions. Indeed, as consumers they have incentives to commit the government to

more expenditure. Parents make better consumers than managers. As a result, the government finds it difficult to delegate powers. It has the incentive to impose the input and procedural controls to limit the fiscal and political risk.

Charters can work when those with control are the residual income claimants. If you are going to use charters to reform public schools, you should directly address these problems. There is no reason to limit charters to the fringe. Charters might be a useful tool to protect the government's purchase interest and ensure that subsidies are spent wisely, and they should not be ruled out. We simply need to address these problems directly.

Ladd and Fiske find that the high number of children in schools with enrollment schemes means that schools do the choosing and many parents are denied choice. This is especially true of the poor. They conclude that some central regulation is inevitable unless charter schools are limited in number. I do not see that a high proportion of students in schools with enrollment schemes proves that schools face no competition. Harvard, for example, is selective and has an enrollment scheme. That does not mean that it faces no competition or that students who attend Harvard have no choice. If 55 percent of American college students attend selective colleges, that does not mean that they have no choice. Nor does it mean that students who attend nonselective schools have no choice.

The number of schools with enrollment schemes does not tell us anything about whether choice is better than central planning as a way to run schools. It gives no information on whether the schools have improved through competition and does not imply that restricting choice will improve matters. Additionally, it is not clear to me that competition between students to get into good schools and competition between schools to get the best students is a bad thing. It might actually lift the overall standards, as it has in the case of U.S. higher education and the Japanese school system. It is not a zero-sum game.

We may, however, get segregation or stratification by ability, which might be considered inequitable because ability, family income, and race are correlated. It is not clear, however, that restricting choice is the best response, or even whether it improves matters.

Experience suggests that there is no reason that the political process will favor the poor.

We tried central restrictions on choice, and in practice we got zoning. Under zoning systems, the rich have more choices than the poor. Not only because of selection by mortgage—wealthy families can buy their way into a good school by buying a home in the area—but even under zoning, about 20 percent of students attend out-of-zone schools—mainly selective single-sex schools in different parts of the city. It tended to be the rich who exercised those choices.

In fact, the effect of de-zoning, or public school choice, on equity is complex and ambiguous. For example, we need to take account of the effects of land-price changes when we de-zone. Certain groups of the poor will gain and others will lose. The benefits to those poor and minority students who switch to a more preferred school are often ignored. The evidence is that de-zoning decreased segregation by parental socioeconomic status in New Zealand. This finding was replicated in England and in Wales.

De-zoning did increase segregation by race in New Zealand, but that was mainly due to Maori self-segregation; they have been encouraged to choose schools that emphasize Maori language and culture.

The groups that have taken the greatest advantage of the extra choice offered by de-zoning are minorities and the poor. They are now more likely to go to an out-of-zone school than are rich students. So despite the inequities in the current system, it is still a vast improvement on zoning. It gives more choices to the poor. The evidence suggests, however, that the very poorest do not choose and are left behind in their often shrinking local schools.

What should we do about this? Ladd and Fiske want to limit choice. I would say that you should extend it. The current New Zealand system is not a market system. There is not free entry and exit. The problems arise precisely because of the lack of market incentives on the supply side. The government controls entry, exit, and expansion, and all three are highly politicized. There are few incentives to expand or take over poorly performing schools, and no process in place to do so. I would try deregulating and pricing the supply side first.

On the lack of innovation: the reforms were not motivated by a desire to see innovation but were administrative reforms to make schools more responsive to parents. There has been plenty of what I call “negative innovation,” the imposition of progressive educational philosophy by the center, such as a new curriculum and assessment based on “outcomes” and employment skills rather than subject knowledge.

A benefit of the reforms is that schools have responded to parents’ desires for external exams and traditional teaching methods, though I do not know if you can call that innovation. Introduction of phonics as a way of teaching reading is beneficial but is not necessarily innovative. The government sector is inherently less likely to be innovative because the owners of the income flows do not control the schools. There is a lack of a direct incentive to innovate. There is no profit, motive, or reward, and political pressures also have to be taken into account. For example, pressure from unions means that you are very unlikely ever to be able to introduce labor-saving technology or even conduct research in this area. If innovation is important, we should limit government-owned schools rather than charter schools to the fringe.

The lesson I learned from the New Zealand experience is that if you want to reform public education, you need to address issues that are often ignored, particularly the supply side and the need to de-politicize.

**MR. PEYSER:** Our next discussant is Tom Kane of the Kennedy School of Government.

**MR. THOMAS KANE:** Both these papers are extremely helpful in starting to think about the three most important questions that come from the choice and voucher debate. I would list those questions as: What is the evidence that the kids who switch to other schools outside of the public school systems gain for themselves and increase in their test scores? What is the evidence that there is any impact on the kids who remain in public schools when some students choose to move to other schools? (that question is harder to answer, and I do not think that we have a lot of good evidence on that yet); and “Is this an appropriate or effective way of getting the existing public schools to improve?”

Of these questions, the third one is probably the most important, though it is also the one about which we have the least amount of evidence so far. We have evidence on the first question, and many of the estimates so far have been positive, but we are still not able to say whether this is as an effective way of getting schools to improve.

There have been some empirical studies that have looked at this question. Caroline Hoxby has done work on the overall impact of private schools on public schools in areas where there many private schools or where there are large voucher programs that in effect subsidize Catholic schools by lowering tuitions. Is there evidence that a vital private sector affects public school performance? The evidence seems to point to a potential impact on high school graduation rates, but it is still unsettling that we have not been able to uncover the causes behind such an effect. We have the “invisible hand” analogy about competitive markets driving social change, but we need to be more specific in thinking out our strategies for charter schools or for vouchers. What is the type of structure that is most likely to lead to a positive change in the existing public schools?

To paraphrase Rick Hess’s paper, while there is plenty of evidence that the Milwaukee public schools reacted politically by mounting aggressive school-board election campaigns, by having more marketing of their existing schools and by having a few pilot choice programs, there is very little evidence that there has been much change in what happens in the public school classrooms in Milwaukee.

If you were a public school teacher, what type of stimuli would get you to change what you were doing in the classroom? There are four categories of change mechanisms in this regard. The first way that we would get people to change in a competitive model is by threatening their jobs. The Milwaukee public schools hire 10 to 20 percent new teachers per year; even without any change in the total enrollment, they are normally turning over 10 or 20 percent of their teachers. In the short term, it is possible that you could have a relatively large impact on enrollment while only having a marginal impact on the likelihood that teachers would lose

their jobs. The turnover rates are very high. This is analogous to cutting real wages in a time of inflation. It is much easier to handle shocks to the economy when there is a lot of nominal inflation. Conversely, it is difficult to have much of an effect on teachers' job security.

I believe that the other three of the four mechanisms are more useful. The second is the self-image of educators. I do not know how often I have heard people say that they are doing the best that they can. The only way to challenge that is by providing evidence that it is possible to attain better results by using a different set of practices on a similar set of students. The more evidence of this nature that one can provide, the more of an impact one can have on that story that public school teachers tell themselves when they go to work each day.

The third is teachers' demands for better working conditions. This means offering them more flexibility to innovate. What you must do, however, is provide evidence to the teachers of what life is like when you provide more opportunities to innovate and improve their likelihood of making an impact. It is going to be hard to affect student and parent expectations unless you start to expose the parent to different types of schools. Right now, there is not much of that.

The fourth mechanism is to provide people with different ways of thinking about the job that they are already doing. So far, we have spent too much time thinking about the first mechanism and not enough time thinking about the other three as channels through which to have an effect on behavior in public schools.

There is a model of labor-market discrimination in which if there are employers in the market who are discriminating on the basis of race, it does not mean that there need be any effect at all on relative wages of blacks and whites. The reason is that as long as there are enough nondiscriminating employers to hire, you are not going to have any effect on equilibrium wages, even if there are some employers out there with strongly discriminatory views. If we succeed in drawing all the teachers, parents, and students who are interested and segregate them among themselves, we will have, again, very little impact on equilibrium between the two



groups. In the long run, this may lead to even less innovation in the public schools than what exists today.

I used to tell myself that the big difference between charter schools and vouchers was that charter schools are public schools. As a result, there is much more likelihood with charters that any innovation would percolate back through the existing public schools. I have to laugh because the reason that is so naïve is that one has to realize that you have to build institutional mechanisms for that diffusion to happen. I think that we have learned over the last decade that the diffusion will not happen on its own. We should be thinking about ways in which we might be able to promote that diffusion, either by establishing programs for teachers to rotate back and forth, or by other ways in which one can diffuse the lessons.

I only have one comment to make on the Ladd and Fiske paper, because Mark focused on that. There has been relatively little innovation with the establishment of charter schools in New Zealand relative to the U.S., at least when you consider the changes to the teaching model. Without a test to use as a way of marketing my school if I were a charter school operator, you might think that I would tend to focus on the things that are easier to demonstrate. I can claim that my school is focusing on science. It is harder, however, for me to market myself as a charter school that is going to be interested in better teaching and learning. I will tend to go for the niche markets because it is an easier marketing strategy.

The key issue in New Zealand—and the difference between New Zealand and the U.S. in that context—is not the residual claimant issue. If I were a teacher and were trying to implement something new and dramatic here in the U.S., all I would have to do would be to find another group of teachers who are trying to do something new and dramatic, too, and we would set up a charter school. In New Zealand, I would have to convince the board at the existing school and I would have to convince my colleagues at the existing school that we ought to move in this new direction. I think that was a key difference in the innovations in the two systems. Nowadays we are siphoning off a lot of the innovators into a separate system, and unless we think about how to generate the channels for feedback,

that feedback is not likely to happen on its own.

**MR. PEYSER:** I think that the position of these two different approaches is very interesting. One essentially adapts a more wholesale change model, which runs the risk of becoming highly politicized. The second is an incremental change model, which runs the risk of becoming unavoidably marginalized and isolated. Whether there is a middle ground, or whether one of these approaches over time leads to better outcomes will be the subject of an interesting discussion.

**QUESTION:** I am sure that you are familiar with the organizational-environment literature and the distinction between open and closed systems. It strikes me that your description of the Milwaukee school system is of a closed system that manages its environment by essentially closing itself off from it.

It is not that closed systems do not change at all; it is that they do not change incrementally. They do not adapt. When they do change, it is with dramatic transformations. It strikes me that that supports John Brandl's claim that school reform is going to have to follow the Eastern European political reform model of revolutionary change, and not the sort of standard market adaptation model.

**DR. HESS:** I have that problem all the time. That is a fair point. Sociology and organization literature is actually flawed in this case because what we see is this interesting hybrid. I think that John is largely right, except that you do not see change. It is not because any organization is impervious to change, per se. It is that between buffering these programs from financial problems and an uncertain political future, we have minimized the potential threat that's looming over MPS.

This is why it is difficult to apply the literature. We are not going to see any change because there are between a dozen and maybe 30 impressive principals in the MPS system out of 150. We are talking about maybe 15 or 20 percent. These principals cannot do what they want to do. The current superintendent in Milwaukee spent ten years in the doghouse with the central administration because he kept nagging them that he wanted them to break out cost so that he could do other things. The lesson is that if you nag

long enough, you get what you want.

What happens now is that because of political leverage being a boost to the pond, the folks at the head of the system have an incentive to respond to alleviate the political pressures. Now they are willing to work with these “messianic” individuals and let them innovate. We are seeing this incremental change within the system, and I have no idea what the ceiling on this change might be.

On the other hand, there are two interesting roads that can be taken, and I think this point is crucial in understanding the transformations brought by choice. The people who drive change in school systems are not doing it for market-driven reasons. If you interview these people, you will find that they do not want to open a second school. They do not want to expand. These are people who love the idea of running their little schools or programs. These are not the folks who are going to drive expansion in a choice-based system. The people who are going to drive expansion have an entirely different set of incentives, which are completely reasonable.

The notion that the first wave of response to choice can be extrapolated to the successive ways is naïve because these people have no interest in managing chains of 12 or 14 schools. In fact, these people are unlikely to want to work in an efficient Edison Corporation. The work environment that characterizes an effective Edison school might be very different from that of the people whom we now know as intrinsically motivated educators.

**QUESTION:** I want to follow up on that. We agree on 90 percent of the things that we have been discussing, but the one strong disagreement I want to state is that you say that most teachers do not want to be entrepreneurs and that they do not want to start their own schools. That is absolutely right, but you know that most software engineers do not want to start their own companies. Nonetheless, software is a dynamic area. I would suggest that if 5 percent of the teachers are interested in starting their own schools, that is enough for a lot of start-ups and a lot of competition.

If you look at the Arizona database, it looks as though former district school teachers, former district school administrators, or social workers run about 70 percent of the charter campuses out there. My question is, if the barriers to entry are low enough, are

you not going to see a huge number of talented teachers and administrators starting up their own campuses?

**DR. HESS:** That is an excellent point, and, as I said, these estimates are of human capital. It is an empirical question that we should absolutely be investigating. One problem with the comparison is that in Arizona, you see a much lower incidence of old teachers who are plugging the numbers than you do if you go into a troubled urban district, where we would most like to use competition as a force to drive change. I think that the supply of human capital is probably higher in the places where we need it less.

**QUESTION:** It is interesting, however, that in those districts, social workers are starting a lot of schools.

**DR. HESS:** Absolutely.

**QUESTION:** A typical response that you have from people who are the objects of reform is, “We tried that and it did not work.” I think that Rick Hess’s book *Spinning Wheels* is a wonderful example of how you can document that kind of response. My question is for Helen and Ted. When drawing lessons from New Zealand for the U.S., I am interested in how you characterize what actually happened there. Is it a case of theory failure, or is it a case of implementation failure? When I talk to teacher friends in New Zealand, they tell me that it is a theory failure. When I talk to former colleagues in the New Zealand Treasury, they say that it was an implementation failure. I would like to hear what you have to say on that.

**DR. FISKE:** What we are saying is that there were some problems with the theory, particularly in the concepts and the policies for dealing with oversubscribed schools. Our point in writing the book was that there are some real lessons to be learned. What we need to do in the United States to preserve the value of things such as charters is to look at the experience of New Zealand and to avoid making some of its policy mistakes.

**DR. LADD:** I do not think that we can separate theory and implementation. It is nice to sit back in our academic environments and come up with these conceptual models, but what we really need to think about is how they play out in practice. That is why we find the New Zealand experience is so useful.

We would agree that some theoretical ideas were not played

out as fully as people in the Treasury would have liked. The Treasury Department is where all the thinking went on that provided the theoretical and conceptual basis for these reforms. We would agree that a lot of those reforms were not implemented, but the fact that they were not is interesting in its own right. Here you have a country, unlike the U.S., that is run by Parliament, where you have a small number of people able to implement policy. They had some clear theory and still were not able to implement the theory in its pure form. We think that there are lessons for other countries from that.

**DR. FISKE:** School reform takes place in context, and part of the context is political. It is naïve to think that you could ever avoid politicization, especially in the delivery of compulsory public education. It should be politicized and subject to political forces. There are people who think—and I would disagree with them—that the way that you solve problems with urban schools is to intensify the politicization and turn them over to the control of the mayor. This would ensure political accountability. I think that is wrong, but I think that if charters are to make the huge potential contribution that they can make, they need to be shielded from negative political impact. We must try to allow them the room to become established.

As Mark was talking, I was asking myself, what might happen if charters did become the norm? What you would probably end up with would be a charter bureaucracy that would not wait very long before it started enforcing its concept of what a charter school ought to look like. Simply put, we need to create a situation where the politics work to preserve what charters have to offer.

**DR. HARRISON:** When you talk about compulsion, that is irrelevant for 90 percent of students. They go beyond compulsory schooling. You should be focusing on the 10 percent that it might be relevant for. There is no reason that we have to have a government-controlled system even when we have compulsion.

A good analogy is the privatization of Russia. The entire economy was politicized, and the idea was to privatize state enterprise. The bureaucrats fought it at every stage. Nevertheless, they used privatization incentives to try to reduce the controls that the government had over the economy, and it worked. Now govern-

ment control is reduced in scope, and I think that once you do deregulate and get a few private firms in there, the political dynamic will change. I am not sure that we have to have a government-controlled system.

It is a difficult thing to accomplish, but I think that you must address this directly. I would have equal funding for public and private schools on the capital side as well, and I would let parental choices drive whether they want their children to be publicly or privately educated. You have to have some process for de-politicizing the exit of government schools. If they lose students, you must have an independent process for shutting them down and privatizing them.

**DR. FISKE:** I found Rick's paper very interesting on some of the imperfections inherent on the supply side in terms of using the market to effect change. I am curious as to whether you have looked at some of the other change mechanisms that people are beginning to talk about now in public school reform debates. For example, proposals in the House-passed Title I bill say that if a low-performing school has not done a good job for three years, not only will you let the kids transfer to other public schools—you actually must reconstitute the school. You can reassign the principal or reassign the teachers. There is limited work with that in Philadelphia and a couple other cities. Have you looked at the effect of those kinds of change mechanisms?

**DR. HESS:** Reconstitution is looked at as a kind of high-stakes accountability system. High-stakes accountability systems go the exact opposite direction from a choice system. Considering the way that you respond to choice in the public systems, it is much easier to add things on than to change the nature of the central mission. We have known this forever. Choice programs give the leash to these people and let them run so that you will see new programs and new kinds of schools. High-stakes accountability, such as what you are seeing in Pensacola, involves very different incentives. What you want to do is get off the list, and you know how to get off the list. Therefore, what you do is what they have done in Texas.

**DR. JAY P. GREENE:** The Texas policy is essentially the same thing. They re-deploy their resources to hit the bottom line, so

what you see is a great increase in time spent on test tasks for good or for ill. There are obviously arguments to be made both ways. A reconstitution actually tends not to work very effectively because it gets caught up in union negotiations in the first place. You have to put enough provisions in it to make it sellable to the union membership. Therefore, reconstitution tends to be fairly toothless.

**QUESTION:** There seems to be one parallel here between research on standards-based reform and what you are seeing with choice. When standards come in, they are schooled to different capacity levels, and some react in a positive fashion and some in a negative or non-fashion. This is the same as in a market system. Some schools will, in fact, react in a way that you would hope for, while others perhaps will react in negative fashions or not at all. How do you deal with this if you want to create a real lever?

**DR. HESS:** This is exactly why we had that segment in on organizational capacity. The key thing to think about in terms of Arizona's districts is the accountability issue. We have some sense of how schools perform, but this is just in terms of levels. We use it as a proxy. For political purposes, we have a way of tracing accountability. We know who is doing what, and we can hold their feet to the fire. With the choice system as currently constructed in Milwaukee, you do not have that traceability and there is no sense of who is responsible. There is no way to hold somebody or some school personally responsible for problems.

That is why you would see different responses in choice systems such as Florida, where you marry accountability to choice. If you get an urban system that is small enough, such as some of the stuff that Mark was looking at yesterday, where you actually have a decent and ready proxy of which schools are doing what, and if you marry that with an internal capacity to trace student flows, markets may be able to work in education. Markets can or cannot work almost anywhere, and markets will work in different ways. One thing we need to pay a lot of attention to is what kinds of capacity and tools we put into place as we build these systems. It will depend on what kinds of changes we would like to see occur over time.

**DR. LADD:** Most kids are going to remain in something

that looks like a conventional public system for the foreseeable future. It is an empirical proposition.

What should be done? The New Zealand case illustrates this question. Are there more ways of getting the virtues of market incentives into the extant public system? I am thinking about the problems posed by teachers' unions, in particular. Do you see any movement or any potential for movement within the unions for merit pay, for acceptance of accountability, and for rewards for success either through testing or through some other mechanism? I know that the national unions are beginning to talk about this. It is the local unions that are a disaster on this question. Does anybody see any maneuvering within the union system?

**DR. HESS:** Milwaukee is an interesting case. I think that it was the 1997 union election that saw the new guard and the old guard split. The new guard won because the center of power in urban unions tends to be with the veteran teachers. People stay a long time. You get a high rate of turnover early on, but if you make it through eight or ten years, the pay scales tend to be highly lucrative. On the other hand, the larger political context made it much easier for the young union leadership to come in and take over. They were not able to take the board but were able to take the presidency of the union. It was largely a political move.

More generally, in Milwaukee we see a fascinating emergence of a two-party system. In the mid-1990s, and particularly in the spring of 1999, critics unified under the choice and vouchers banner. They beat the union slate and swept every office. Over the past 20 years in Milwaukee, only three school-board incumbents had ever been unseated, and they beat three incumbents in spring 1999. Now what you have is a two-party system with a seven-two majority for the voucher side. We always talk about political science in terms of some of the virtues of party control and accountability. A century after the progressives explicitly took this stuff out of school systems, markets are reinserting it. It is ironic but fascinating.

**QUESTION:** Will charter schools and voucher schools be attracting not the cream of students, but the most innovative, entrepreneurial, and achieving adults?



**DR. FISKE:** I have not done a lot of research in this area, but obviously this is an empirical question. Where are the teachers starting the charter schools coming from? A big chunk of them are not coming from regular public schools. A big chunk of them are coming from private schools or from nonteaching professions. It would be important to sort out what proportion are coming from where in answering that question. Even if the answer turns out to be that a lot of them are coming from the regular public schools, however, one would then ask: Are there ways in which we could bring whatever lessons are learned back into the regular public schools?

Think about the institutional mechanisms for making that happen. One way would be to allow teachers to have some sort of sabbatical-leave policy, where a teacher from a regular public school could teach in a charter school for a year but not lose his tenure position. That would make for an easier transition. We ought to be using our imagination because of the risk that the laboratories of innovation will not communicate with the regular schools.

**DR. LADD:** I would like to link that comment with the accountability of the inspectorate system in New Zealand. If you have an inspectorate in place looking at all the charter schools, presumably the officer gains a lot of information about what works in different types of environments. One diffusion mechanism could be to sort the information provided by this review agency after looking at schools over a period of three or four years.

This could be an effective means of diffusing innovation, though in New Zealand it has worked a bit in the other direction. In New Zealand, the review office started publishing reports about what seemed to work in various schools, but this probably worked against innovation rather than in favor of innovation because the review office came up with standard models, and all the schools thought that that was what they were supposed to do. I think that this notion of an education review office, some sort of inspectorate, gathering a lot of information about what is working out there is useful to think about in terms of innovation.

**QUESTION:** I think that rather than being a negative as-

pect of choice or charter schools, creaming of teaching staff is potentially one of the strongest mechanisms for translating the reforms and the improvements of those kinds of choice schools into the regular system.

One area where the two intersect is in recruiting new teachers. The mechanism of communication from teacher candidates to public schools is extremely powerful, and schools have a very strong incentive to hire the best faculty they possibly can. I think that this is one of the strongest mechanisms, and if charter schools and schools of choice were not creaming the best teachers, I think that the value of the movement would be trivial.

**MR. GEORGE MITCHELL:** I am from Milwaukee. Governance is significant in Milwaukee because we are less than a year into a system where the school-board district is actually governed by people who believe in these things. There needs to be a bit more time.

I would like to question Rick about the continuity of his work, because what he did in coming to Milwaukee is the exception. He did research, picked up nuances, and created an informed paper. Most folks who come through Milwaukee simply do not have time to do that. They want to sit down for a morning and get everything and then go off and do something else. That doesn't work. If you do not continue to look at Milwaukee over the next five or ten years, the information you gathered will not mean much.

Finally, Chester Finn wrote a very interesting paper on Mesmor High School in Milwaukee, which is proof of how the private system responds to change. This is a long-time Catholic central-city school that the archdiocese shut down. It was not working because it was not attracting the right kind of folks. The school said no, we are not going to let ourselves get shut down. They reinvented themselves, and by any definition Mesmor is a very successful urban high school. It is majority African-American, and 90 percent go on to college. There are models, but in the public system, they are few and far between.

**QUESTION:** A follow-up to comments that Patrick Wolf made earlier: I was surprised that Rick conceded so quickly on the closed-system question because the other model school is associ-

ated with John Meyer, David Tiack, and Larry Cuban—a model that looks at the education system as an erratically open system. It is hopelessly penetrated by the conventional understandings of teachers, especially, and parents about how things should work in schools. I think that if you begin to consider that model, it leads you to a more pessimistic conclusion about the possibility of revolutionary change in the education system because the system actually reflects the preferences of those who work in it and those who send their kids to it.

I really liked Helen and Ted's paper. I like bringing some comparative analysis to this discussion. I think that it is another case that can be particularly informative as we think about revolutionary change, as in the case of Chile. In Chile, a model quite similar in many respects to the model that was adopted in New Zealand was brought into the education system. University of Chicago economists designed both policies. It was a sort of ideal case for a market revolution in the education system. In addition to the policy design being somewhat like New Zealand's, the policy outcomes were also somewhat like New Zealand's: central control over the education system was quickly reasserted by the ministry of education. Very little evidence of innovation in schools or differentiation among schools emerged. Rather, there was the emergence of a prestige hierarchy among schools where they aspired to move themselves up the food chain in terms of being able to attract students. There is relatively little evidence after 20 years of substantial achievement gain.

**QUESTION:** Is this an open system or a closed system?

**DR. HESS:** You do not expect to come to one of these conferences and get into this kind of an academic argument. You can make the case either way. I think the Meyer and Rowan piece is particularly good on symbolic change. It speaks to the fact that what you are dealing with is a fundamentally closed system. There is not a lot of leverage for change available. On the other hand, Larry and David's work is correct. The traditional sociological models shortchange this notion of idea flow. This is relevant to the contemporary political process in public schools.

I think that what happens is that models become institu-

tional levers. I still think that the institutional piece that we are talking about changing is a better approximation of a closed model.

**DR. LADD:** Mark referred a bit to polarization, which we did not talk much about in this paper. We do talk a lot more about it in the book, and he discounted that. He said that the reason you have concentrations of Maoris is because of special Maori programs. There is a bit of that going on in New Zealand, but we provide evidence in the book of a lot of ethnic and socioeconomic polarization.

I want to highlight the reason we are concerned about this. I mentioned this point at the end of the discussion yesterday. If you end up with schools at the bottom with greater concentrations of struggling students than in the past or than you would otherwise have had, that is a problem. The message that comes loud and clear out of the New Zealand experience is that the choice system and the competition system exacerbate the problems of the schools at the bottom. That is not to say that a lot of low-income people do not benefit, because some of those families have gotten their kids out of those schools. But do not expect choice and competition to solve the problems of the schools at the bottom. Their problems are going to be exacerbated, and governance changes will not help. This suggests that a focus on teaching and learning and the broader education challenges is very important if we are to help those students at the bottom of the system.

I have a second point about the oversubscribed schools. Is it bad to have schools choosing or playing a major role in choosing the students who come to those schools? Reasonable people can disagree about that, and certainly we are not going to have Harvard not choose who comes to Harvard. We would argue, with regard to K through 12 education, that fair access to schools should play a role from an equity perspective. The reason that we focus attention on the oversubscription problem in the New Zealand context is that we provide evidence in the book that suggests that parents care a lot about educational quality. Their proxy educational quality of the school, however, is the mix of students in the school.

Parents, therefore, have an incentive to move their kids up to what we refer to as the decile ranking of schools in the New

Zealand context. We would argue that that is rational for them. We also provide evidence in the book that the higher-quality teachers are in the schools serving the more advantaged students. If you let those schools that have attracted lots of students select their student body, they can improve the education in their schools. There is no doubt about that. What does that do to the rest of the school system? I think that there are real issues of equity and access that need to be considered in any discussion of choice and charters.



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# The Effects of Schools on Civic Engagement

Moderator:

**Kay Lehman Schlozman**, *Boston College*

Panelists:

**David Campbell**, *Harvard University*: “Making Democratic Education Work: Schools, Social Capital, and Civic Education”

**Patrick J. Wolf**, *Georgetown University*; **Jay P. Greene**, *Manhattan Institute for Policy Research*; **Brett Kleitz**, *University of Houston*; and

**Kristin Thalhammer**, *St. Olaf College*: “Private Schooling and Political Tolerance: Evidence from College Students in Texas”

Discussant:

**Jeffrey Berry**, *Tufts University*

**DR. KAY LEHMAN SCHLOZMAN:** We are fortunate to have two papers that are speaking to the effects of schools on civic engagement in terms of educational outcomes. The topic of this panel might be labeled “Training for Democratic Citizenship.”

The first paper is called “Making Democratic Education Work: Schools, Social Capital, and Civic Education.” The author is David Campbell, who is a graduate student in the government department at Harvard. The second paper is called “Private Schooling and Political Tolerance: Evidence from College Students in Texas.” Patrick J. Wolf, an assistant professor of public policy at Georgetown and a research associate at the Kennedy School of Government, will present this paper. His coauthors are Jay P. Greene, a Senior Fellow at the Manhattan Institute for Policy Research; Brett Kleitz of the University of Houston; and Kristin Thalhammer of St. Olaf Collage.

The discussant, Jeffrey Berry, is a professor of political science at Tufts University.

**MR. DAVID CAMPBELL:** Americans are obsessed with test scores. We talk about them all the time, and perhaps we are justified in doing so. I would like to begin today by suggesting that schools in this country should do more than simply teach reading, writing, and arithmetic. Schools should also teach democratic norms. Supreme Court Chief Justice Earl Warren wrote in the famous *Brown v. Board of Education* decision that “education is perhaps the most important function of state and local governments. Compulsory school-attendance law and great expenditures for education both demonstrate our recognition of the importance of education to our democratic society. It is required in the performance of our most basic public responsibilities, even service in the armed forces. It is the very foundation of good citizenship.”

The paper I present today asks how different types of schools, which I will classify in five categories, promote democratic norms and values. The five categories of schools that I deal with are as follows: *public schools*, the schools that the vast majority of Americans attend; *magnet public schools*, public schools that you have to choose; *Catholic schools*, the majority of private schools in America; *religious but non-Catholic schools*; and *private secular schools*. Private secular schools are what many people think of when the word “private” is used in association with schools, but they actually make up only a very small fraction of private schools in this country.

The paper is relevant to any discussion of privatizing education in America, whether we are talking about voucher programs or charter schools. Critics of private education often argue that private schools are socially divisive. This paper does not examine whether voucher programs, for example, affect students’ citizenship. Rather, it examines the status quo. The paper asks whether students in these different types of schools differ in their degree of civic education. It does not speak directly to the question of what would happen under a voucher program. It is relevant because the status quo for voucher programs is still very small in scale. It does not answer the question of what happens to a student’s civic environment when he moves to a Catholic school or to another type of private school.



I suggest that there are three objectives to a civic education. The first objective is *civic engagement*, and it consists of three categories: voluntary service, civic skills, and civic confidence. The next objective is *political knowledge*, which is defined as how much you know about the political process. I suggest that this component is inherent and necessary in any type of civic education. The third category is what political scientists and sociologists refer to as *political tolerance*, or commitment to civil liberties.

A few years ago, a political scientist at Harvard, Robert Putnam, published a groundbreaking book on the performance of regional governments in Italy, entitled *Making Democracy Work*. Putnam argues that what makes democracy work is the degree of civic engagement, or what he calls “social capital.” He then applies the argument to the case of the United States in a famous essay entitled “Bowling Alone.” Since then, political scientists have been as obsessed with the subject of social capital as Americans in general seem to be with test scores.

The term “social capital” has many different meanings to different groups of scholars. I will use it in the way that Putnam uses it, which was adapted from James Coleman, the foremost thinker in the field of the sociology of education. The term “social capital” refers to the ability of groups of people to collaborate, that is, to overcome the collective action problem. The problem of collective action refers to the idea that it is hard to get people to do things together. People only work collectively because of fixed social networks that breed norms of reciprocity and trust. Coleman developed this idea to explain academic performance in Catholic schools. He wanted to know why students in Catholic schools do well academically when we might expect them not to, based on objective indicators of those schools. They have low teacher salaries, and their physical facilities are usually lacking when compared with those of public schools.

Coleman argued that the reason that Catholic schools do well is that they are embedded in communities that have large amounts of social capital. If Coleman is correct, and Catholic schools are flushed with social capital, and if Putnam is correct that social capital facilitates collective action in civic life, we might expect that Catho-

lic-school students could be characterized as having a greater degree of civic engagement than public school students. We would not necessarily expect that same effect in other types of private schools because they do not have comparable communities.

To address this issue, I turned to a study done by the Department of Education, known as the National Household Education Survey. This study is unparalleled in both size and scope. The total number of people surveyed in this study is around 20,000. In presenting today, I will only be using a segment of the total sample—around 4,000; this number is two to three times the size of a typical sample.

This is a remarkable study because it includes data from parents and their children. It enables me not only to look at what is happening to kids inside their schools, but also to account for what is happening inside their homes. This is unique in social science data. It is very rare that you have data of high quality that match parents and students. The National Household Education Survey enables me to account for a variety of factors that might cause the observed differences between schools.

Let me introduce the results and run through our findings. First, you see that more Catholic-school students engage in voluntary service than students in assigned public schools or students in religious but non-Catholic schools. The results for the religious but non-Catholic students actually do not hold up when other controls are introduced. The results do hold up for Catholic schools, however, and this is the case for all the findings that I am presenting today.

One might say that the reason that students in Catholic schools participate more in voluntary service is because they are required to do so; this is true. Many Catholic schools have mandatory service requirements. It turns out, however, that when you exclude the schools that require service, you find the same results. Some might question whether this is a good measure of civic engagement. It has nothing to do with political participation, and it might just be a manifestation of the religious nature of those schools.

The next factor I look at is school type versus a “civic skills

index.” There was a groundbreaking book by Kay Schlozman in which she and her coauthors argue that in order to understand why people get involved in politics, you must understand their capacity to do so. A person’s ability to engage in politics and use civic skills will predict whether that person will be involved in public life in America. These are prosaic things, but they are important: giving speeches, organizing meetings, and so on. This survey asks kids whether they have learned how to write a letter in class. It also asks whether they have written to someone they did not know, given a speech or an oral report, and whether they have taken part in a debate. The survey found that Catholic-school students do better across the board, and that finding holds up under multivariant control.

The next measure is civic confidence. This factor is similar to civic skills, but rather than asking, “Did you do this in class?” it asks the students, “Do you feel that you could do this outside the classroom?” Once again, we found that students in Catholic schools are more likely to have civic confidence than students in assigned public schools and students in secular private schools. I should mention that when you introduce the multivariant controls, it turns out that students in religious non-Catholic schools also turn out to have more civic confidence.

The next category is political knowledge: How much do students know about politics? This is typically excluded from discussions of test scores, but it is an important component. The way that the survey gauges political knowledge is by asking students a series of factual questions that political scientists have long agreed are important things to know about American politics. For example: “Who is the Speaker of the House?” or “Which party is more conservative?” Parents were also asked these questions.

All the factors that we measured control for whether the parents educate their kids at home. The parents are asked different questions from those that are asked of their kids so that we can make sure that it is not a matter of a particular household being more politically inclined, or a parent hearing the survey questions and repeating them at the dinner table. On the political knowledge test, we find that once again, the Catholic-school students score

higher. This is not surprising, as you might think that political knowledge would follow other types of academic performance. If schools do well teaching kids math and reading, you might expect that they would do well in civics, and it turns out that they do.

The final category speaks most directly to the idea of whether private schools are socially divisive. These are measures of political tolerance and commitment to civil liberties. In this test, students are asked whether they thought that someone who wanted to make a speech in their community against churches and religion should be allowed to speak. They were also asked whether a book that most people disapproved of—for example, a book that advocated illegal drugs—should be allowed at a public library. Interestingly enough, students in Catholic schools are marginally more tolerant on these questions, even though the question asks specifically about religion and not about other matters. There is research that indicates that it does matter what specifically you ask about when you are measuring political tolerance. Students in religious but non-Catholic schools are noticeably less tolerant. This finding is not statistically significant until other controls are introduced.

To summarize, Catholic-school students rate higher on every measure of civic education. Catholic, religious but non-Catholic, and private secular schools are all higher on civic confidence. Private secular students and Catholic-school students score higher on political tolerance. Catholic-school students score only marginally higher on political tolerance, while private secular school students score significantly higher. Students in religious but non-Catholic schools are slightly less tolerant. I should caution you, however, not to read too much into that result regarding religious but non-Catholic schools, because I do not know much about what is going on inside the homes of those students in terms of their religious education. This survey does a very good job of asking about education, but it does a poor job of asking about religion. I suspect that if I could account for other things going on in the homes, this effect might disappear.

Catholic schools perform consistently better across the board, even when we account for myriad other factors. Is this because of social capital? I believe that the results regarding voluntary service

are a result of social capital. Awareness of one's community is an important aspect of the Catholic school curriculum. The other results may also be a result of social capital, though they may not be. There may not be a direct link to social capital in the way that Robert Putnam discusses it; perhaps James Coleman's applications are more pertinent to these findings. In other words, perhaps the best civic education is simply the best education.

**DR. PATRICK J. WOLF:** Why study political tolerance? As David mentioned in his discussion, political tolerance is a core democratic value involving support for the free exchange of ideas. In a democracy, we expect citizens to make important decisions and participate in governance, and in order to have this expectation, we need to allow for the liberties that support free speech, free demonstration and the tolerance of ideas, arguments, and groups that we disagree with.

Why study the effects of schools on political tolerance? American schools have been charged with inculcating civic values such as political tolerance in their students since their very establishment. Horace Mann speaks eloquently of this charge, as do John Dewey, Amy Gutmann, and others. Many critics of voucher programs argue that one reason that vouchers are a bad idea is that they will reduce the level of civic values among students. They claim that many private schools are highly ideological and intolerant to the free exchange of ideas. Scholars including Amy Gutmann, Hank Levin, and Benjamin Barber argue that we cannot trust private schools to prepare citizens for their duties in a democracy.

Why study the effects of schools on political tolerance in Texas, in particular? Even though none of the authors currently lives in Texas, it turns out that when we initiated this project, two of the coauthors did live in Texas and taught at large universities in that state. We were able to collect a good deal of data in Texas because of our university connections, so it was a logical choice. We expected Texas to be a difficult case for private schooling and political tolerance because of its reputation for being somewhat intolerant to private schools. There is a certain characterization of Texas private schools as fervently evangelical schools that are intolerant to the free exchange of ideas. Essentially, we had access to

a number of universities in Texas, which gave us a great deal of data and the ability to control for regional differences. We decided to focus on one tough case: schools in the state of Texas.

Why do we look at college students? College students represent good subjects for our study for two reasons. First, they are little removed from their K through 12 education, which was either in a public school, a private school, or perhaps some mix of public and private. We can get information about their previous education, the sector that it was in, and how much of the previous education was in that given sector. Second, it reduces, but does not necessarily eliminate, the self-selection problem that plagues so much of education research, and that has been discussed quite a bit.

Fortunately, thanks to the work of John L. Sullivan of the University of Minnesota and his colleagues, we have a highly reliable research instrument with which to assess and measure political tolerance. Our research design does not quite meet the gold standard. The distribution of public school students is truncated when it comes to admissions to college because a smaller proportion of public school students than private school students enroll in college. It is uncertain whether this trend is because public school students are not interested in going to college or because they do not have the scores to get in. Our study, therefore, looks at the “elite” of the public school students: the ones who are able to meet the same admission standards as private school students.

All students in our study have passed a common threshold of admission to college. When you look at various characteristics of these, the publicly educated students versus the privately educated students, the differences are minimal. They differ very little with respect to the father’s education, the mother’s education, SES, and other similar factors because they all had a strong enough background to get into college. The area where they do differ is the extent to which their previous education took place in the public or private sector.

We use the classic Content Controlled System for measuring political tolerance. The way that the system works is that you present

respondents with a list of extremist political groups. You ask them to select the group that they least like: the group whose ideas and actions most disturb them. It is a “pick your enemy” deal. Then you ask them a series of questions about the constitutionally protected liberties that they would extend to members of that least-liked group. The overwhelming majority of respondents picked the Ku Klux Klan or the American Nazis. Most of these students are selecting an extreme right-wing group as their least-liked group.

We asked the respondents the following questions about the group they selected: “Should the government be allowed to tap their phones?” We also convert that question to the negative and pose it as a true or false statement: “The government should not be allowed to tap your phone.” In this case, “strongly agree” is always the more tolerant response. Although these questions scale quite well, there is one question whose answer is always quite telling: “Should a member of your least-liked group be allowed to teach in the public schools?” That is the toughest test of political tolerance among these students. There is a sense that public schools are no place for the free exchange of extremist ideas.

The distribution is approximately normal to their responses on a one-to-five scale. We also do a multivariate analysis with many of the controls that David introduced. It is a mix of controls that are found in traditional education and in production functions found in the tolerance models that have been done previously.

To our surprise, we find that, given the strong theoretical literature in support of public schools and the need for public schools to teach civic values such as political tolerance, extensive private education is positively and significantly correlated with political tolerance in these students. When we break it down by all public education, most public education, and some public education, we see that all public education has the strongest positive effect. These two effects are very similar, and they go in the same direction. We see that a predominantly private education increases the political tolerance of these college students by about a quarter of a point on a five-point scale.

We thought that perhaps there was a difference between secular and religious schools. We found that the effect seems to be stron-

gest in secular schools, and that is where it reaches statistical significance. Religious schools, however, still have a positive coefficient on the political tolerance variables, though it is not statistically significant. Part of the reason that the coefficient is not significant is that as we break the cohort down into smaller subgroups, we are running into a low-end problem. Ultimately, if we had a larger sample, we would also break up the religious education component into Catholic and non-Catholic. There is no evidence in these data, however, that suggests that the students who came from these religious schools in Texas are more intolerant of political groups than the students who came from public schools in Texas.

We conclude that the conventional wisdom about private schooling and political tolerance is not supported by the data. The conventional wisdom is based on nonempirical studies. The claims of political theorists and political philosophers about what one might expect or want to be the case in the public school system is not supported by empirical evidence. In conclusion, we should expect public schools to work to do a better job of inculcating civic values such as political tolerance in their charges, and we should be less skeptical of the ability of private schools to do that citizenship training, as well.

**DR. JEFFREY BERRY:** These are two very good papers, and I enjoyed and learned quite a bit from both of them. Both papers refreshingly hark back to the origins of political science as a discipline focused on enhancing citizenship. Unlike a lot of contemporary political science, both these papers actually ask a meaningful question: How can schools produce better citizens? Both papers arrive at a similar conclusion: there is something to be learned from how private schools teach students about government and the people who surround them in a world that is becoming smaller and more interdependent.

The papers tell us that a movement toward vouchers and charter schools should not be feared. Do private schools fray the civic bonds holding America together? For the most part, the answer is no.

With similar strengths, I also have similar concerns regarding the way the measurements of tolerance were conducted in these



papers and the theories that underlie these measurements. Campbell deals with tolerance only in part, and the Wolf paper deals with it centrally. Neither paper in my mind does an adequate job of convincing us that the fear was as great as they hold out. Both offer broad generalizations built on fairly skimpy references to the literature in political theory. Communitarians do make these arguments about public schools, private schools, and egalitarianism. I think, however, that the fears described in these papers do not find their origins in the writings of communitarians in political-theory journals. I suspect that the authors' real target is the ardent political foes of vouchers and charter schools.

Let me first turn to the Campbell paper. This is a carefully constructed study. It is cautious in its judgment, and he makes good use of a very rich data set that allows for a robust set of controls as he develops three separate multivariate models. As good as this data set is, however, there are things that are lacking—for example, the voice of educators and information about curriculum. We are not told what is being taught at these five different types of schools. It is not available in the data set. We must infer what is being taught in terms of the types of areas that David focuses on. All we really end up knowing about the curriculum is whether community service is required, and whether there is a course in which current events are discussed in class. We do not know if it is curriculum that is driving these differences forward or, in the case of Catholic schools, whether it is something broader about the nature of Catholicism itself.

What this paper does tell us is very important, however. Catholic schools do much better than other types of schools in terms of nurturing civic education. Campbell cites other studies that support this view of Catholic schools, and that helps mitigate any concerns about the specific measures that he uses. Equally striking to me, however, is the failure of the three other types of schools to show results that are consistently and significantly different from those of the public schools. If there is a companion paper to this, I hope that it will focus on the half of the glass that is empty.

I have not talked about Campbell's treatment of tolerance and intolerance. In the interest of time, I will unfairly subsume

him in my discussion of Wolf, Greene, Kleitz, and Thalhammer, to which I will now turn. They begin with a question about tolerance and do a very nice job of linking questions about schools to the very rich and long-standing literature in political science about tolerance. The measurements of tolerance go back over 50 years. The question they actually ask—“Should a member of your least-liked group be allowed to teach in the public schools?”—is a question that we have been asking all the time in research.

Patrick did a nice job of explaining the workings of their measure in which you get a list of ten groups and select the one that you dislike. He did a good job of explaining how that works.

To put a bit of context behind that, the original studies that were done were asking people about communists, atheists, and socialists, and over time social science began to notice that Americans were becoming much more tolerant because people’s opposition was declining. Then John Sullivan and others began to think that perhaps it was not that we were becoming more tolerant. Perhaps these groups, in particular, are simply not as fearsome as they once were.

The researchers came up with this list of ten groups, which could certainly change over time. The list still gives you the ability to do some time-series analysis because the battery of questions that you ask now can still be asked in the future. You just have to update the “evil” groups as you go along.

I believe that this is a reliable means of scaling and dividing political tolerance, and it has certainly been used a good deal in political science. I used it myself in a study that I helped to conduct about 15 years ago, and with some success and no shame whatsoever. I will now criticize it.

What concerns me about that scale is that only two of the ten groups actually elicit any kind of fear. This makes me a bit suspicious. The two groups are the American Nazi party and the Ku Klux Klan. Think for a second about the Ku Klux Klan: eight or ten middle-aged men dressed up in ridiculous costumes with funny pointed hats. Often they have to be protected by the police from being beaten up by an angry mob that has come to watch them try to march. I am certain that I do not think in exactly the same way as a

freshman in college, but I am concerned that the groups represented in that list are fairly meek in terms of the actual threat that they present to us. This test is useful as a scaling mechanism because it has continuity, but I hope that if you continue with this research that you will try to think of a new test. We need a test that really pushes people's buttons, and I do not think that this test does that.

I was also struck by the way that the hypotheses were framed. The authors hold that there is widespread belief that private schooling is linked with higher levels of intolerance. It might be by ignorance, but if I were doing this study at the beginning, I probably would have hypothesized the opposite—that private schooling was linked with tolerance rather than intolerance. It should not make any difference if you predict heads or tails as long as you do a valid test flipping the coins. You should come up with the right answer. But on another level, I think that this view permeates the paper in an unfortunate way.

On page 20, the authors go over the top by declaring that religious private schools are “commonly portrayed as bastions of intolerance and bigotry.” I think that this is an exaggerated bogeyman type of claim. I do not think this unsubstantiated claim pushes the paper forward in a way that it ought to.

On page 19, the authors offer a very convincing argument as to why superior academic performance of some private schools is logically linked to high levels of tolerance and civic value, but I think the route is rocky. The finding about SES not being the source of the differences is very significant. The literature on tolerance and SES, in fact, shows that there is a positive relationship between SES and tolerance. This new finding contributes to the literature, and we ought to think about what they found.

Another thing that I like about this paper is that they centrally address the question of self-selection bias and deal with it in a very effective manner. I think that is one thing that bothers people about studies of private schools and who gets there, and it is a difficult problem. The authors did a first-rate job of convincing me that that is not the source of the differences.

Although their questions about tolerance could use some fine-tuning, it is clear that the authors tap an unease about increased

private schooling in the United States. There are many Americans who share that view. There is an unease that the growth of private schools, now abetted by liberalizing policy toward charter schools and voucher schools, moves us away from a uniquely American ideology of public schools.

The American school system should promote the egalitarianism that is at the very foundation of our democratic form of government. These two papers suggest to us that this threat to our community is exaggerated.

**DR. WOLF:** All Jeff's comments were right. I similarly have concerns that the KKK may be a convention that we all agree to dislike. Even bigots may agree to dislike the KKK. I think that coming up with better enemies to put on the list is a good idea. One thing, however, that might address some of your concerns is that one of the controlling factors, which unfortunately, was not included because the multivariant analysis somehow got dropped out of the paper, was perception of threat: how threatening the college students saw these groups. If the college students saw the KKK as eight pathetic middle-aged men with pointy hoods, they would not see them as very threatening. That would be adjusted in the multivariant model. I agree that even though this is a well-established scale and technique for measuring tolerance, we can and should improve upon it.

**MR. CAMPBELL:** I was thinking of friends I have from Texas and what their most hated group would be. I am from Canada, but my wife is from Wisconsin, and as near as I can tell in the conversations I have had with my Texan friends, the most hated group would be the Green Bay Packers.

I agree with Professor Berry's comment that the one thing that is lacking in the data that I am using is any specifics about the curriculum that is being used in these different types of schools. This is a very difficult thing to track down, but it is something that I am very interested in knowing more about. There was a time 30 or so years ago when social scientists and political scientists were interested in this, but that interest faded over time and I think it is a pity. I would be interested to know if there are any educators here who could give me a handle on a way to go about studying

what actually happens in the classroom. What are kids learning in these schools?

**QUESTION:** In looking at questions of curriculum, you must work with data that are extremely limited in terms of the amount of details that you can actually get and fuse together about what is going on in the different schools. I think that it ultimately extends beyond the curriculum.

I also wonder whether magnet schools are the right choice in this pursuit. If you were re-creating the study, would you choose a different set of schools rather than magnet schools? Would charter schools or other kinds of alternative schools be better than magnet schools as test cases for the kind of differences that you are trying to get at? You alluded to the fact that this is a very heterogeneous group, and the definition may be somewhat difficult to pin down.

The questions that remain are: If you were going to design this study over again, would this be the right comparison group? Given the nature of this conference, might charter schools be a better comparison group if you were going to start from the ground floor? If we had a better-defined group of alternative schools, would we actually be finding more alternatives?

The second question I had is, to what extent is the active choice itself and the active civic engagement value-added? You cite the paper that I coauthored on social capital. To what extent is the active choice itself an important act of civic engagement and learning?

The third question I have is, what exactly is going on in these schools? What is going on in Catholic schools that makes them different, and what are the lessons that are embedded in these results that could be transferred to other schools? It is much more than just a curriculum; it has to do with the nature of the community and the environment. Do you have any ideas about what is in the environment of the Catholic schools that would serve as lessons for other schools to enhance the social capital stock?

**MR. CAMPBELL:** I should mention that while it may appear that this is a sparse data set, it is by far the most extensive I

have ever encountered in the literature. One of the people who helped put this together was Richard Nemy of the University of Rochester, who has built his whole career on studying this material. The data set is not perfect, but it does ask a lot of questions of students about what is going on in their schools that we did not know before. For example, it asked whether there was a student government, and whether that student in particular had ever been involved in student government. It asked a whole battery of questions about community service, which I will move on to because that is one area where the public schools can learn a lot from Catholic schools. These schools have promoted a service ethos within their schools that is a very important distinguishing factor.

If you take James Coleman's work seriously, it is not just the fact that these are Catholic schools that are encouraging service. That is certainly a big part of it; these are schools that take their commitment to community very seriously. They take teachings of social justice very seriously. Following Vatican II, Catholic schools readjusted to the changing demographics in the inner city and decided to stay there for the most part and to welcome students whether they were Catholic or not.

Coleman uses the terms "functional community" and "valued community." These do not have to be religious communities, but they do have to be communities where people have something in common. Your question is whether active choice entails civic engagement. I think it does. That is a large part of what is going on inside these schools. Religion is a part, but that is not all of it for these people who have chosen to be a part of a given school. These are parents who have chosen to put their children there, knowing that they have an obligation to contribute to that school because it does not function unless the parents are volunteering. I believe that notion bleeds into what the children are experiencing.

**QUESTION:** There are two critiques that communitarians make on the question of social capital or the tolerance issue. One is the critique that the panelists addressed head-on. A critic might say, however, that it is not just about training children to be good citizens; it is also about the way we go about governing the schools. Do you have any thoughts on the response to that kind of critique

of your approach to the question of tolerance and democratic citizenship?

**DR. WOLF:** This is another example of a “black box” analysis that we view as a way station to identifying more precisely what the cause or mechanism is. We speculate a bit. We list some candidates at the end of the paper of what might be at work that specifically promotes tolerance in private schools. For example, maybe it is a more engaging sort of pedagogical style.

A factor that I think deserves careful attention is student participation in governance. In a separate survey that I conducted with some colleagues of eighth-grade students in public or private schools, we interviewed both students and administrators about the school environment. We found, to our surprise, that private schools were more likely to share governance operations with the students in the school. They were more likely to have a meaningful student council where students participated in planning activities for major school events. When we included that variable, the correlation was positive and significant, but the overall positive effect of private schooling on political tolerance did not go away. I think that we may have identified one candidate, but we have not yet solved the entire puzzle.

**QUESTION:** I thought that Mark’s point about the magnet schools was interesting. The fact that the magnet schools do not show up as being different from the assigned public schools is interesting and needs more thought and discussion. The magnet school has long been thought to be a powerful way of achieving what the assigned public school could not achieve. You could bring together students from across the city into a setting that would reinforce common values and tolerance for others.

It also reminds me that the magnet school has a lot of the factors that Helen Ladd and Ted Fiske were talking about with regard to New Zealand. It is just another public school dealing with hierarchical factors that influence decision making. Many of the private schools, however, have a mission there. There is some other purpose to that school than just being a state school. The magnet schools may not have such a purpose. Therefore, there may be an important difference between a choice system that al-

lows schools with different kinds of missions to compete with one another, and a choice system where all schools are alike and are defined by the state as having to be alike. You do not get the same kinds of outcomes as a result.

**DR. JENNIFER HOCHSCHILD:** It looks initially as though there is a bit of a contradiction between the two papers. In David's, Catholic-school students are more tolerant, and private religious school students are less tolerant. The other paper finds more tolerance, but not significantly so. First, it seems possible that if you have a rough distribution between kids who went to Catholic private schools and kids who went to non-Catholic private schools, the two would offset each other and therefore would produce something closer to a zero correlation. Do you think that is plausible? Is it even possible to parse this out?

The second related question is that on tables 1 and 3 of David's paper, establishment of religion is negative only in relation to political tolerance. People who participate in religiously established churches, if I understand correctly, are less tolerant than people who are secular or people who are in nonestablished religion. What sense do we make of that? Is that somehow connected with this other question?

We know that other religious private schools work differently from Catholic schools. Is there something about Catholicism in terms of substantive beliefs? Is there something about a religious community of Catholics that is different from other religious communities? What can we make of these findings that would be generalized to other schools?

**MR. CAMPBELL:** The short answer is that we are not entirely sure. The longer answer comes with some guesses. In Texas, there is a lower proportion of Catholic private schools than in other states. Additionally, the Catholic population is dominantly Latino. I know from another study published in the *Georgetown Public Policy Review* on a national data set of Latinos that the same tolerance scale shows the same positive effects on Latinos nationwide. It is possible that this information enforces the notion that this is a Catholic thing. Maybe the reason that religious schools do not show the positive effect in Texas is that there just are not enough



Catholic schools. It is certainly possible that the positive effect on tolerance is largely a Catholic effect. Interestingly, other private schools are no different from public schools, for the most part.

**DR. WOLF:** It is well established in the political-tolerance literature that people who are more religious tend to be less tolerant of extremist groups. What we found in the course of our multivariate analysis is that it seems that most of that explanatory power was coming from the members of our sample who were self-described Catholics, Protestants, and Jews. The reference group for that is our “establishment religion” variable.

**DR. HOCHSCHILD:** The alternative groups are both secular and nonestablishment religious?

**DR. WOLF:** Right, so that would include Hindus, Buddhists, and any Protestant denomination that would be included as an “establishment religion,” though a lot of these groups were rather small.

**DR. HOCHSCHILD:** By “establishment,” you do not mean mainstream.

**DR. WOLF:** Not necessarily. Again, the justification was to separate the religiosity that they brought to the school from the effect of attending the school.

**DR. HOCHSCHILD:** The way you set the inquiry up does not do what you want it to do. You need denominational variables and good religiosity variables: church attendance and church-activity variables are not included.

**DR. PAUL HILL:** The other issue that we should talk about is why the public schools continually are the low-level reference. That requires knowing something about what happens in public schools, and that is a factor that we know very little about. It is very difficult to perform studies on this question.

It is extraordinarily difficult, because to understand the consequences of a school on kids’ attitudes, it is not just a matter of going to the civics class; you also have to try to understand what they learn in the school as a whole. I think that many of you will recognize that the political oversight in public schools has made people extremely reluctant to discuss issues at any depth that affect these matters.

In fact, if you compare the discourse in a conventional pub-

lic high school with that in a Catholic or Jewish high school, you see in the conventional public school a celebration of ethnic foods and music and the like, and an overt message of celebration of difference. Implicit in that is a message that a lot of things cannot be discussed. In the more coherent local values communities—my best example is the yeshiva in the northwest—though there is a tremendous common culture and commitment to certain values, anything is up for rigorous and ferocious argument. That must have an implication for the children about what is up for discussion and what is the right way to deal with the fundamental issues. I think that we need to know more about these things, but the data do not seem all that inconsistent with what you see on the ground.

Are we finding that for what we think of as some of the most public outcomes of schools—such as tolerance and civic capacity—political oversight is incompatible with development of those outcomes?

**MR. CAMPBELL:** The question that everybody wants to know the answer to is, why? If you find differences between public and private schools, why do you find those differences? One of Jeffrey's comments was that you ought to be controlling for the curriculum, because there may be something that the private schools are offering in their curriculum that will account for these things.

There is a flip side to that, however. For example, in the 1980s James Coleman started a huge controversy by arguing that Catholic schools are better than public schools. A fairly contentious literature was established for the purpose of trying to demonstrate either that Catholic schools are better or worse than public schools. The way this started was that Coleman was able to show that there was a difference, a performance gap. Then his critics began controlling for such things as curriculum: things that, in fact, account for why the private schools are better. If you control for all these things, the gap begins to go down to zero.

You have to ask yourself why you control for these things. What you really want to know is whether there is a difference; and if there is a difference, you want to know why. You should not put those aspects of private schooling that are indigenous to what you are asking into the equation and control for them, because they are

naturally going to reduce the gap. We see a gap precisely because curriculum and other sorts of things are relevant to why private schools are socializing kids a bit differently. They are the answer and should not be included as part of the question. Once you have shown that there is a difference, you want to move on and try to understand why. If you put those “why” factors in the same analysis, you are going to reduce the gap precisely because you are explaining it.

**DR. JOSEPH VITERITTI:** I think that we are getting beyond the question of school performance. If we offer a larger portion of kids an alternative to the “common school model,” what effect is it going to have on American democracy? That is an important question. One way to answer that question is to look at the exception by looking at the 5 to 10 percent of kids who are in Catholic schools.

I think, however, that the most compelling argument is to look at the norm itself. The norm is that we have functioned on a common school model in this country for 100 years. Ninety percent of kids go to common public schools, and what we are dealing with here is a myth. There is certainly mythology that is associated with Catholic schools, as well, but there is a much larger myth surrounding what the common school is capable of doing. When you look at the evidence, it is not encouraging. You can look at Putnam, and he records this civic decline. You can look at voting behavior and realize that people are not voting at elections any more. The health of democracy in America is not at a high level. It seems to me that the most compelling argument against the common school is that it is not doing a very good job.

That is why I think you make a case for alternatives—not because we can begin to tease out some evidence, but because the most profound evidence that we have available to use is our 100-year history, which has not been good. We have not educated poor kids very well, and we have not provided a level of civic involvement that anybody is happy with. If you go further into that political-behavior research, it shows a very strong relationship between educational achievement and civic participation. Where we miss on educational achievement is the same place that we miss most

profoundly in terms of civic participation, and that is with our poor populations.

**MR. CAMPBELL:** In closing, let me address one thing. Turnout rates are down, but they are not necessarily down from the beginning of the century; they are down from the World War II era. It seems that the only way to bring turnout up in this country is to run a war hero and have him say nasty things about the religious right. That seems to bring people to the polls. I should say that largely, we look at all things, such as voting, interest in politics, and voluntary club membership, and we have found that those factors have declined over 30 or 40 years. One exception to that is the fact that tolerance goes up because it correlates directly with education. These other things are related to education, but in more complex and indirect ways. It is not just your absolute level of education; it is how you compare against everybody else. A high school graduate 50 years ago was educated. That is not the case today. Tolerance seems to continue to be going up. Take that for what it is worth.

**DR. SCHLOZMAN:** I have been struck by the dialogue in this panel about how relatively little has been compared across countries. I believe that is a reasonable way to think about the civic health of American democracy. It is well known that turnout rates in the United States are low in comparison with other democracies, and it is usually attributed to two things: the fact that we have such weak parties, and the fact that we have to go to the town hall to register. When it comes to other kinds of political participation, however, America looks pretty good. If we look at ourselves longitudinally, participation is going down somewhat, but when we look across countries we do not look as bad.

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# The Achievement of Arizona

Introduction:

**Paul E. Peterson**, *Harvard University*

Addressee:

**Lisa Graham Keegan**, *Superintendent of Public Instruction for the State of Arizona*

**DR. PAUL E. PETERSON:** Our speaker this afternoon is Lisa Graham Keegan, the superintendent of public instruction in the state of Arizona. I hardly need to introduce her because we have been talking about Arizona endlessly for a day and a half. It is the locus of the most exciting developments in school choice in the country, unless Milwaukee is to be given pride of place. The magnitude of the change in Arizona is enormous, and no one thinks that anything comparable with what is being achieved there could have been achieved without the educational and political leadership that Lisa Keegan has provided. It is a great pleasure to have the opportunity to introduce her to you this afternoon.

**HON. LISA GRAHAM KEEGAN:** I want to speak to the essence of the reforms that we have all been talking about, and I am certain that much of what I will say this morning you may have heard before. There are some new things on the horizon, however, that we need to be paying attention to, and I will discuss those to get feedback and direction from you.

We are seeking a system that is centered on each individual child. We are not seeking a system centered on all children. Children are not a bloc. They cannot be serviced as though they were all the same and one system will take care of all their needs. That will not work.

I recently read Joe Viteritti's paper on school choice and equal-

ity and about whether it is a good or a bad thing. I agree that some things are just correct. They are morally compelling. One of those things is that we must support children equally in public school systems and give them the choice of where they go to school. This notion is morally compelling, and that is the best reason to do it.

If we create a system in which all children have equal opportunity to access schools that work for them, we have the right to have equally high academic expectations. A child should be able to believe that any school he enters will challenge him. This is not the case in the current system.

This is what we seek to do, and we are pursuing it in a number of ways. At the state level, it is critically important to create policies that are firm about equal access, choice, and academic success. We must make our judging criteria perfectly clear to all parties. Part of the policy has to be openness about how the standards are met. If this is not the case, the state will never be able to know how much educational innovations can accomplish.

My experience has been amazing, and I could not ever have predicted much of what has happened in Arizona. Some of it I would not have wanted to predict. Choice brings you all sorts of things: the good, the bad, and the embarrassing.

Very early on after the implementation of the charter law, I received a phone call from a panicked Republican leader in the House, who said, "Lisa, we've got a charter school that you need to close."

I said, "First, you need to read the law. I do not get to close charter schools on a whim, and neither do you. That is not going to happen. What exactly is the problem?"

He said, "We have a school out there that is very offensive."

"Tell me what they are doing. Are they academically poor? Are they not teaching children? What is happening?"

As it turns out, they had a transvestite greeter at the door. This person was dressed in pumps and a boa and was acting very flamboyant. It was quite embarrassing.

I said to the caller, "There is a very good way to deal with this. You call the school and say with civility that it is inappropriate to have transvestite greeters at an elementary school and that he

should be put behind a desk. Hide the pumps and lose the boa.”

That simple bit of advice worked. There was no need to pass a law. There was no need to say “no boas” or “no pumps on men.” Just call and say, “I wish you would not do that,” and they will stop.

Charters bring things that you do not expect, and that is great most of the time. You can deal with the undesired consequences. The notion that we could anticipate everything that would happen was impossible.

I want to review what has happened at the state level in Arizona as we open these systems up. I contend that you cannot build markets; you can only build incentive structures and impediments to choice. The impediments, however, are largely invisible, though they are definitely present. There are so many of them that you just have to attack them a little bit every day.

In Arizona, we now have a financial system that is theoretically centered on students. It is based on a formula that models the needs of the child. We have done away with property-based bonds for construction of schools. This will take a while to evolve, but we have done away with it. As of July 1998, all kids are technically equal in this system. Therefore, the money that you get for construction is based on per-pupil costs.

I believe that this system is unwieldy, and I would have done it in a different way. Nonetheless, the underlying principle is that there is a per-pupil amount of money. I think that we ought to be on flat voucher amounts, but we are getting there.

One of the most important things about implementing the per-pupil system was doing away with local property-tax bonds. This has been a contentious issue. Nonetheless, I found it necessary to eliminate these local bonds because they held the monopoly in place. Anything that cements the monopoly financially holds it in place for all other reasons. If we are going to pay homage to the taxation rationale behind having local property bonds, realize there is also a price to pay in terms of choice and academics. I thought that it was far better to have a liquid system in which money would absolutely move with the students. It is necessary that this system be fair and equitable to both taxpayers and to students.

As of July 2001, we will have completed—if the bill gets

signed at the end of this week—a student-centered accountability system from a technology standpoint. Every student in Arizona—all 800,000 of them—will be marked with a unique identifier both for finance purposes and for academic testing.

The capacity for us to research and to understand where money is—and the capacity for us to tell parents, “There is this much money in your school, and this is how much of it goes out of the school and into the district office”—is very important. The differences in terms of policy making will be enormous when we can make these statements based on actual student counts and not just models or suppositions.

Public schools are greatly opposed to our ability to mark money and academic achievement in this way. One example of their opposition is found in Arizona’s English as a Second Language divisions. We have a very large segment of our population who cannot speak English. They mostly come from Mexico, and their numbers are supposedly huge. We report about 100,000 students who are claiming ESL funding.

In order to follow the progress of these students, we now ask for them to be tracked. In the old system, where public schools just submitted numbers and not names, we got about 100,000 students. Once that the Student Accountability and Information System (SAIS) came into being, these numbers began to dwindle considerably. We moved this year to a system that requires that all children every year be tested in either English or Spanish, and the numbers of ESL students have drastically declined.

I became suspicious when we tried to create Spanish tests in grades three, five, and eight. (We do not have a Spanish test for high school graduation; that test must be taken in English. You can, however, take your elementary tests in Spanish.) When we tried to locate students to take these pilot tests, we could not find them. This was very odd to me, since our schools were reporting 100,000 Spanish-speaking students.

The fact is that requests for tests in Spanish in grades three, five, and eight are only equal to 11,000 students total, and we have been told that there are 12,000 Spanish-speaking students per grade. Where are all these children? What we hear now is, “They moved.”



They moved, and now the three-year exemption on being tested starts over again. These kids are never accounted for in the system. When you do start to account for them, you find that they are never tested, and it is unconscionable.

It requires a very serious infrastructure, and I think that is the state's responsibility to find these children: to find out where they are and account for them both financially and academically.

In addition to our state tests, which are administered in grades three, five, and eight and at high school graduation, we test all students each year with the Stanford Achievement Test. We do this for purposes of looking at academic progress. We mark every student and tie that student to his performance the year before with a model that is based on William Sanders's work, though more simplistic. We cannot parse out effects the way that he can because he has 15 years of data and our model is quite simple, comparatively speaking. I highly recommend this method as a way of looking at academic gains; at the end of the day, that is really what we are looking for.

An absolute test score is very important. We must know how far the student progressed in order to judge the quality of instruction. We now have the capacity to do that in Arizona for every student, every year, and we submitted these results for the first time in January. We called them Measures of Academic Progress.

The bloc that was the most unhappy with the results were the wealthy suburban schools that thought that they were doing quite well, when, in fact, they were going backward. In other words, a 70<sup>th</sup>-percentile score did not put you in good stead if you had not increased your achievement. These are infrastructure issues that require us to look at each child and not at all students as a group. These are fundamentally different types of information.

Given the creation of a system in which the state is responsible for funding, ensuring equality and strength of academic information, what are we left with? In Arizona, the vast majority of schools are still traditional public district schools. The dynamic, however, is enormously changed when we start to report on their academic gain, or on how much money actually shows up in the school, versus the central office.

It is anathema to me that we can have an entire system wherein we have developed a philosophy that says that a measurement of academic achievement is evil. Despite our state tests and the Stanford tests, I believe that we do not have enough testing in our state. However, we have outright opposition coming from—of all places—the colleges of education. Colleges of education are saying that our pursuit of test scores is misguided and that there are more important things than test scores.

I submit that for schools, test scores are among the most important things that we have. The opposition has become ridiculous, however. The woman who is my “minister of propaganda” recently got into a debate with Gene Glass, the associate dean of the College of Education in Tempe. She said, “I think we could agree, at least, that all children have a right to some foundational standards.”

Gene said, “No, we cannot agree on that.”

“Let us go minimal, then. Can we say that all children should know how to read the newspaper by the time they graduate high school?”

Gene said, “No, I do not agree.”

This is what the associate dean of the College of Education says, and this is ridiculous. You cannot have educational leaders saying that it is inappropriate to ask students to be able to read the paper. This destroys any tradition of academic rigor. Gene’s point was that the paper can be quite complex, but it certainly does not seem complex to me.

In Arizona, we have both traditional public schools and public charter schools. Public charter schools in Arizona have continued to grow in number. I had worried that if we brought public charter schools up at the same time that we brought up standards and testing, we might have a dampening effect. It would obviously be easier to develop a school in an accountability-free environment. To the extent that we were bringing strong accountability standards at the same time that charters were getting off the ground, we thought that there might be a problem. There has not been.

We have had some charter school closures, but by and large, we have the ability to measure performance, and we know that the

traditional public schools and the public charter schools are about on par with each other academically. We will be able to look at the gains of each a little more closely each year, but the last time we looked at performance, students in grades K–8 in the public charter schools were making academic gains a bit more rapidly. It was the opposite, however, with high schools. Traditional public high schools were performing better and making better gains. This is just a snapshot of what is happening right now, however, and by no means are these conclusive findings.

I think that we are going to see that great schools cannot be predicted on the basis of governance. Schools become great based on leadership. Governance is important for what it can provide and for the incentives that it brings. I do not think, however, that it is necessarily predictive in any way of the quality of an individual school.

In Arizona, we also have tuition tax credits, which provide the ability to get a dollar-for-dollar credit on your taxes. We predict that this will reroute \$25 million in tax revenue this year, \$15 million of which will go into the private schools. Even if it were \$10 million into the private schools, that would still provide for about 4,000 students. In 1994, we predicted that the total capacity in the private schools for students was only 6,000.

It will be very interesting to see whether we are, in fact, expanding choice or whether we are just subsidizing parents whose children already attend private schools. I do not know what will happen, but I do know that another lawsuit was filed recently. The case challenging the tuition tax credit went all the way to the U.S. Supreme Court, but it was not heard, and now we have another lawsuit on our hands from the ACLU.

The ACLU is not the only organization working to kill charters in Arizona. From time to time, reports come out of Arizona that receive no coverage whatsoever in state, but the national press loves them. For example, the Arizona School Boards Association just published an analysis of public charter schools, and you will be shocked to know that it is not favorable. The report has been completely discredited in Arizona. These reports, however, tend to circulate more heavily outside of Arizona than in it, and I have

discovered that I need to get a little more proactive about the non-sensical statements that circulate about Arizona's charter schools.

They are doing extremely well. It is also true that some of them are doing extremely poorly, and they should be closed down. After this spring's round of tests, I will analyze each individual school in Arizona based on a combination of academic gain plus absolute test scores, and I will develop a list of schools that I think deserve to be closed. These schools will then have a year in which to improve or prepare to be shut down.

The charter boards can take that action, and it has been very interesting to see how they react. Some members on the charter board believe that they should just let the market run. If you are sitting on a corporate board and you know that one of your stores is selling foul meat, you should not just "let the market run." Under those circumstances, what will happen is that the rest of your stores will get a very bad reputation. You should close that store down.

It is the role of the state to be open and to engender markets. It is the role of a governing board to say when a product is of inadequate quality. We need to play both these roles. The state needs to provide choice, but governing boards need to enforce quality.

I am also making recommendations to local elected district boards that they close their own schools or reconstitute them. I do not believe in state reconstitution programs, as I have never seen them work. I take a little grief for that, because it could be that we should intervene to a larger extent. Until I see a compelling model for that intervention, however, I remain unconvinced.

To conclude, I want to talk about some next steps. First, research is fundamentally critical and cannot be done by the agencies that are currently enacting policies. It is my responsibility to implement the policies, but it is the responsibility of the researchers to be extremely cynical about anything I would say about public charter schools in Arizona.

I think that as a matter of responsibility, offices like mine should be constantly engaged in research. They must be constantly looking at what is happening in their schools, but as a matter of credibility, those programs have to be externally audited, as well.

Scott Hamilton and the Fisher Foundation are helping,

through their Gradeschools.net program, to post Arizona's test scores online. We already have it up in public report cards, but it is fundamentally important to have someone else analyze our data.

We need to continually look at the quality of academic gains in public charter schools, in traditional public schools, and in private schools, at least to the extent that this information is available. The way that we try to deal with this problem of availability in Arizona is to offer all our state tests free for any private school that wants to use them. It seems to be a very economical way to judge the quality of your schools, but so far none of the private schools has taken us up on the offer.

I would not, however, advocate state intervention. I feel very strongly that those programs need to run parallel to ours. The only exception I would make is to the extent that we ultimately get public vouchers into private schools, those children on public vouchers should indeed participate in state testing in order for us to maintain our credibility.

One other thing that may be peripheral to these issues, but one that I am looking for a great deal of help on, is curriculum. Now that the country is finally getting serious about academic standards, I think that we are being held back by the inflexibility of textbook companies. Textbooks are horrible in the United States. We cannot find any textbooks that speak to our standards. We have to say to our teachers, "Here are our sets of academic standards. You have to teach to these fundamentals, but we have no idea where you are going to find the materials that you will need in order to do this."

The high school textbooks are about 600 pages long. That is probably about six times too long. We need huge efforts toward technology-based curricula that can be drawn to specific standards. We ought to start developing instructional material that resembles the standards that have been brought down to academics. We need to get on top of what exactly it is that we are asking our teachers to teach.

I appreciate the research that the people in this room have performed. I use it every day, and if I ignore it, I generally get a phone call. Arizona has had great support and a great amount of

success largely because other people were willing to come in and tell us where initiatives have worked and where they have not worked. I hope that we will continue to have great success. For the second year in a row, Arizona students have improved in reading, writing, and mathematics. These are small improvement trends and not anything conclusive. Right now, students are benefiting from these reforms, and I am grateful.

**DR. DIANE RAVITCH:** Can you tell us a bit about the two different tests you use to gauge academic achievement?

**SUPT. KEEGAN:** We use the Stanford Achievement Test and the AIMS test (Arizona Instrument to Measure Standards). AIMS will come out for the first time in grades three, five, and eight. It was actually a high school graduation test that started with our sophomores last spring and had abysmal results. This provoked quite a bit of furor. We had only 10 percent of our students coming over the bar in mathematics. Only 40 percent in writing and 60 percent in reading passed the test.

It brought to light what I think is happening in a lot of places, and that is this mathematics holiday that goes on after the ninth grade, when kids don't pick it up again until tenth or eleventh grade, and the low quality of mathematics instruction. So it's a struggle.

**DR. CHESTER E. FINN, JR.:** I have two questions. First, under the heading of school reconstitution: Maryland, where I live, after years of trying to determine what to do with its failing schools, finally decided to try outsourcing some of them to private operators. What do you think of this idea? Was it ever an issue in Arizona?

Second, in terms of testing private schools: some states, including Ohio—where I have spent a fair amount of time—believe that if private schools are receiving direct or indirect state aid, those private schools should be obliged to take the state tests. You do not seem to believe that. Could you describe your position?

**SUPT. KEEGAN:** Other than Title I, Arizona does not intervene or have any other involvement with its private schools. We do not even have a division in my department that can tell you who or where they are. There is a huge separation, of which I have become quite fond.

Any sort of testing initiative would have to be worked on in consultation with the schools. When I talk to them privately, I encourage them to participate in these test measurements because I think that it would be great information. From a research standpoint, I would like to have the data, but so far there has been no response. I believe that once the quality of our test is determined, the private schools may be more interested in participating.

The second issue is whether we have thought about private takeovers. I think that they are a great idea; what I object to is the state acting as the agent. I believe that the local governing boards ought to invite these companies. The state is not going to run local school systems.

**DR. TERRY MOE:** Could you go a little further with the Stanford test? How do you measure academic progress?

**SUPT. KEEGAN:** We match the scores on the Stanford Achievement Test to each student in the areas of reading and mathematics. We look at grades two through 11. For every student who remained in the same school for a year, we look at their scores year over year and come up with a gain score. We apply a regression analysis to account for schools at the very low end or the very high end, but we do not correct for SES or ethnicity, because it is blocked. We are looking at the same child in the same school, and we are looking at growth. We are not looking at academic absolutes.

A lot of schools complain to us that it is impossible for them to do well because they are either at the top or the bottom of the income distribution scale. But there is no statistical information that would lead you to believe that academic growth can be related to either wealth or ethnicity. It cannot be.

The question, then, becomes: What is driving low achievement in poor areas? We must also look in areas of high minority concentrations. My supposition is that since we have the data, is it the case that we get too many teachers consecutively who do not progress students through at least a year's worth of academic growth? Is that what happens in the urban school systems?

**DR. ERIC A. HANUSHEK:** New York State decided a few years ago that it would raise its standards, and it did away with the general diploma and went to the Regents standards. The impli-

cation on the old Regents exams and diploma standards were that in some areas, almost everybody took a Regents diploma and received it. In New York City, approximately 25 percent of the high school seniors graduated with a Regents diploma.

When we instituted a new standard, there were hopes that with a lot of effort, we could get up to 35 percent. There is, however, a large number of people who currently are getting diplomas who would be damaged severely by not being able to have a diploma if they could not pass the old standards. This all leads to stretching out the standards, lowering the bar, and cheapening the test.

The real problem is that you have a very heterogeneous state, where the suburbs of Rochester are very different populations from that of New York City in a variety of ways. We have been trying to apply one on/off switch to this state, and that appears to be what you have been doing in Arizona, as well.

How do you provide incentives to the school systems and students without harming your clients?

**SUPT. KEEGAN:** If I had the capacity to encourage schools into improvement, I would not believe in high-stakes academic tests. My experience, however, is that without a gun to its head, this system will not move.

Our standards came up online in 1996, but it was not until this test came in 1999 that we began to see flat-out effort and panic. I believe that panic can be extremely healthy. There was a lot of panic in the name of getting kids prepared.

Honestly, I have all the same concerns that you have. My belief is that 90 percent of these kids are capable of reaching this standard, and the problem that we have is that their instruction to date has been so uneven that it is going to be difficult to hold students accountable for what adults would not do. I do not know what the good alternative is. I need to be able to look at two years of results in the high schools in order to see what differences there are. Nationally, we are in need of serious discussion.

I have been working to make the schools more accountable than the student. I have proposed, for example, that the schools that do not get their kids to pass the test have the opportunity to



pay their tuition until the kids go through college. I want a policy that would say that it is the responsibility of the schools to ensure the success of their students.

**QUESTION:** Could you talk about the legislative response to testing and the charter programs?

**SUPT. KEEGAN:** My relationship with legislators who do not like our testing methods is very poor. We are arguing about this, and there are various bills out—as we speak—that we have to try to kill that will either dumb down the test, do away with the test completely, or exempt many minorities from having to take the test.

It is critical that we be able to hold on until this spring. We need to develop at least two years of data on this. We will take a good solid look at what happens to kids as sophomores and juniors, and then we will be able to make a judgment. Our bar is out there in 2002, so let us at least study it.

On the charter schools, my response is the same. Some charter school folks do not like our recent package because they think that it is encroachment. I think it merely speaks to some issues that were very damaging for us in Arizona, some of them having to do with charter schools started by school districts in financial disarray. There was one charter that was started by a man who displayed a Dairy Queen certificate behind his chair in the school office; that was his preparation for instruction. This cannot be allowed to happen.

We are going to do away with the ability of districts to charter outside of their own boundaries, which I think is unfortunate. I liked the market implications of that opportunity. It is necessary for our state to deal with political realities, however. In Arizona, we see ourselves as a bellwether state. We do not want the national reputation of charter schools to go down on the Dairy Queen man. We are going to make some changes.

Interestingly, charter schools behave much like traditional schools. Once they are established, they are not necessarily enthused about testing or competition. The only person who likes competition is someone who is trying to get into the market; the people who are already in the market will never like it. This is fairly predictable, but it is all right. It is not their job to like competition.

Their job is running a school and trying to corner the market.

**DR. ROBERT MARANTO:** I have two questions. The first has to do with putting charter schools under state procurement regulations. Is there not a real danger of causing serious inefficiencies in these schools? Could you have charter school operators having to take six months to buy toilet paper, as a district school does?

Second, charter schools have at-will employees. In theory, once standards really kick in, charter school operators will be able to manage their staffs in ways that meet the standards. They will keep the teachers doing a good job and reaching high standards, and they will be getting rid of the others. Do you want to address that?

**SUPT. KEEGAN:** On the first question, the procurement issue is only for those public charter schools that have not requested exemption from procurement practices. To request an exemption, you have to have a fully in-place system for how you are going to procure your necessary goods.

The attempt of this policy is to say that for those schools that are operating under current procurement code, it is going to be uniform for public charter schools and traditional public schools. That is one of the issues I have had a hard time with. This policy came from the attorney general's office and has to do with prosecutions and things that they are seeking.

The obvious argument is, why are we trying to make criminals out of people who are not criminals? However, if there is criminal activity, we need to be able to prosecute it quickly. That is where this policy came from.

On the second issue, the public charter schools would be in more of a position to adapt their staffs. I do not know how we are going to get this to transfer over into the system at large. One way that I am considering right now would be to provide the teachers with the opportunity to ask for an individual contract. This is in lieu of trying to get rid of tenure completely, because this would be extremely difficult politically.

I have found that we are most successful when we ignore what does not work and go around it, instead of trying to kill it.

We have a pilot going with Fordham University in which we

are looking at the Milken Foundation's different teacher-advancement programs. I might be a teacher on a 12-month contract making \$70,000 a year, and my job is not only to teach but to watch you teach and to comment on your teaching. We need these different levels of professionalism at the school site. That is one of the best arguments that we have for why we need to have these individualized contracts.

**DR. SCOTT MILLMAN:** I am interested in the \$200 tax credit for the public schools and how it was instituted. As an economist, I am interested in the incentives that the credit could potentially be generating for your public schools. What is your personal rationale for that \$200 tax credit? Is there a possibility that it might be expanded in the future?

**SUPT. KEEGAN:** The simple rationale is that it is a good idea and allows for the private side. We need to do both; we cannot just have tax incentives for contributions into private schools. I think that the original rationale was that we have full tuition in the public sector. These, therefore, are enhancement dollars: \$200 apiece. We are paying for scholarships for children who cannot afford them at all.

**QUESTION:** Are districts going to undertake actions to try to justify what they are doing and improve their performance in order to get the \$200?

**SUPT. KEEGAN:** It has been very interesting. Part of the law is that it has to be spent at the school site. It cannot go to the district level. The schools themselves did not understand the policy during the first year. They didn't understand the incentives, so they did not ask for them. This year, we are getting letters saying that this policy is absolutely essential.

Again, we are very slow getting to academics. Sooner or later, someone is going to say, "We would like to teach math better than we do." That is going to be a good day, but right now we are looking at peripheral issues. We will get down to substance sooner or later.

**QUESTION:** You seem potentially to be expanding accountability here, because you are now having districts look at other groups that could be funding them. Therefore, the districts are

asking how they can increase funding and are realizing that they need to meet the needs of their taxpayers.

**SUPT. KEEGAN:** In my opinion, anything that forces schools to market themselves is a good thing. School report cards, which first were largely ignored by schools, have now evolved. The schools now understand that people do not just want to hear that their goal is to raise children in a diverse environment with mutually lovable goals. That is what the first-year missions were.

What they now say is, we use Saxon math and phonics. It would be interesting to study what these mission statements have evolved into. You get the schools on track with the public, and they begin to sell themselves very differently.

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# The Constitutionality of School Choice

Moderator:

**Alan Altshuler**, *Harvard University*

Panelist:

**Joseph Viteritti**, *New York University*:

“School Choice and American Constitutionalism”

Discussants:

**Clint Bolick**, *Institute for Justice*

**Elliot Minberg**, *People for the American Way*

**DR. ALAN ALTSHULER:** Joe Viteritti is a research professor of public administration at the Wagner School of Public Service at New York University. I should say that I was once dean of that school, and perhaps my proudest accomplishment was bringing Joe Viteritti onto the faculty. He has been doing a great deal of extraordinarily interesting work. His book *Choosing Equality: School Choice, the Constitution, and Civil Society* was recently published by the Brookings Institution.

Dr. Viteritti has also been in public life. He was special assistant to Chancellor Macchiarola in the New York City school system for three years. You may have read that he was Mayor Giuliani’s first choice to be interim chancellor of the school system this year, but for various reasons, that did not work out. He has also been principal advisor to the superintendents of schools in Boston and San Francisco.

**DR. JOSEPH VITERITTI:** As most of you know, there is a case percolating through the federal courts in Ohio concerning the fate of the voucher program that has been in place there for the last five years. A federal judge deemed that it violated the First Amendment of the Constitution. It is now at the appellate level.

There is speculation that this case will be decided sometime in the near future. I am optimistic concerning the time frame, but more important, this is a case that could eventually make it to the Supreme Court.

I have come to the point where I view school choice as an issue of justice. I do not think that it is essentially an empirical question. I do not even think that it is essentially a legal question in the narrow sense of the term. I think that it is a question of justice, and it is only a matter of law in the sense that a law is good only if it is just. One question that I keep coming back to is how could this wonderful collection of people who got together in Philadelphia 200 years ago, men who were brilliant and well-meaning and had a sense of justice and mission about them, create a document that would get in the way of children attending the schools they want to attend? Or, more to the point, restrict them to failing institutions that their parents do not want them to attend?

After a great deal of research, reading, and questioning, I conclude that that is not what the founders had in mind at all. There is nothing in the Constitution, at least as it was originally conceived, to prohibit school choice.

The next question that arises is, how did we get to where we are? One way to look at this is through precedent, and there are two lines of precedent that lawyers turn to. One line of cases came down in the 1970s, built around *Nyquist* and *Lemon*. That line was rather prohibitive. It developed three criteria to assess the constitutionality of uses of public money in religious institutions. First, laws authorizing these interactions had to have a secular purpose. Second, they could not advance or inhibit religion. Finally, there could not be excessive entanglement between government and religious institutions. At one point, the Court interpreted this to mean that any time there was aid given to religious sectarian schools, it was assumed that the purpose of that aid was to advance religion, and that this would have the inevitable effect of encouraging people who might not desire it to become involved in religious activity.

Another line of reasoning that came down from the Court, mostly in the 1980s, was built around *Mueller*, *Witters*, and later, *Agostini*. The Court said that if a law gives aid to religious institu-

tions, it must meet three criteria. One criterion is that the law cannot favor a particular religion or religion over nonreligion. Second, the funding must be available to public and nonpublic students. And third, any aid that goes to a religious school must be the result of independent choices made by parents.

There seemed to be an emerging consensus on the Court that religious institutions should be treated with equality.

We can argue about the relative merits of the two approaches, but I am going to tell you why I think that the second is much more in accordance with what the founders had in mind.

Many people who look back to the original founding like to refer to Thomas Jefferson. He is quoted in the *Everson* decision, and his wonderful metaphor of a wall of separation between church and state is one that choice opponents gravitate toward. Actually, this was not Jefferson's term. The term was originally developed by Roger Williams with very different ideas in mind. Although there is much we can learn from Jefferson, he did not speak for the people of his age when he wrote on religion. He was not even a party to the deliberations that resulted in the Constitution or the Bill of Rights. If we want to learn what the Constitution is about, we need to look to James Madison, who was its principal author. He was the architect of our government.

To understand what the overall agenda was in Philadelphia at that time, you have to understand that the Constitution is a Madisonian document based on the central concept of pluralism. We see this in *Federalist* Number 10, and we see it again in *Federalist* Number 52. With regard to religion, Madison thought that the way to overcome any threat of tyranny was to have a multiplicity of interests. This would reduce the possibility of "majoritarian tyranny."

Madison was concerned with protecting the interests of minorities and was especially concerned with religious minorities. Even when you carefully examine his writing that some believe to be separationist, it is clear that he was preoccupied with the thought that there was a majoritarian consensus built around Protestantism that would jeopardize the freedom of religious minorities.

One clue to Madison's genius is that he so was prophetic. His worst nightmare finally came true more than 100 years after

the founding with the advent of the “common school.” There were a number of reasons for the creation of the common school. We know the stories about how the common school socialized generations of immigrants in this country, and it did a fairly good job. But the common school was also created as a step toward a new Protestant consensus. Prayer, hymns, and Bible reading were part of the common school curricula. This is exactly what Mr. Madison was concerned about when he warned about the danger of majority tyranny.

Something else happened in the middle of the nineteenth century. Compulsory education was introduced. Compulsory education raised the stakes a bit because at the founding, education was really a private matter. For the most part, it was carried out by the clergy, with public support from local communities. Once schooling was made compulsory, education became a public issue. While it may have been a form of opportunity for many, compulsory education was also a reprimand against recalcitrant Catholics who did not like the idea of going to Protestant schools and wanted their own school system.

There are a couple of other episodes associated with the nineteenth-century school wars, such as the Blaine amendments, which remain in effect in many states and which continue to stand in the way of school choice. I have only five minutes left to speak and 100 years to go, so I’ll have to move quickly.

What has happened in the twentieth century? First, the religious consensus that brought about the original concept of the common school has disappeared. America has become more pluralistic in terms of religion, just as Madison would have had it.

Something else has happened, as well. We have become, as a culture, much more secularist. I would say to you that these two factors, as Madison might have predicted, have become the greatest safeguards against the establishment of a religion in this country. Religions face a new danger, however. There is now a consensus around secularism in the public schools that has brought its own form of tyranny.

Most of us approve of it. Most of us are comfortable with the idea of keeping religion out of public schools. We abide by



court decisions that tell children that they cannot mention God in their graduation exercises, or that they cannot write papers about Jesus. We had one kindergartner reprimanded by a federal court for daring to read from Genesis. This is true, yet there was little public outrage.

While this consensus works for most of us, it does not work well for people who are deeply religious: people who pray on a daily basis, people who are serious religious observers, people who have trouble with certain aspects of the curriculum.

This secular consensus within public education has become a problem for many people who are serious religious observers because there is no alternative to it unless they want to pay for a private education themselves. We have moved to a system of compulsory education that allows people to enjoy the benefits of a free education as long as they accept it on the terms of the majority. That is the kind of tyranny that I believe Mr. Madison would have had a problem with.

In the past few years, we have seen that a lot of minority parents are gravitating toward religious schools. We have been debating over the last two days what the attraction may be to those schools. We know that some children are going to these schools for religious reasons, and some are going because they think that these schools provide a better education.

I believe that many poor parents also understand the connection between these two attractions. We are still arguing over Coleman, but if you talk to parents who opt for religious schools, many will tell you that what they like about parochial schools is the sense of community. They believe that the sense of community in these schools translates not only into a safer environment but a *better* environment for learning. They appreciate the relationship between religious values and effective education.

I have argued that because of the religious pluralism that exists in this country and the overall dominance of the secular culture, there is little danger of a religious establishment in contemporary American society. I have argued here and elsewhere that the real threat in contemporary American society is not of a religious establishment, but one of social inequality, an inequality that

can be traced, at least in part, to the different levels of educational opportunity that are available to children.

But there are many legal scholars and litigating attorneys who continue to insist that the central issue of concern is that of religion. Opponents of choice center their arguments on a concept known as “incentive theory.” It holds that when government provides an opportunity for children to attend a religious school—either through a scholarship or a voucher—it provides them with an incentive to practice the religion.

This is an interesting argument because what it suggests is that before they had access to religious school, they really did not want to practice religion. That claim is not supported by the research cited here over the last two days. The argument also suggests that the quality of education in religious schools is so superior to that of public schools that the choice to attend the former is irresistible when put before most poor people. That is quite an assertion coming from choice opponents. It raises an interesting question about the point at which exposure to a religious viewpoint becomes an incentive to believe and therefore a violation of the Constitution.

In conclusion, I would make two general observations. First, it appears to me that we in America have concocted a form of religious freedom that works for the majority of people who are not very religious, and that works least effectively for people who are most religious.

We have also compromised the principle of equality. Some of us accept the premise that religious schools are better, and some of us do not. We now have a situation that subjects some people to the indignity of an inferior education and compounds it with the injustice of making it compulsory.

I do not think that is what those men had in mind when they met in Philadelphia 200 years ago. School choice does not violate deep constitutional premises. It is, in fact, consistent with the fundamental values of pluralism and equality. These principles were discarded during the 1970s, but I hope that we are on the road to recapturing them.

**DR. ALTSHULER:** Clint Bolick is the cofounder and director of litigation at the Institute for Justice, which has operated

for the last nine years, mainly engaging in constitutional litigation around issues of individual liberty. Mr. Bolick has led the nationwide litigation effort in defending school choice programs and was the victor in the ruling last year upholding the Milwaukee choice program. He has been a successful defender of school choice before the state supreme courts in both Arizona and Ohio. He published a book in 1998 called *Transformation: The Promise and Politics of Empowerment*.

**MR. CLINT BOLICK:** I always tremble when law is in the hands of a social scientist. I have to say that when the social scientist is Joe Viteritti, I feel that it is in pretty good hands. Joe may have gotten the name or spelling of the cases wrong, but he got the law right, which is exactly the opposite of the lawyers on the other side of the school choice battle. They are meticulous in their spelling.

I may sound more like a sociologist than a lawyer, not only here but also in my briefs. The reason for this is that many of the issues in the legal arena boil down to issues of social science, at least in the ways in which the courts have interpreted the law. To give you two examples of tangible contributions of social science to the law, I point you to the religion clauses of the First Amendment. The Supreme Court's principal question is, what is the program's primary effect?

Most lawyers on the other side will simply say that the moment that a dollar of public funds crosses the threshold of a religious school, the primary effect is to advance religion. Fortunately, case law has moved in a very different direction, a much more accommodating direction. I think that social science is demonstrating very rapidly that the advancement of religion is not the primary effect. In fact, it is not even a significant effect. Many Catholics were very depressed to find that the impact of Catholic schools on religiosity is virtually zero, according to social science. If religiosity is what it is all about, it is not necessarily a very good investment.

A second issue that arises frequently is an issue that we are hammering out right now in Florida, and it is one that I have litigated in Ohio and Wisconsin. Do the state education provisions that guarantee a certain quality or style of education forbid programs that allow students to use their funds in private schools?

One would hope that the answer to this question is no, even if you do not support vouchers, because, as we have learned in Florida and elsewhere, tens of thousands of private school students are receiving public funds under the Individuals with Disabilities Education Act. These measures are fulfilling the goals of public education.

Social science is playing a very important role in showing that sometimes the goals of public education are best fulfilled in private schools. A system of one-size-fits-all simply is not adequate to fulfill those constitutional provisions, which the other side deems as a ceiling. Just because it is a public guarantee does not mean that fulfillment of the charge needs to take place in the public schools.

In Florida, we have a perfect test of that concept because you only get scholarships if your school has already been deemed to have failed.

Another tangible example of the impact of social science is the case of Milwaukee. In 1990, the first test case of the Milwaukee choice program was run. There was no legislative history whatsoever for the school choice program there. This is not unusual.

Why was this program passed? It was the first experiment of this nature. It was Terry Moe and John Chubb's book, *Politics, Markets and America's Schools*, which really created the theoretical underpinnings for this program, and the Wisconsin Supreme Court upheld the program in 1992 for the first of two times. In fact, the court cited Chubb and Moe prominently, and I am very grateful for that work of scholarship.

More recently, Joe Viteritti's work on the Blaine amendments, which are the amendments in state constitutions that typically say that public funds cannot go to religious schools, came up in the Arizona Supreme Court case. In fact, it has come up in all our cases so far. The Arizona Supreme Court looked at Joe Viteritti's scholarship on this issue and said, in looking at its own "Blaine amendment," that it did not think it was, in fact, a Blaine amendment. Arizona enacted its constitution after the era of the Blaine amendments. If it thought that it was a true Blaine amendment, it would be constrained to apply it narrowly because of the anti-Catholic bigotry that animated its adoption in other states.

That is now not just a scholarly article: that is jurisprudence. This type of quality research is vital.

If you were to give a pop quiz on what exactly is contained in the First Amendment, you would surely hear “separation of church and state.” Lo and behold, you read the First Amendment and you see, “Congress shall make no law respecting an establishment of religion.”

I like that language. I think that is what the framers had in mind. The notion that giving parents control over a share of their school funds to do as they see fit for the best interests of their children constitutes a move toward an establishment of religion really tortures that plain language.

We have history on our side, and increasingly we have precedents on our side. I think that the two most important cases have nothing to do with religion. These are the cases that Joe discussed in his paper. The first is *Pierce v. Society of Sisters* in the 1920s, when these nativists of an earlier era were trying to prevent the diversity, choice, and competition that exist in private schools. The United States Supreme Court struck down those efforts, saying that parents, not the state, have the primary role and control over the education and upbringing of their children. This is a baseline constitutional principle.

The second and most important precedent came in 1954 with the *Brown v. Board of Education* decision. To me, the notion that a constitution that compels equal opportunities for every schoolchild could somehow be turned around to deny educational opportunities to the most disenfranchised kids in our society is unthinkable.

We rely on those cases in addition to the many cases since 1983 that have upheld indirect assistance that parents or students direct to private or religious schools.

The Supreme Court has essentially come up with two criteria to judge the constitutionality of school voucher programs. A program is constitutional if the choices about where to spend the money are made by third parties and not by the state. There cannot be direct subsidies, but money can be channeled by parents or children. Second, there must not be an incentive to choose religious or private schools. All the programs that we are arguing about and

litigating over currently were designed to fulfill those criteria, and for those reasons the supreme courts of Ohio, Arizona, and Wisconsin have ruled in favor of these programs.

In many instances, we have had to create our own social science as we have gone along. I mentioned the issue that we are now litigating in Florida. An exciting thing about the Florida program is that it is the first program to explicitly tie public school accountability with private school choice. In debating this issue in Florida, it is a lot of fun to be up against a teachers' union official who is arguing that there should not be scholarships and simply say, "You have it within your power to prevent a single scholarship from ever being issued. All you have to do is not fail. You do not even have to succeed; just don't fail. If you do not fail, there are no scholarships. You do not have to go to court. Just do your job."

We are now seeing the effect of competition and accountability on the Florida schools. In preparation for the motion that we recently had in Florida, we sent Freedom of Information Act requests to all Florida school districts that have schools that have been deemed to be failing. These are schools that next year, if they fail again, will trigger scholarships for the students who attend these schools.

It is exciting to see what many of these school districts are doing. They are doing things that they should have been doing long ago. For example, they are apportioning more of their local budgets for classroom instruction rather than for administration. Imagine that: year-round schooling, tutorials on Saturdays and after school. They are finally giving tutors to the lowest-performing students.

Will these reforms work? I do not know. What we can now tangibly prove is that competition and accountability do force the public schools to reform themselves and to offer a product that seems to produce positive results.

When we get down to the primary effect, it is not an esoteric issue. These programs do, in fact, have a primary effect, and we can discover it. I have discovered it over and over again in representing the parents whose kids are in these programs.

In many instances, it is frustrating as a lawyer to tell my clients that, at best, we will be in court for years and that we may lose and the program could be enjoined. We may win one round and

lose the next round. As we have discovered in Cleveland, and just a couple of days ago in Arizona, even when we win, the opponents may just go to a different court. They did this in Cleveland, and reprehensibly sought an injunction just days before the school year started to wrench these kids out of the only good schools they had ever attended.

It is difficult to talk to these parents because sometimes they cry because of the stress that they are under. It occurred to me that they are not shedding tears because their kids might have to leave a school that has a crucifix on the wall. They are shedding these tears because their children may have to leave the only good school where they have ever had a quality education, which just happens to have a crucifix on the wall. That is the primary effect of the program: education, not religion.

**DR. ALTSHULER:** Elliot Minberg is, in more than one respect, the mirror image of Clint. He, too, is the legal director of his organization, but his organization is the People for the American Way Foundation. Many of you know that this is a very large membership organization, with over 300,000 members focused on public education and constitutional and civil rights.

Elliot has been counsel or co-counsel on a wide variety of cases in this domain, on the opposite side from Clint. Prior to joining the People for the American Way Foundation, he was a partner at the Washington law firm of Hogan & Harston, and we claim him here as a graduate of the Harvard Law School.

**MR. ELLIOT MINCBERG:** Because of the nature of today's discussion, I cannot resist a biblical allusion. With Joe Viteritti, Clint Bolick, Ned Foley from the Ohio attorney general's office, and all the other voucher proponents who are here today, I cannot help but feel a little like Daniel in the lions' den. I hope I come out as well as Daniel did.

I think Joe's paper is exceptionally well written, but, with greatest of respect, I think it is wrong, and I am very hopeful that—at least on the constitutional issues—at least five out of nine people who hold a particularly important office in Washington, D.C., will agree with me on that.

I will begin by talking about the constitutional history of this issue. Joe's concept of what the federal Constitution does and does not prohibit is essentially that the framers were concerned with putting government authority behind the teaching of a particular given faith, but they were comfortable with some interaction or promotion of religion. This view is very similar to that of Justice Anthony Scalia and Chief Justice William Rehnquist's "nonpreferentialist" view: essentially that the establishment clause prohibits promoting *particular* religious points of view, but not religion in general.

I believe that this is just plain wrong. The Kromnick book, at footnote 29 of Joe's paper, is a book-length discussion of this point. For a shorter version, I highly recommend to you the concurring opinion of Justice David Souter in the *Lee v. Weisman* case about graduation prayer, where he takes on Rehnquist and Scalia for historical reference and demonstrates conclusively that this view is wrong. The words that Clint quoted a few minutes ago were precisely and deliberately chosen to mean that government should not be promoting religion at all, not just one particular point of view, and this includes funding.

One of the most important things I should point out about Justice Souter's opinion is that it was joined not just by Justice Stevens, but also by Justice Sandra Day O'Connor, who will play a very pivotal role as this issue continues to go up through the courts.

James Madison opposed the assessment on religion in Virginia, a program not dissimilar from today's voucher plans, which would have called for everyone to pay taxes to support various causes, even though the causes that were to be supported could be churches. There was concern that government should not be putting its power behind the collection of dollars for religion because of the importance of voluntary contributions and the voluntary spirit in this area of human life. In my view, it is the voluntary nature of religion that has kept America the most religious nation on earth. It is precisely the separation of church and state that has strengthened religion.

I do not think, however, that this view means that you must, as Joe suggested, assume that Madison meant to be unjust and to



consign children to schools of failure. All it means is that there is one thing that you cannot do in terms of public education policy: you cannot support religious schools with taxpayer dollars. We can send these students to charter schools or to other public choice schools. We have many different options, but we cannot have government funding of religion.

I submit that if the Constitution merely excludes this one option, the derision of separation supporters that you have heard from Clint and Joe is not justified. Supporters of separation are not trying to doom children to poor and failing schools. These claims are a red herring.

Let me move ahead about 100 years to the Blaine amendment period. It is important to know that the Blaine amendment and everything that gave rise to it was not just sponsored by anti-Catholic bigotry. (I should note that the Blaine amendment and the anti-Catholic bigotry that was behind it were actually the province of one particular party: the Republican party.) There is very good historical evidence that there were other reasons behind the Blaine amendments, as well. President Ulysses S. Grant said, "What we should do is encourage free schools and resolve that not one dollar appropriated for their support should be appropriated to the support of any sectarian schools." Grant wanted to provide for the creation of a good common school system unmingled with sectarian, pagan, or atheistic dogmas. It is appropriate to spend money on supporting good schools, but not schools that are pro-religion or antireligion.

The reason that this is important is that even if Clint and Joe's side wins out in the Supreme Court—which I do not think it will—there are many state constitutional provisions that already have and will continue to seriously get in the way of voucher programs in which government money flows to religious schools.

I also do not think that anti-Catholic sentiment has anything to do with these programs being ruled unconstitutional. Let me give a couple of examples. We have heard today about the major drive in Michigan to repeal the separation provision of the state constitution, because if they do not do that, a voucher program cannot exist in Michigan. There is a similar proposal scheduled to be on the ballot in Massachusetts in 2002.

In Vermont, there was a binding state supreme court decision recently that ruled that state money for religious schools would be unconstitutional under the state constitution, independent of what the federal Constitution says.

In Florida, as Clint has pointed out, there are both religion clauses and nonreligion clauses in the constitution that we think are quite likely to overrule the Florida religious voucher program, again without reference to the federal Constitution. Additionally, the Washington Supreme Court recently said that while religious vouchers may be all right with the U.S. Supreme Court under the federal Constitution, they do not comply with the Washington State Constitution. This ruling said that they would not permit any expenditure of public dollars on religious education.

You cannot just focus on the nine members of the Supreme Court. There will continue to be significant barriers to vouchers in the state constitutions that will need to be grappled with.

Let me now jump forward to modern constitutional doctrine and the two basic arguments that Joe has made today. His first argument is essentially that it is tyrannical to not fund religious education for people who want religious education because of the pervasive hostility to religion that we find in today's public schools. First, I fundamentally disagree with the premise. In fact, I believe very strongly that schools can and should be neutral in an affirmative way with respect to religion.

Some of those court decisions that Joe talked about—homework and so on—are, frankly, wrong. They have been wrong since they were made back in the 1960s. There has been an overreaction in some circles to the Supreme Court's 1960s decisions suggesting that God has been banned from the public school. I attribute this overreaction to conservatives and the religious right. When Newt Gingrich got on *Meet the Press* in 1994 and said, "It is illegal for a child to say grace over meals in a school cafeteria," it was no wonder that a lot of school officials were confused. In fact, no court has ever made such a ruling.

The Statement on Religion in Public Schools, released in April 1995 by the National Association of Evangelicals, the Christian Legal Society, and several other groups, was in response to the things

that Gingrich was saying. The paper is thorough in covering what is permitted and what is not permitted, and I believe that it goes a long way in resolving the issues that have been discussed thus far.

In a related matter, I believe that when the president came out with the Guidelines for Religion in Public Schools, which was widely disseminated by the Department of Education, it had a tremendous impact. You can survey this from school-board officials and others across the country. The report helped school officials understand that the right thing to do in public schools is to be genuinely neutral and to have respect for people with religious views. The government, however, should not be promoting them.

Furthermore, I think Joe's view contradicts the founders' view that I talked about before. Public dollars should not go to religious schools. This argument conflates, from a legal perspective, the difference between burdening something and not supporting it. Clearly, in the *Pierce* case, for example, it was improper for the government to say, "You cannot send your child to a religious school." That is very different from saying, "You must pay for the child to go to a religious school."

Let me use the case of abortion as an analogy. At least, as it is currently interpreted, there is absolutely no question that there is a right to an abortion under our federal Constitution. There is no right, however, to have the government pay for an abortion just because you want or need to have one. It is that kind of analysis that the courts have used over and over again to reject the sorts of claims that have been raised suggesting that religious alternatives must be provided in public schooling.

What about the Ohio-type situation, where a state wants to provide public dollars to private schools? There, I would highly recommend that people read Judge Oliver's decision very carefully. It is 61 pages long, and the Sixth Circuit will soon consider it. I do not have time to satisfactorily cover his decision, but he goes through—in excruciating detail—each and every one of the arguments that Joe and Clint have raised regarding these modern cases that allegedly mean that *Nyquist* is no longer good law.

I should add, by the way, that Judge Oliver, in striking down the Cleveland program, has joined every other federal court that

has looked at this issue since 1973. The *Nyquist* court, the U.S. Supreme Court, a Wisconsin district court, the U.S. Court of Appeals for the First Circuit, and now Judge Oliver: all federal courts have concluded that government money for religious schools is, in fact, unconstitutional.

Joe talks about the issue of incentives and choices, but as Judge Oliver points out, the problem with the Cleveland program is that though you have many different choices, once you go into the voucher program, 83 percent of the schools are, in fact, religious schools. In the words of the *Witters* case, the program is “skewed toward religion.”

In *Witters*, Justice Marshall, who wrote the opinion and certainly did not change his separationist view when he wrote it, made very clear that religious schools were only a tiny minority, that government benefits would not flow toward religion, and that indeed you were talking about genuine independent choices once you entered the program. This is a marked contrast to the Cleveland program, where once you enter the program, your choices are inevitably skewed toward religion.

That is what is wrong, by the way, with the comparison with the GI Bill that is often made. When you enter the GI Bill program, you have the entire country to choose from. Religious choices are a very small minority of the choices that you have. This is not the case in the Cleveland program, and that is essentially the fundamental distinction that Judge Oliver drew between the *Witters* case and many of the rest.

With respect to Florida, I think that it is very important to distinguish between the extent to which vouchers are providing incentives to improve and the extent to which failure ratings are being used as incentives. From our perspective, there are better ways to provide incentives. I would recommend looking at the House-passed Title I, which provides much more effective incentives to improve schools than the Bush/Brogan program in Florida.

We heard about the *Agostini* case; first, the court emphasized very clearly that no funds ever flow into the coffers of religious schools. That is obviously very different when it comes to a voucher program. Justice O’Connor, who wrote the *Agostini* opinion, spe-

cifically preserved one part of the *Grand Rapids v. Wall* case, which overturned a community education program that was much like vouchers. This is what Justice O'Connor said in that opinion: "When full-time parochial school teachers receive public funds to teach secular courses to their parochial school students under parochial school supervision, I agree the program has the perceived and actual effect of advancing the religious aims of the church-related schools."

That was why Justice O'Connor thought the community education program was unconstitutional, even though one could argue that it had other effects beyond promoting religion, the same way that the Cleveland program does. As in Cleveland, people went to community education programs because they chose to do so. Just as in Cleveland, all those factors were undeniably present, and just as in the Cleveland case, the current majority of the Supreme Court thinks that the community education program in Grand Rapids was unconstitutional.

It is largely for that reason that I am hopeful—although I will never predict—that the Supreme Court, when it ultimately considers the question, will rule that under the federal Constitution, vouchers are unconstitutional to the extent that they go to religious schools.

**DR. VITERITTI:** I think that you need to examine the historical record if you believe that the founders were strict separationists. Look at the First Congress's adoption of the Northwest Ordinance or Jefferson's treaty with Native Americans. I am not going to go through it now, but the facts do not support the views that the founders were separationist.

I do agree that the people who supported the Blaine amendment were not just motivated by anti-Catholicism. They were also anti-Jewish and anti-Baptist. They were against anyone who did not want to accept the mainstream Protestant norms of the time.

In terms of the choices that people have, particularly in Ohio, the landscape of education has changed considerably. There are choices outside of religious schools. It is true that only ten out of the 57 schools participating in the voucher program are nonreligious, but there are other new choices out there in the public sector.

There are only 3,800 kids in the voucher program. Some 13,000 students are in magnet schools. Some 2,000 are in charter schools. There are lots of choices out there. Students are not just compelled to go to religious schools. They have a wide range of choices to pick from, and if they decide that they want to pick a religious school, they should have every right to do so.

**MR. BOLICK:** I have two brief rejoinders. Elliot mentioned the Massachusetts and Michigan Constitutions, which both go above and beyond being constitutions, to put it mildly. The Massachusetts Constitution, which has very strict antireligious establishment language, also contains an odd provision that prevents it from being amended, unlike any other part of the constitution, which can be amended. That is a very interesting provision.

If there is one thing worse than an amendment written by James Blaine, it is an amendment written by the teachers' unions, and this is an accurate description of the Michigan Constitution. This amendment was written in either the sixties or the seventies and is the most airtight constitutional amendment in the United States. There is no question about it: it has to be changed.

I believe that after the school choice issue is resolved by the Supreme Court, the Court will turn to the issue of instances in which a state discriminates against religious schools in a choice program, as Vermont and Maine do right now, and as other states may elect to do.

Finally, in the *Agostini* case, the funding was direct aid to a school. Teachers were being provided for on religious school premises. We filed a neutral brief in that case, and the reason that we did so was because the Court had to go further in *Agostini* than we did, because it was not indirect aid, but direct. I think that Justice O'Connor was careful to emphasize that this was the sort of aid that had previously been thought to be unconstitutional, unlike the indirect aid that has been upheld on four occasions in *Mueller*, *Witters*, *Zobrest*, and *Rosenberg*. These are very solid cases, and in *Mueller*, 96 percent of the aid was alleged to go to private and religious schools.

**MR. MINCBERG:** Justice Souter handled Joe's point about the Northwest Ordinance, as well. The First Congress also passed the Alien and Sedition Act, which permits blatant political censorship, and as Justice Souter pointed out, if you accept Joe's argument

on the Northwest Ordinance, we have to gut the First Amendment and say that Congress today could prohibit anyone from speaking on blatantly political grounds. That argument does not work.

I agree with Clint about one part of the Massachusetts Constitution. In fact, I think that the state of Massachusetts essentially has two constitutions. I do not think that it is right to say that one provision of the constitution cannot be amended. As I understand it, the attorney general in Massachusetts has essentially consented to this referendum going forward in 2002, so the people will have the opportunity to determine whether they want to change it.

To close, I should say that in all 15 of the referenda that have taken place since the sixties on voucher and school choice-related issues, not a single one has passed in Clint's favor.

**DR. ALTSHULER:** In the interest of time, the panelists will listen to the questions and deal with them at the end of the session.

**QUESTION:** With respect to the "once you enter the program" clause, which Elliot referred to in his presentation on the Cleveland case, his point was that once you enter the voucher program, you almost have to select a religious school because most of the schools are religious.

That supposition has no connection with real life. Parents, first of all, say, "What school do I want to go to? Do I want to go to my neighborhood school? Do I want to go to a magnet school? Do I want to go to a charter school? Do I want to take a voucher out there?" People do not say, "I wanted a voucher, but now I am stuck with a religious school." I do not know how you could possibly convince any justice that that is a basis for ruling vouchers unconstitutional.

**QUESTION:** Clint mentioned the *Mueller* decision, which let Minnesota's tax deduction stand, a couple of times. Three years ago, we passed a tax credit, which mathematically is like a voucher, but which I could imagine the Supreme Court's seeing like the deduction that we passed. I wonder if either one of you would comment on that.

**DR. TERRY MOE:** Could you expand on the comment about the GI Bill? It sounds as though you are saying that the GI Bill is constitutional as far as you are concerned, even though GIs

can take or could have taken their money and gone to Notre Dame. That is okay with you, and the reason is that there are a lot of nonreligious schools out there. Does that mean that at the K through 12 level, vouchers would be perfectly constitutional if there were a lot of nonreligious schools?

**QUESTION:** Most major religions consider personal sacrifice to be of critical importance. I am wondering if that principle might be diminished if the state handed believers the opportunity to attend religious schools without any financial sacrifice.

**QUESTION:** The basis of Judge Oliver's decision, as far as I can see, is the fact that the voucher schools are not secular schools, which was largely because the suburban schools refused to participate. This means that the public schools in Cleveland were not good enough because they were secular. Parents wanted a choice, but the other secular schools refused to participate.

It seems that the public schools were in charge of the choice that was available, which was then ruled unconstitutional because of the decision process that Dr. Peterson has just described.

**MR. MINCBERG:** The concern about the alleged arbitrary nature of the program reflects the difference between the way law works and the way social science works. The same argument was made in the *Nyquist* case itself. After all, the kids in that instance who went to religious schools could have gone to one of the regular schools that existed. If you look at it in terms of that particular situation, they had all sorts of choices.

The Supreme Court very explicitly rejected that and said that you do have to look at the structure of the program that you are dealing with, including incentives and so on. For example, in *Mueller*, to refer to the other question that was raised as well, even though it was largely parents of religious schools who chose to participate, the structure of the program, according to the Supreme Court, was set up in a way that both public and private school parents could participate, and indeed, some did. Structure is a very important factor to the Supreme Court in looking at vouchers.

In terms of Terry's point regarding the GI Bill, I think that our arguments are substantially weaker, although I would not give them up. I think that the particular argument that I am making to



distinguish *Mueller* is much more difficult to do in a situation where the program is set up differently.

To refer to the last man's point, the programs are never set up that way. If you look at the voucher programs, you see, for example, in Cleveland, that the max is \$2,250. What possible suburban public school would accept \$2,250 to put a kid in their school? They are not going to do that. It is not a coincidence that there are no suburban public schools involved, and it is not a coincidence that it is primarily religious schools. They are the ones that have the lower tuition.

If you wanted to set something up that would not be so skewed toward religious schools, you would have to have very high payments so that you would attract more nonreligious schools into the system. One court pointed out that Ohio could have mandated that the suburban schools participate in the system. They could have mandated that kids in the city have the choice to go to a suburban public school, but they did not do that. They set up a program that is inherently skewed.

**MR. BOLICK:** If Cleveland had enacted the charter school program, the magnet school program, and the school choice program all at once, we would see, as Jay Greene has pointed out in his research, that the vast majority of children in choice programs in Cleveland are attending nonreligious public schools. They get much more money than the private schools do.

The fact that they were adopted differently should not undercut that analysis. The Court has stressed over and over again that it does not take a mathematical snapshot and adjudge the constitutionality of a program on that basis. The fact that suburban schools refused to participate in this program and throw a life preserver to the kids—and the fact that the Catholic schools did—should not be a reason for finding the program unconstitutional.

With regard to the question on tax credits, Illinois passed a tax credit. It is in litigation right now. The first court that has dealt with it has upheld. I believe that it is only a state constitutional challenge.

The Arizona Supreme Court did uphold its tax credits for contributions to private scholarship funds. I see all these programs as being constitutional.

**DR. VITERITTI:** I want to make a point that is central to my book, and it ties into some other issues we talked about today. It concerns the role of religion in society and the tendency by some to treat it as a dangerous element.

Here, Tocqueville is more insightful than Jefferson. It was he who said that religious institutions are the seedbeds of civil society. Nowadays, there is a lot of empirical evidence to support that notion, and one thing that I suggested in the book is to look at black independent schools and schools that were started by black ministers. Look at what is going on in these schools, not only in terms of enriching education but enriching civil society. If there is one place that Tocqueville's notion of the church rings true, it is not in small-town New England. It is in small inner-city communities such as Bedford-Stuyvesant and Roxbury.

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## Vouchers and Charters: What Lies Ahead?

Moderator:

**Bruno V. Manno**, *Annie E. Casey Foundation*

Panelists:

**Diane Ravitch**, *Brookings Institution* and *Manhattan Institute for Policy Research*: “What Is to Be Done?”

**Paul Hill**, *Brookings Institution* and *University of Washington*:  
“What Do We Still Need to Know?”

**DR. BRUNO V. MANNO:** I don’t recall the exact words of T. S. Eliot, but he said something along these lines: “In our end is our beginning, and to make an end is to make a beginning, because the end is where we start from.”

We are now at the end of this two-day conference, but this session was designed as a beginning. This panel is subtitled “What Lies Ahead?” There are two questions that underlie this title that we have asked Paul Hill and Diane Ravitch to address.

Diane will speak about what needs to be done, and Paul will speak about what we still need to know. While this comes at the end of an intensive two days, it really represents a beginning.

Diane Ravitch is research professor at New York University and holds the Brown Chair in Education Studies at the Brookings Institution. She is also a Senior Fellow at the Manhattan Institute. Simon & Schuster will publish her latest book, *Left Back: A Century of Failed School Reforms*, later this year.

Paul Hill is research professor at the University of Washington’s School of Public Affairs, and director of the Center on Reinventing Public Education. The Brookings Institution published his most recent book, *It Takes a City*.

**DR. DIANE RAVITCH:** I should preface my comments by saying that I am a historian, and that means that I do not have the social science background that many of the people in this room have. I have taken this assignment in an effort to put what we have addressed over these last two days into historical perspective.

I have not been deeply involved in the issues of choice, but my first involvement came in 1982, when I was on a Twentieth-Century Fund panel with Chester Finn, Pat Graham, and others. We came out with a report in 1983 on the federal role in education. There were two interesting parts of our report. First, we recommended that the federal government provide scholarships to the lowest-achieving 5 percent of the student population to use in any accredited school. This was generally ignored in the media coverage of the release of the report. The coverage mainly focused on our recommendation to get rid of bilingual education.

The other interesting thing about the report was that our project director was Paul Peterson. When our panel brought out its report, our executive director wrote a dissenting opinion. He did not think that there was a problem back in 1983 when the rest of the panel did. It was the first time that I have ever been on a panel in which the director and the panel were at odds and published contradictory reports side by side.

The next time I found myself close to the issue of school choice was when I worked as an assistant secretary in the last year of the Bush administration. At the time, the administration was very committed to choice, but I was not. I was very unsure about all this. One day, I got a call from Jennifer Hochschild, asking if I would participate in a conference at Princeton. She said, "I'm asking people from different sectors to present one reform that they would enact, if they could, that would make a difference. Your area is education."

I wrote a paper called "Somebody's Children," in which I argued that if there were one thing I could do, it would be to provide scholarships to poor kids to go to the schools of their choice. I amassed data describing the disaster that is taking place in inner-city schools, and again found myself in this pro-school choice camp.

Today, I want to share some observations, but first I wanted

you to understand that I bring some biases to the table. We have learned a lot in these last few years, and I think we are now at a point where we have some evidence to support our opinions, rather than just theories, hypotheses, hopes, and fears. It is important to note, however, that the evidence of academic effects of choice is not conclusive. Second, the evidence is not yet enough to convince people who do not agree.

Nonetheless, reflecting on what Howard Fuller said last night, if my child were in a school where he was not learning, I would not wait for a gathering of social scientists to tell me whether it was okay for me to put him in another school.

Furthermore, I would be outraged if some social scientist or journalist told me that he was doing just as well as could be expected for a child of his race, class, or gender. I would not accept that and would change his school or possibly teach him myself.

I believe that this is fundamentally a political struggle. It will be resolved in the political arena, and the data will become ammunition. James Coleman said that whenever social science data have any political implications, they become ammunition.

There is clearly a role for research, however, even if it is just producing ammunition for different sides. During the past two days, we have heard many reports and case studies on the effects of choice, but clearly there remain large disagreements. We have heard that vouchers improve achievement for some children in some circumstances, but it is not yet possible to say whether these gains are lasting, or why they occur.

Vouchers satisfy many parents, but not everyone is impressed with this measure of school quality. Richard Rothstein correctly pointed out that most parents seem to be satisfied with their respective public schools, regardless of their performance. This may be a failure of information, but perhaps it is not.

We have heard that vouchers do not skim off the most motivated parents if programs are designed to target low-income children, though even there we may see some “2 percent milking.”

Vouchers and charters may or may not drain away funds from public schools; this depends on how the program is designed. In some states, public schools are insulated from the effects of com-

petition. In some urban districts, rising enrollments have protected the public schools from the effects of competition. Some papers have pointed out that where public schools are not insulated, they respond in positive ways by providing more and better programs in order to compete with the charter schools and voucher programs.

We have heard over these past couple of days that charters are supposed to stimulate public schools to change by competing for students. Some of the evidence suggested here, however, shows that public schools more often than not ignore the charter schools. The charter schools, after all, are very small in number. They have a very small market share when they are just starting up. The public schools do not yet have to pay attention to them, and there is a certain condescension toward the charter schools: "What do they know? They are just small upstart schools."

The charters are supposed to be models of innovation, but some people have said that they are very disappointing in this regard because they are not innovating. They are appealing to parents who want a safe, orderly, and well-run school.

The truth is that we do not need more innovation. We need more effectiveness. I think that we should judge schools by whether they are effective, not whether they are innovative. We do not want teachers to reinvent the wheel. That is not what is called for and is not what parents want. Parents want to know that their kids are in safe, orderly, well-run schools, and that they are learning.

The possibility that charters cream not only students, but teachers, as well, was raised. It has been my impression from what I have seen in New York City and other metropolitan areas where there are charter-like schools that they are not creaming teachers. What they are doing is keeping teachers in the city who would otherwise have gone to the suburbs. They are holding on to teachers who got burned out and frustrated in the traditional bureaucratic school system. These teachers choose charters because they represent an opportunity to teach without the top-down bureaucratic interference.

Vouchers and charters will not destroy public education. This is an incredible and fantastic fear. There are more than 45 million children in public schools. There are about 12,000 receiving vouch-

ers. There are 350,000 in charter schools. This is like an elephant complaining about the mosquito on its shoulder, saying that that the mosquito is going to destroy it. Why are people so frightened of such an insignificant prospect? It is hard to understand the hysteria stirred by the fear of choice with regard to the public schools.

I think that the real fear, based on a couple of the papers that we have heard during this conference, is that charters may destroy private education, especially Catholic schools. Chester Finn referred to this as the “fear of the fringes.” Many students are leaving Catholic schools for charters, and the idea is that first the Catholic schools will close and then charters will be reregulated and reabsorbed into the larger public system. At that point, there will be no private sector in education, except for the kids who can pay very high tuitions.

One paper referred to charter schools as free private schools. It is very hard for private schools, even low-income private schools, to compete with free private schools. One question raised in Ted Fiske and Helen Ladd’s paper was the issue of shortage of supply: they refer to oversubscribed schools. In New York City several years ago, some charter-like schools were created. They were called educational option schools, and they were immensely popular. They were so popular that they had ten applicants for every available slot.

What was the city’s response? Did it create more of these schools? No. It limited the number of kids who could apply. It created artificial limits and kept the same number of schools. It said that only 16 percent of availabilities would be saved for students whose scores were two grade levels ahead. The smart kids are effectively excluded from those schools and driven out of the city to private schools.

The question was also raised of whether there is already enough choice. David Plank’s paper found that the people of Michigan have had quite enough school choice. This is true for people who are affluent. They can choose to go to private schools or suburban schools. This is not true for poor and minority kids.

Twenty-five percent of kids in America are already attending schools outside their geographic zones. Add to that the kids who are in suburban schools because their parents have left the

cities. Add to that the kids who are in private schools. There is a lot of school choice occurring, but very little of it is for poor kids. There is a lot of anxiety about the fact that poor kids might get some of the choices available to everybody else.

There are some fundamental issues that emerged in many of the papers, but there is still disagreement about exactly how we should proceed. There is a fundamental lack of agreement about what a good school is and how to measure school quality.

Is a good school one that has constructivist pedagogy, whole language programs, and portfolio assessments? Some educators would say yes. In fact, most of my colleagues in the various schools of education would agree. Is a good school one that has adopted one of the 17 congressionally approved Whole School Reforms? Is it a school that stresses Direct Instruction and Core Knowledge? Is it a school with high test scores? Which test are you going to use? Which tests do you trust?

Our lack of consensus about what a good school is seems to be a strong argument for parental choice and public accountability. If educators do not agree on what a good school is, how can we force a particular vision on parents? It is hard to see how a parent who wants a progressive school should be forced to go to a back-to-basics school. It is hard to see why parents who want a back-to-basics school should have to send their children to a progressive school.

Furthermore, we have seen multiple attacks on any form of objective assessment. Most of our testing experts do not like testing. They will tell you what is wrong with every test being used today: the standardized tests are bad, and the nonstandardized tests are bad. There are no tests that are noncontroversial and that have general acceptance.

I agree that public accountability must follow public funds. If you receive public dollars, you have to show that kids are learning at basic literacy and mathematical skills, but many of our most esteemed education reformers today are saying, "I hate privatization, but give me the money and don't hold me accountable."

We need two forms of accountability for schools. We need value-added assessment so that we can be sure that kids are gaining from the instruction. We also need to have absolute standards



that hold for all students and that cannot be qualified by variables such as class or race.

I also believe that choice is likely to be the strongest reason for accountability that we have had in a long time. People inside the system will say, “Test those people in the charters. Don’t let them get public dollars without being accountable. Test those charter schools. Test those voucher kids.” There will be a strong drive to have the same tests for students across the board.

We are also going to see increased transparency, to the extent that we have more choices. These are not incompatible strategies; they are wedded strategies.

Let me suggest a few next steps. First, we should all keep an open mind. Be prepared to watch the evidence as it develops. Second, keep the research flowing. Third, be aware that you cannot study what does not exist. If data matter, I would propose at least a five-year moratorium on legal challenges to choice programs. Let the experiments happen. Let the choices take place. Keep the evaluations coming. Let us see what we learn.

Let us also bear in mind that public education is not in danger. Ninety percent of American kids are in public schools. Less than 1 percent are in choice programs. Given the tenuous state of vouchers, the difficulty of maintaining charter schools, and the very high levels of parental satisfaction with regular public schools, friends of public education should stop acting as though everyone wants to leave. This simply is not the case. Believe in public education. Believe that it is working for most kids, because if it is not, you should not defend it. If it is working, have confidence in the strength of the system.

The ultimate goal should be more choices, more accountability for results, and a more diverse, more pluralistic system where the public share might be 80 percent rather than 90 percent. One way to advance this goal would be if Congress were to permit Title I to become portable. Portability would allow poor families to make choices. I must restate that I am focusing solely on poor families, not on vouchers for everybody.

We act as though the default position is that the government should always run schools and that we should have a government

monopoly. This has been an important historical question to ask: How did public education become a government monopoly? How did schools get separated from the pluralist tradition of American life?

If you read Lloyd Jorgensen's book *The State and Non-Public Schools*, you see that the leaders of the common school movement were Protestant evangelical ministers. The men who led the movement in Ohio, Indiana, and Kentucky were anti-Romanist. Also, the common school movement was deeply involved with the Know-Nothing Party. If you read Ted Seiser's *The Age of the Academies* or Carl Hazel's *Colors of the Republic*, you see the rich pluralist tradition of education, where there was no line between what was public and what was private. Today, however, we assume that government is the only institution that can run public schools.

For children of the inner-city poor, the status quo is not acceptable. We must compare apples with apples. We cannot compare the flaws of a pluralist system with the ideals of public education.

If we found that there is no difference in performance between charter schools, voucher schools, and regular public schools, it would not be a victory for the status quo. Instead, we would have to say that the choice of school belongs to the parent. If the public schools cannot do better than these alternatives, it should be up to the parents.

My guess is that absent political or judicial intervention, ten years from now we will have a vigorous public education system in which 80 percent of children attend regular public schools and the other 20 percent are in a variety of other settings. This will be comparable with the 80/20 split that we see in higher education. Our part in this evolution is to go beyond arguments about whether choice is good or bad and to deal with problems of implementation and the specific program design.

Helping public education break free of its current organizational patterns, which were forged 100 years ago in the days of the factory system, may be the most valuable contribution that its friends can make to our nation's public education system.

**DR. PAUL HILL:** I argue that we still need to know about four things with regard to school choice. First, we need to look much more deeply into what about choice is working and why, and

what about choice is not working and why. Second, we have to face the fundamental reliance of most of our arguments on the performance of Catholic schools and take on the question of how to reproduce the elements of Catholic schools in order to make an overt difference. Third, we have to ask the systemic reformers to define the public role in school oversight: What remains undefined and problematic? Finally, those of us who believe that choice has to be part of the equation have to be much more serious about defining a transitional strategy between where we are and where we need to be.

On the first point, we need to look more deeply at what is working and why or why not. The work that was reported yesterday about the randomized experiments is absolutely fundamental and needs to continue. Clearly, there is not going to be a blinding revelation that will come out of those studies to settle the issue for everyone once and for all in terms of whether choice is a good thing. For people who are open-minded, however, it should at least settle the fact that choice is not dangerous beyond any doubt.

If we continue to simply ask whether choice is correlated with learning gains, we will miss the important questions. Choice is not an educational program. Whether a child who chooses a particular school achieves or does not achieve depends on various contingencies. It depends on which school that child gets into and whether that school is appropriate for the child. It depends on whether the instruction that the child gets in that school works for him or her; that is how the child ends up learning. Choice is not an educational treatment. It is just a gateway to one. We have to be willing to open up that gateway. We must try to understand the sources of variation in outcomes of chosen schools.

Are the variances around the small gains we see tight, or are they loose? Are there many kids who are not gaining at all? Are the variances of outcomes much tighter in chosen schools than they are in nonchosen schools? This was the case in Coleman's findings about Catholic schools. What is it about schools that bring almost all kids up a bit, as compared with those that bring some kids up a lot and others not at all? Which kinds of schools are really making

the difference and which ones are not? Which kinds of kids are not doing well in schools of choice?

The D.C. finding presented yesterday about middle-school kids was extremely important. This finding does not condemn choice; it opens up a new line of questioning. What do we need to think about and be aware of as we transition to schools of choice? Are there some schools that better handle the transitions? If so, how do they do it?

It is important for us to study choice issues and the consequences of choices in a finer grade than we have been able to until now. None of this is meant as a criticism of what we have done to this point. Everything that has been done has been necessary, but I think we need to go much further.

We need to ask a lot more questions about the difference between what kids experience before they choose a school and after they choose a school. What do the classrooms that they are leaving look like? In terms of politics, we need to be much more serious about the question of what exactly is happening in public school classrooms.

What happens as a consequence of people choosing schools? My guess is that we will find that everything depends not on who leaves but on who remains. If we could answer this question with some clarity, I think the choice debate would be vastly improved.

My second point is that if you look at much of the evidence in support of choice—for example, the report earlier today about tolerance and political capacity outcomes of schools—a lot hangs on the Catholic school experience. Researchers such as Tony Bryk have gotten many of their ideas about why choice is necessary, and why reforms in public oversight of schools and public funding of schools were necessary, from looking at Catholic schools. They looked at the freedoms and capacity for focus that Catholic schools have, and they assume that we can re-create those aspects in a public setting simply by taking rules away and increasing the freedom to innovate in those schools.

These are important ideas, but they are not sufficient. We have to ask what the key aspects of Catholic schools are and how they can be reproduced. I think that they probably can be repro-

duced. It is clear that many Catholic schools are sustaining high achievement levels without much Catholicism, per se, so that may not necessarily be the active ingredient. There is something about a focus on values and an aggressive approach to families. Catholic schools understand that families have to be educated in getting the most out of the school. We have learned that it is a lot more difficult to make a new choice school than we might previously have thought. We have to get below the surface on this line of inquiry.

There is a significant fear that if choice is enacted on a broad scale, the religious right will take over schools and do God knows what. There are some incredible hatchet jobs in the education literature about what people on the religious right do to their kids once they get them into schools. When I was a boy in Catholic school, my Mormon friends were told by their parents that we were taught mathematics by counting rosary beads. That obviously was not true, though the Catholic system was rigorous. Conversely, the Catholics of my generation who were taught in those “abysmal” ways learned a lot and managed to become the most socially mobile group in the United States. Something was right with that education, and the horror stories were deceptive.

We need to know the truth about religious education because it is very important for people in favor of choice to know whether the religious right is a liability or an asset in the provision of education.

We have already learned one thing that I want to celebrate. Over the course of the last several years of charter initiatives and choice, we have learned something important about how choice leads to better learning. Choice does not always lead to student learning. Not every dissident group can run a good school. People who gather at a coffee klatch and agree that they do not like the public education system might not agree on anything else. Making an effective school is intellectually demanding. With it is hard work. Choice leads to learning when people work hard to develop good schools.

Now we stand with the possibility of creating a new supply of schools. The question is whether we are going to create high-quality schools.

The third point I want to make is about helping define the public's role in the oversight of schools. I doubt that anyone in this room thinks that you can have a totally unregulated education market. The question is, what mechanisms of public oversight should be adopted?

People who think that choice is important actually have potential allies among systemic reformers, who are trying to create state systems of standards and accountability. Systemic reformers are discovering that many things that come with choice, such as school control of resources, choice of teachers, and the like, are necessary concomitants of their accountability strategies. It may very well be that the systematic reformers and the choice proponents can together come up with quite good plans for public oversight.

Similarly, it is important to create standards for when it is necessary to give up on a school. I do not know what the answer to that question is, but it is increasingly evident in the charter school sector and in the public schools that there is a point beyond which a school goes into precipitous decline and never comes back. We do not know exactly what those indicators are, but I would suggest that some of the business disciplines that look into corporate turn-arounds may be needed in this case.

The other side of this issue is what to do with the kids in a school once its situation has become desperately bad. My guess is that it goes back to the earlier point I made: we need a better understanding of how choice leads to a good school.

My last point is about creating a transition strategy: How do we get from here to there? Many of us understand that getting from here to there requires political action, which is not necessarily "knowledge." It requires charter laws and requires relaxation of collective-bargaining laws. It requires all kinds of other things. Perhaps we need standards-based reform laws. Political action has to focus on principles such as transparency. Transactions in public education have to come out into the open. We have to understand where money goes.

We have to understand the connection between the rules of hiring and assignments, and the consequences for kids. The current system is such that it allows the best and most senior teachers

to teach in any school that they want. This leaves the lowest-performing schools with the newest and weakest teachers. Essentially, poor kids get bad teachers, and rich kids get good teachers. We need to insist on openness when phenomena such as this are identified. Why do we allow it to happen?

Transition strategy requires something I call “thought action.” What do we really mean by “public education”? We need to think about this. What is so powerful about David Campbell’s article is his demonstrating that what people who object to choice claim is the public good—namely, the building of community values and political competence—is, in fact, not distinguishable from what they think of as a private good—whether or not their kids learn.

In fact, the whole distinction between public and private good that has become the basis for intellectual resistance to choice has no basis. The main public good in education is the same as the main private good: it is whether or not kids learn. We need to start driving that point home and break down that intellectual firewall.

Yesterday morning, we may have discovered a new concept in education policy analysis. It goes back to “Zeno’s dilemma”: the idea that you cannot traverse any distance because to do that you have to go halfway, and to do that you have to go half that distance, *ad infinitum*. We found that, in fact, we face Zeno’s dilemma in education. You cannot do choice because there is no way that any choice plan does not advantage the more alert and aggressive half of whatever group you happen to target, no matter how small or disadvantaged that group is.

Richard Rothstein and others have used the fact that public authorities cannot hold schools accountable for what the kids learn as an argument against charters. This point reminds me of a debate on capital punishment that took place in the French Assembly. A capital-punishment opponent was talking about humanitarian issues when a delegate shouted, “Let the murderers take the first step.” I would say that we must insist that the public school system take the first step. If value-added assessment is a precursor to accepting choice, it is not the people who are in favor of choice who are the barrier to it.

**DR. EDWARD FISKE:** As I think back over the various ideas that have been discussed here, I would like to raise a question that comes out of a combination of two of these ideas. The first one is the broadest conclusion that we came to out of our study in New Zealand: competition, choice, and autonomous schools have had significant benefits, including benefits to the upwardly mobile Maori and Pacific Island students. Competition, however, inherently involves losers as well as winners, and the system is not going to do much to exacerbate the problems of the losing schools.

It took six or seven years, but eventually even the architects of the Tomorrow School Reforms in New Zealand came around to say the system would not work for about 20 percent of the schools and the students. That is a real challenge. What do you do about this 20 percent?

The other idea is the notion advanced last night that the poor should have the same choice as the rich. It seems to me absolutely impossible to think of a reasonable way to resist that idea. So my question to the choice movement is, is it possible to come up with a strategy that will expand choice, especially for the poor, while at the same time addressing those problems of the schools that are inevitably going to suffer from it? Or is the strategy simply to say, we will push the choice part and let somebody else pick up the pieces?

**DR. HILL:** The reason that there is a permanent underclass of schools in New Zealand is that there is a sector of schools that was deserted, and there has been no effort to replace or fix these schools. If the supply of schools were elastic, you would still have a problem of some schools being better than others. But the system you looked at has no active supply side. I think that is why you drew the conclusions you did. No American group has proposed a system like New Zealand's.

**DR. RAVITCH:** In terms of Ted's second point, Department of Education Secretary Reilly said in his State of American Education address back in 1993 or 1994, "There is a wide variety of American schools. Some are excellent, some are good, some are improving. Some are so terrible that they should never be called schools."



I found myself reading this passage again and again, thinking, whose children are in these schools? It is not my kids or the president's kids, and it is certainly not Secretary Reilly's kids. That is why I called my paper on this issue "Somebody's Children." We know whose kids those are. Those are the poor kids, black and Hispanic mainly, who are trapped in these awful schools. Under a choice program, these kids could all leave that school, and the school would have a full teaching complement and no kids.

I think that those schools should close. I think that under a reasonable choice program, which would be means-tested and targeted toward those kids in particular, those schools should close. If they are not good enough to be called schools, and the secretary used that term, I see no reason to keep them open for the kids who are left behind. Those kids should not be left behind.

**DR. BRYAN HASSEL:** School choice policies struggle in the political arena. Voucher programs have generally been unsuccessful in state legislatures and in referenda. Charter school programs have been more successful, but they are often rebuffed and weakened significantly in the political arena.

You two are astute observers of politics, and you are also fine researchers. I would like to see what you have to say about whether any empirical evidence could change the basic political fortunes of school choice as we see it now. Can we increase the fortunes of school choice in state legislatures? If so, what evidence is required? What would be some findings that you think would turn the tables?

**DR. RAVITCH:** I think that what would change this whole debate would be if minority legislators representing the inner city began to voice the views of their constituents.

**DR. HILL:** I do not think there is any such finding, and I think it is a political problem.

**QUESTION:** I think the student achievement data is very murky, although it looks at the very least as if choice is not hurting, and is probably even helping a bit.

Something that is not murky, though, is that parents and teachers are much more satisfied in schools of choice. This finding should be trumpeted, especially to those who purport to represent teachers.

If we want to professionalize teaching and keep good people in it, we have to start using these schools of choice as more of a model.

**DR. JOSEPH VITERITTI:** Looking around this room, I do not see many minorities. Is this a problem with our movement, that we are unable to attract minority business, educational, or community leaders to this movement? What needs to be done in order to do that?

**DR. HILL:** I do not think that it is true that we are unable to attract more minority people. Howard Fuller assembled a group of 300 or more minority educators in Milwaukee last month to work on the question of political organizing for grass-roots support of choice around the country.

There is an obvious connection between the movement and the intellectual work that is done here. It is peculiar that there are plenty of African-American and Hispanic academics whose training and predisposition make this interesting to them, and not many turn up at these meetings.

**DR. TERRY MOE:** I think that minority parents in the inner city have a large stake in this. I think, however, that most parents in the inner city are actually satisfied with their schools. There are also many who are not very dissatisfied. Who is going to represent them?

Some of those people will rise up and do something. There are people such as Polly Williams and Howard Fuller, but there are not that many of them. I think that most of the educated, politically active black people whom you might think would represent this population are liberal Democrats who are convinced that markets are bad.

The leadership of the civil rights movement is filled with people who came up during the fifties and sixties and are convinced that markets, choice, and competition are bad. They think that markets mean segregation. Choice is segregation. We are talking about people such as Julian Bond—people who have been there during the sixties.

Over time, these civil rights groups are going to face a grass-roots rebellion led by parents in the inner city and by younger people who did not come up during the fifties and sixties and who have a

very different view of how choice and competition can empower them.

In the meantime, the elites among blacks are very negative about this. Their whole life experience says that choice and markets are not good. That is the way they see it. I think that is a major reason that this is going to take time to work itself out, but it is all moving in the right direction.

**DR. RAVITCH:** I am sorry that Wilbur Rich left. Wilbur teaches at Wellesley, and he and I were talking at lunch about this issue. He wrote a book on black mayors and education and says that black people have never had power and have never had status, and now they control a lot of inner-city school systems and do not want to give that up. He refers to this as the “education cartel.”

**DR. VITERITTI:** I think that black legislators often do not represent their constituents. One of the most fascinating conversations I had in researching my book was with a black legislator from New York who agreed with everything I told him and said, “I cannot do this. I cannot vote [for the charter law] because the people who organize campaigns—like teachers’ unions—would not allow me to do it, and my constituents accept it for what it is right now.”

I think that it is not just our findings that are useful. We have created an idea that experimentation among people who are beginning to understand that they do not have to accept the status quo any more is acceptable and should be encouraged. There is an alternative to the school that you have been assigned to. As more parents realize that, I think that they are going to call their legislators to task, because while teachers’ unions provide money for campaigns, they do not live in those districts. When people in those districts start calling their legislators, you are going to see something happen.

**QUESTION:** I wind up in the field a lot, and you see precisely what Terry is describing. There is a generation gap when you are speaking to civil rights leadership: the Urban League, NAACP, or La Raza.

The question I want to ask you was the flip side of Bryan’s question. Many social scientists have been presenting material and trying to do so in a way that makes it as bulletproof as possible.

There is also the sense that many people in this room and around the table are clearly advocates of an approach to choice that is in the best interests of the children.

We have this fundamental tension: How do we maintain the integrity of the research itself? What can we do in terms of institutional mechanisms to ensure that we are actually going to have forums and resources to conduct all the research that addresses these questions? How do we take steps to see that the scholarship itself maintains its integrity?

**DR. RAVITCH:** I think that it is important that there be more researchers brought into this kind of activity and that there be a cacophony of voices. People must get together, talk to one another, check one another, argue with one another's evidence, and keep as open a dialogue as possible.

**DR. MANNO:** I would like to make a note here as a representative of a foundation. We need more foundations that go outside the traditional venues, looking outside the system for solutions. We need foundations that are willing to step forward and support this kind of work.

**QUESTION:** This is a time of opportunity and peril with regard to getting support for continued work of the kind that we have been talking about.

This is a time of transition for many foundations. It is not clear where it is going to go. Some of them are a lot less interested in paying for the next professional development program, and a lot more willing to look under the cracks and under the covers. We have to be willing to exploit that. I think that is true in some of the mainstream foundations such as DeWitt Wallace, as well as some of the new ones.

I have been horribly disappointed with the Gates Foundation, but it will be around for a long time. I think that many of the new philanthropists on the West Coast are much more skeptical about the way things are done in the system and are probably more open to looking at new things. The immediate problem is that new philanthropists always want to pay for some program, and we may have to wait for some of them to mature.

**DR. PAUL E. PETERSON:** I think that on the whole,

whenever choice is put into place, it is very difficult to take it away. It is like the whole busing battle back then, which was basically telling people that if you bought your house in a given neighborhood with the thought that you would send your child to a given school, you could no longer do that; you were going to have to go where the bus took you. It produced a tremendous blow-up. It was called a racist movement and there was a racist element to it, but it was partly that people felt that they had made a choice and the choice was being taken away from them.

In a more contemporary vein, every time one of these choice programs is put into place, it becomes very difficult to dislodge it. The Cleveland experience is instructive. When the judge struck down the voucher program, it created such a stir in the community that higher levels of the court said, "We cannot do that. We have to move a different way in this matter."

I disagree with Diane's comment that this is just a mosquito, and the elephant should not be concerned. I think that the elephant should be concerned about the mosquito because this mosquito is like a mustard seed and just might grow into something.

In the intellectual community, the field of education has been siphoned off from the rest of the academy. It has been conducted in a separate institution. When I first went to graduate school, I discovered that there was arts and sciences one side and the education school on the other. They were kept completely separate from each other. I actually had a foot in both doors and discovered that if you were in education, you were regarded as not quite up to standards.

The arts and sciences people said, "We will not study education. Education is for the people over there in education."

What I think has happened in the last few years is that quite a number of people in the arts and sciences have become interested in education questions, primarily at elite universities. With regard to the question of how minorities get introduced into that kind of a scholarly situation, I think that there is a lag. I hope that it will get corrected quickly.

You have to realize that the intellectual effort that takes place along with the political effort is still just a mosquito. It, too, might expand and grow. I think that the most important thing for sustain-

ing that is to have opportunities for people to get together and have the kinds of exchanges that we have had. I think that this particular conference, as compared with one we had a few years ago, shows tremendous progress in terms of having more analysis and less advocacy. I can imagine that this trend will continue, and that is how you begin to enhance the scholarly weight of the enterprise.

**QUESTION:** What does the panel think about the possibility of declaring the bottom 1 percent of schools bankrupt, taking the school building, putting it out for bid, and turning the management over to the best proposal you get?

**DR. HILL:** Not only do I like that idea, but I have a book that I will sell you. It talks about exactly that. The question is, how do you define the lowest-performing schools? It has to be done fairly.

**QUESTION:** We have not spent much time on the finance issue at all, and it is a question that interests me. If you want to finance charter schools, how do you determine what the sending district should be paying? This raises the questions: Is the objective to create choices for kids to go to charter schools, or is the objective to punish the sending districts for doing a poor job? Is the objective to create competition? Do you use marginal cost if you can? Do you use average cost? Do you charge the sending districts their marginal cost, pay the charter schools the marginal cost, and have the state finance the difference?

**DR. HILL:** Those are all fair questions, and what makes them so difficult to answer is the fact that educational costs are lumpy. One child leaving a classroom does not change the configuration of the school. The primary problem is that districts do not fund schools and do not fund students. They fund programs that are centrally administered. It is very hard for them to change this, and districts are profoundly incapable of adapting to marginal changes in the size of their student bodies because of that way of operating.

If school districts were operated differently, and if they funded individual students in schools, they could gather that money. There would still be some marginal versus average-cost problems, but they would be small. That seems to be the only way that districts can go if they want to be able to cope with the fact that some

people will be drawn off into charter schools.

Otherwise, districts will constantly be focusing not just on the question, “Did we change the allocation of nurses and art teachers in different schools?” but also, “Are we going to get rid of whole programs?” My point is that a per-pupil funded system such as the charter schools is very hard to sustain. It is very hard to sustain a program-funded system in the face of a per-pupil funded system. The only way to go is to change the cost accounting of the district level up to a per-pupil basis. That will still be hard, but it will be a lot easier than what we have now.





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## A School Choice Debate

**Resolved that:**

**“School choice will ruin American education.”**

Speaking for the resolution were:

**Bruce Fuller**, *Professor of Education, University of California–Berkeley*

**Tom Mooney**, *President, Cincinnati Federation of Teachers*

Speaking against the resolution were:

**Chester E. Finn, Jr.**, *John M. Olin Fellow, Manhattan Institute for Policy Research; President, Thomas B. Fordham Foundation*

**Howard Fuller**, *former Superintendent of Schools in Milwaukee; Distinguished Professor of Education, Marquette University*

**BRUCE FULLER:** Americans have long expressed a rather tortured ambivalence for school choice. Take the case of Thomas Jefferson during the late 1780s. In Paris, he was a single parent who had to raise his children. To avoid the wealth of uncertainties he found in government-funded schools, he reluctantly placed his two daughters in a convent school, insisting to friends that “not a word is ever said to them on the subject of religion.” But in April 1789, his eldest daughter, Patsy, announced that she had decided to become a nun. Jefferson darted to the school and escorted Patsy into his carriage without a word to the Catholic school leadership.

My own ambivalence about the promise and the reality of choice stems from less dramatic events, but is rooted in a historical view of how choice has—and, most important, has not—altered the public schools. I tend to think about charters and vouchers in quite different ways, although I use the label “radical decentralization” because I think it’s beyond what Tocqueville saw as an already radically decentralized view of local government, the one of the

schoolhouses. So a lot of my analysis tries to ask the question about what we've actually learned about choice over the last 30 or 40 years.

Our research group in Berkeley released a report in the fall in which we analyzed some NCTS data showing that now about a quarter of all kids no longer attend their neighborhood school. Ten percent of this growing share of pro-choice parents are selecting private schools, and about 15 percent are parents who have selected public school options—magnets, crosstown transfers, charters, and so on. We know very little about how these 30 or 40 years of history have actually affected public schools. I want to put forward five arguments as to why I think school choice is not going to uniquely improve urban schools.

The first three arguments deal with whether market incentives really lead to more effective forms of schooling and teaching. That is, choice experiments—voucher experiments, specifically—aren't showing important and significant effects. They are showing effects, but as John Grant has said a couple times in the past week, "What is really the treatment?"

What is this experiment teaching us about effective schools? It's certainly not necessarily energizing organizational changes, either in private or public schools. It's simply allowing kids to sort into existing parochial schools. It may work if, in fact, the technologies and organizational features found in parochial schools can be replicated in public schools. So, for example, the work of Paul Peterson and his colleagues is now getting inside the black box, as did that of Jim Coleman, Willard Weller and others did in the sixties. We're finding out about smaller enrollments, smaller classes, more stable teaching staffs, and so on—the institutional dynamics. So what started out as an economic, market-oriented reform has taken us back into this messy and sticky institutional black box.

I've just finished this book on charter schools, and I became a convert, in a sense, in that there are a lot of exciting things going on. But charter schools, in some ways, are a story about socialization—raising children according to certain values, from Afro-centric traditions, to a Mormon upbringing, to progressive, Deweyan forms of pedagogy and learning. We have a lot more to do in order to know whether kids' *achievement* is rising in charter schools, and

whether pedagogical innovations are present to explain alleged gains in achievement.

First, I think choice is going to have a limited effect overall because it's not clear to me that these alternative schools, be they charter or parochial schools, are more accountable to public communities than are public schools. When I was first out of graduate school, Moe and Chubb's *Political Economy and Public Schools* influenced me a lot, particularly their theory that interest groups, over time, have disempowered school principals, teachers, and parents. I was also influenced by their theory that if we could go to a market-oriented system, there would be direct—parent to school—forms of accountability.

But there are several market failures becoming more apparent. One is the fact that we have very little value-added information on which schools are more effective and which schools are least effective.

Second, we have some advocates arguing that voucher schools and charter schools shouldn't be a part of state assessment programs. In fact, the "other Fuller" [i.e., Howard] has made an argument that in Milwaukee, we should be very careful about how we evaluate those schools. I would agree with that, except I don't see an argument as to why accountability should be less stringent for charter schools and voucher schools than for public schools.

As we see in the health-care reform area, abuses in this competitive education market lead to increasing regulation by states. In just the past two years in California, there have been two reform bills for charter schools. One would eliminate the ability of home-school operations to buy into the charter school finance mechanism; the other would crack down on so-called virtual charter schools, where we had companies doing direct computer instruction with kids, where the kids never saw an adult of any kind. In fact, they were enrolled up in Ukiah, in the far north of state, but they lived down in Los Angeles. We're going to see increasing regulation as this market gets out there in terms of scams and shaky operations.

Third, there's much more public support for centralized state action in the school reform area than there is for pro-choice re-

forms. Governors, such as Bush in Texas, Rowland in Connecticut, and Davis in California, are all backing increasingly centralized forms of accountability. Jeb Bush's innovation in Florida is interesting, because it says, "Once you play out the whole accountability process, we'll voucherize school finance." But take note that he's got to buy into the political support of stronger centralized action.

Fourth, it's difficult to see how voucher experiments could ever go to scale. Given all the problems with teacher shortages—in Los Angeles, for example, about two-thirds of all teachers are uncredentialed—how could they attract new teachers when private schools already are paying about a third less than public schools?

My fifth point is that school choice advocates tend to solely blame the bureaucratic structure of schooling for low achievement, and this distracts us from a deeper discussion of family poverty. Christopher Jencks's recent book with Meredith Phillips has a startling fact: the average black secondgrader in America is already one year behind in reading. That is, he or she is reading at the same level as the average white first-grader. This has little to do with the governance of public schools; it may have little to do with schools. It has a lot to do with family poverty; it has a lot to do with unequal access to preschool in America, which, parenthetically, is a wide-open market system.

The underlying paradox here is that choice advocates promise equalized opportunities through market dynamics, all the while eating away at the state's legitimacy and its long-term capacity to attack the corrosive effects of family poverty.

**CHESTER E. FINN, JR.:** Our team—Bruno, Gregg, and I—contends that, as the subtitle of our book says, school choice will renew American public education and will change the way we do things so that we can begin to do right by millions of children who are ill-served by the present system.

Let's talk about the ruination of public education. Let's start by talking about what we mean by "public education": Do we mean the education of the public? That is, the education of all the children of the next generation? If that's what we mean, we go in one direction. Our side accepts the premise that education is, in con-

siderable part, a public good and that society has an obligation to ensure that the next generation receives a good education. Indeed, it is our failure to follow through on that obligation to give all our children a good education that has led us to this conference and to the way most of us spend our lives.

But if by “public education” we mean a network of government-operated institutions called “public schools,” and a near-monopoly by those institutions of the education of the young, we go in a very different direction, for we do not accept that the education of the young can only be provided, or is best provided, in government-run institutions. Let us therefore distinguish sharply between educating the public and today’s array of government-operated public schools. It’s like distinguishing between caring for the health of the public as opposed to a network of municipal hospitals, or housing the public versus a set of public housing projects.

Government-operated public schools come to us neither from Madison nor from Moses, which is to say that you will encounter them neither in the Constitution nor in the Ten Commandments. They are a public policy invention of the mid-nineteenth century. We may like them; we may not like them; we may think they’re doing a good job; we may think they’re not doing a good job. But they are contemporaries of the steam locomotive. They come from that same era of our past, and we should regard them in a similar fashion. If we like them, just as we like the opportunity to ride trains, we should stick with them if we think that they are the best available means of, as it were, public transportation.

If, on the other hand, someone invents the motorcar or the jet plane as a way of educating the public, we are not obliged to travel by train, though we may do so if we wish. And we may attend government-operated public schools if we wish. We are not obliged to. We were educating much of the public before we had government-operated schools. We could again educate much of the public if we didn’t have government-operated schools.

Educating the next generation is a very different matter. It goes back to well before Moses. Indeed, I think that educating the next generation is encoded in our societal DNA. I’m not aware of

any society or any culture, primitive or modern, that does not take seriously the obligation to train or prepare or educate its next generation for entering into adult life. That is a very solemn obligation. The question is, what is the best way to get it done? What should concern us is not the preservation of institutions, or institutional forms, but the education of the young. And if one set of institutional forms turns out to be dysfunctional, we should devise new ones. If the ground rules turn out not to work very well, we should write new ones.

Keep in mind that vestiges of the pre-Horace Mann arrangement can still be found in northern New England, in some small towns. Keep in mind, as well, that alternatives to the Horace Mann arrangement are being invented daily, as people create charter schools, virtual schools, and home schools—this is an astonishingly inventive and resourceful society. When we don't like institutional forms or we don't think that they're meeting an important need, we come up with new ones. I think it's important to recognize that that's what is occurring with respect to educating the public.

It is important also to recognize the degree to which K-12 education policy in this country has become a policy ghetto. We take for granted assumptions in K-12 education that we take for granted in no other domain of social policy—indeed, in no domain of public policy that I can find outside of public safety and national defense. We do not take for granted in higher education that the normal way to do things is in government-operated institutions. We do not take that for granted in pre-school education. We do not take that for granted in health care. We do not take that for granted in housing.

You can go down the list of what you think are the important domains of social policy, and you will not find, I submit, a single one other than K-12 education where it is taken for granted that the normal and customary arrangement is that this must be done in government-provided institutions. In all these other domains, people are accustomed to having choice, and they do, in fact, have choices.

There are, of course, some domains in which government subsidizes some of the institutions, and you have the option of

using the government-subsidized ones *if you want to*. You can go to the state university *if you want to*. You can live in public housing *if you want to*. You can go to the municipal hospital *if you want to*. You can listen to NPR *if you want to*, but you don't have to. And it's a good thing. There's nothing wrong with the government's providing arrangements that you have an option of utilizing. But it is a very different thing to take for granted that a government-delivered monopoly over a set of institutions is the normal and best way of doing things.

So we propose the redefinition of public education to refer to the education of the public by whatever means, rather than the maintenance of a particular network of government-run institutions. And we propose the redefinition of a public school, so that it is no longer a school operated by the government, but is rather a school that satisfies three, and only three, criteria: that it is open to all who wish to attend it; that it is paid for by tax dollars and does not oblige people to pay their own money; and that it is accountable for its results to some duly constituted public authority that can close it down if it fails to do a good job or otherwise betrays the public trust.

Under that definition, I submit that school choice, far from being the ruination of American education, will turn out to be the renewal of American public education, will turn out to be as American as apple pie, and will turn out to be a huge boon to millions of youngsters who are ill-served by the present arrangement.

**TOM MOONEY:** I'm going to cheat. I'm going to switch sides for the first sentence, because obviously I don't believe that choice will destroy education. It will be good; it can be good. I believe that privatization will destroy education in America if the objective is to educate all students or the vast majority of students to a relatively high standard. I submit that that is really what this debate is about. It is not about choice; it is about privatization.

I'm not a researcher; I'm not an academic. I'm a K-12 teacher. I've spent the last 20 years being a union leader in an urban public school situation. I live in that city; my children go to public schools. My children have gone and do go to magnet schools in that public system. And I'm a fierce defender of public school choice. Actu-

ally, I spent a lot of my early career as a union leader trying to bring about more equity in resources for the neighborhood schools as they were investing so heavily in the magnet schools. I have spent, however, the last few years defending the magnet schools against erosion by bureaucrats or perhaps public policy influences that have said, “Let’s strip the public school system down, make it cheaper, and make it a kind of literacy program for the poor, but we don’t want to pay for the bells and whistles that it takes to keep these magnet schools running.”

So what did these magnet schools do? They kept a chunk of the middle class in the public schools. I think that’s a common motive, whether it’s stated or not, for the magnet school systems in urban or suburban public school systems, and they certainly created pockets of excellence—more than pockets. In fact, Cincinnati has one of the largest-scale and one of the longest-running experiments in school choice in the country, with about a third of its students enrolled in them. This has been going on for about 25 years, so we ought to know something about the effects of choice, if choice were the issue. We know that it’s kept some of the middle class, at least for a while, and it’s produced pockets of excellence. But if you went to visit Cincinnati, I don’t believe that you would find a single soul in a competent state who would argue that competition has improved the neighborhood schools, where the other two-thirds of the children go.

Competition has drained them of talent, energy, and parental energy, made the problems there more intractable, and has made it more difficult to raise achievement. Should we eliminate these neighborhood schools? I think we cannot, because they’re our most satisfied customers and because we believe in choice for its own sake. But we still believe in public education. The theory is supposed to be that these choice schools—charter schools, voucher schools, privately funded vouchers, other forms of privately operated choice schools or privately owned or privately funded choice schools—will force the public schools to improve. From where I’ve stood for the last 25 years, the exact opposite would appear to be the case. So privatization really is the debate, not choice.



Let's look at the two major forms of privatization that we're experiencing: vouchers; and, by far the more significant one today, charter schools. In terms of publicly funded vouchers, we have two major experiments in Milwaukee and Cleveland. I'm familiar with Cleveland; I'm somewhat familiar with Milwaukee. I don't see the results. It seems to me that the verdict is close to being in.

I must be fair; it's a little early for Cleveland. But what we see from the outside study by a team led by Metcalfe at Indiana University is: no results. In one subject out of five, there is a bit of a gain for voucher kids versus public school kids. When we separate out the non-Catholic schools—the vast majority of the kids and the vast majority of the schools that are participating are Catholic schools, well-established, neighborhood parochial schools—in two schools that are non-Catholic started just for the purpose of accepting vouchers, results were substantially worse than those of either the public or the Catholic schools where the kids were going with vouchers. We looked at, on the other hand, lots of scandals. We can go into those, if you like, during the question-and-answer period.

In Milwaukee, we have the official outside evaluator, Witte, who tells us that after five years, there are no meaningful results that aren't explained by other factors such as family level of education, family income, prior parent involvement, or prior level of achievement of the student. We know that some people will twist and torture those numbers until they scream the tune that they want to hear, but it really is about looking at a handful of survivors and saying that therefore we should declare victory. I just don't know how you look at those numbers and say that there are meaningful results because of the intervention of vouchers.

In the case of charters, of course, the story is much more complicated. They mean lots of things to lots of people. We do support, and I personally support, the original concept of a small, autonomous, public school with some sort of coherent program design that a group of parents wanted or a group of teachers wanted to try or some community group wanted to try, or all of the above working together. But that is not what we're seeing in most cases. They vary a lot by state. I know the most, of course, about Ohio,

which has to have one of the worst charter laws in the country, second maybe to that of Arizona. It's going to blow up in the face of its backers and its sponsors because it is so out of control and is such a mess.

Charters in Ohio are now chains of for-profit schools—all of them, though, privately operated with public funds, very insulated from public accountability. The only thing public about them is the money. Try to get records from them, try to go to their board meetings, try to find out when they had the lotteries that they're supposed to have—because I've been trying to find out these things and they won't even respond. Try to see their curriculum, if they have one.

And the results, of course, stink. They stink bad. They reek. The state proficiency test-pass rate is 2 percent or 4 percent, depending on the grade level statewide for our wonderful charter schools. Is that a surprise? Of course not. Why would they do well? They have mostly untested operators, less experienced and less qualified teachers than the public schools, and they mostly don't have coherent curriculum models. I'm sure that someone will create a good one, maybe in my city someday soon, but they haven't yet. And again, there are the scandals, which we can go into at another point. So what really is the point, unless it's an ideological commitment to privatization?

I submit that this debate is not about what's going to bring about higher educational achievement for a broad base of students. If we didn't know how to improve results for a broad range of students, one could justify experimenting with almost anything and letting almost anyone have some public money and a bunch of kids to experiment with. Or privatizing, letting the for-profit company or the nonprofit community organization start their own schools.

But we do know how to improve results with urban kids and with suburban kids. We know which interventions work, and we know a lot more than we did ten or 15 years ago. We know that clear, specific, and rigorous academic standards coupled with a coherent curriculum that gets you to the standards. We know that investing in teacher quality improves results, even in traditional ways of measur-

ing it, but certainly there are now emerging more sophisticated ways. We know that accountability to professional standards and accountability for at least showing improvement in results has effects—things such as school redesign, which a number of cities are doing, including Cincinnati. We know that class-size reduction works. So we ought to do the things that work and invest in those, rather than playing around with kids for the sake of ideological wars.

**HOWARD FULLER:** In addition to the comments of my esteemed colleague, Chester Finn, let me ask you to consider the following ideas as you think about our debate resolution. I come to you today from the city of Milwaukee, where we have charter schools, contract schools, partnership schools, a low-income voucher program, and innovative efforts in our existing public school system. We are where we are today because of a continuous struggle to ensure that our poorest children, most of whom are black or brown, are given the chance to get a quality education. I'm here because I believe with all my heart and soul that poor parents ought to have the capacity to choose the school that they believe is best for their children.

I contend that school choice must be seen in the framework of four critical concepts of the American ideal: the mission of education itself, freedom, democracy, and power. I'll use four quotations that capture my views about each of these concepts and their interrelationship.

I begin by quoting Richard Shawl from the foreword of Paulo Freire's book *Pedagogy of the Oppressed*. He says that there is no such thing as a neutral educational process. Education functions either as an instrument that is used to facilitate the integration of the young into the logic of the present order and bring about conformity to it, or it becomes "the practice of freedom, the means by which men and women learn to deal critically and creatively with reality to participate in the transformation of the world."

This practice of freedom was defined by Martin Luther King, Jr., who said, "Freedom is the capacity to weigh alternatives. It is the capacity to make decisions. It is the capacity to accept responsibility for the decisions that you make."

In this country, we contend that our freedom is the result of

our democracy. Dr. Kenneth Clark said, “The substance, rather than the verbalization of democracy, depends upon our ability to deepen the insights of our people. Only educated people can be expected to make the types of choices which will serve their freedom and reinforce their sense of social responsibility.” In Milwaukee and many other areas of this country, poor African-American children are being precluded from being effective participants in the democracy because we are failing to educate them. Too many of our children that I care about are still being told, “My check will come whether you learn or not.” They are still being told, “Give me five more years to develop another five-year plan.” Too many of our poorest children are being forced to stay in schools that do not work for them and, frankly, didn’t work for their parents. They lack the power to influence the educational institutions that continue not to serve them well.

In America, you must have power if you are interested in changing the decisions and the practices and the policies and the institutions that affect your life. Sarah Lawrence Lightfoot had it exactly right when she said, “A critically important ingredient of educational success for black and white children lies in the power relationships between communities and schools rather than the nature of the student population.” The nature and distribution of power among schools, families, and communities is a crucial piece of the complex puzzle leading toward educational success for all our children.

Given these ideas, let me return to our debate resolution: “Resolved: school choice will ruin American education.” The very way the resolution is phrased sets up a false premise. It seems to indicate that we are today faced with a theoretical assertion that needs to be considered, to wit, “School choice *will ruin* American education,” as opposed to the following question: “*Has* school choice *ruined* American education?” We’re dealing with school choice as if it were some type of new, untested practice in America. What this allows for is a series of assertions such as: “We know little about new and untested ideas”; “New and untested ideas must be carefully studied”; “New and untested ideas might threaten our basic traditions and values”; and “Debates about new and untested ideas must be framed in the future tense at Harvard University.”

But school choice is neither new nor untested. The only thing that we're doing with it that's different today is that we're suggesting that poor parents ought to have the same options that all of us in here with money have for our own children. I find it intriguing that public school teachers who have never put their kids in the schools that they teach in will insist that poor parents keep their children in these very schools. Why? Because if those children leave, it could affect their employment. But if the school is not good enough for their children, why is it good enough for anybody's children?

I suggest that this choice thing is not new. All that's new is that we want low-income parents to have the measure of choice that so many of us in here rightly value and take for granted. So to frame this debate in hypothetical terms denies the widespread, long-standing practice of school choice. It shifts attention from what the central issue is about: power. It's about whether poor parents of color will have the same power that many school choice critics use for their children every day. Every one of us in here who's honest knows that if you've got money, you don't care what the conference at Harvard says, even if it's at the JFK School of Government. It doesn't matter, because you're going to take care of your children because you have the capacity to do so.

I want poor parents to have the power to choose schools, public or private, nonsectarian or religious, wherever they think that their children will succeed. I argue that putting the power in the hands of families, who have little or no control over resources that influence the policies in our schools, will give them hope for the future.

I ask you to consider how the absence of this power will mean that these parents' kids will be trapped in schools that do not work. As a superintendent, I've put kids in schools that I knew were never going to work for them, and everybody in the place knew that whether the kids learned or not, it wasn't going to make any difference in their lives. Everybody was going to get paid, and with the salary schedule, everybody was going to get a raise. And I ask you, how is it that we can allow that to happen? We can allow it happen because these are *poor* parents.

I leave you with the words of William Daggert: "We must

love our children's hopes and dreams and prayers and aspirations more than we love the institutional heritage of the school system."

## **REBUTTAL**

**BRUCE FULLER:** I agree with Howard that choice has been around for a long time. One in four kids in America no longer attends his neighborhood school, and magnet schools have been around since the early 1970s.

Now, of course, the obvious argument is: That's constrained choice. That doesn't allow kids to attend parochial or private schools, which may be more effective. But then we're back to the issues: Can we expand parochial schools? Can we somehow capture the magic of parochial schools and give it to other schools? And I think that's the ball we start to hit. In experiments, we're yielding results. I think that's hopeful. The questions are: Can the private sector absorb more kids in the inner city? And can the public system learn from private schools?

Dr. Finn opened up this question about the modern state and modern schooling. France wanted modern schools to unify social symbols and unify social rules around France. They didn't want these sort-of hillbillies out in the provinces not speaking the proper Parisian French. The modern school, in a sense, is a control mechanism, but it's one that's part of the modern state as a way to pull a nation together and to advance common symbols.

For example, in California, we have a lot of people saying that all schools should teach in English. In fact, the voters approved that. So it's illegal now to teach in Spanish. We now want all teachers to teach math in very similar ways in California. We want common moral codes in schools. Bill Clinton goes around saying that if every kid wears a uniform, achievement will go up 20 percent. And now we want common curriculum models in schools, and we've elected governors who have promised to deliver common curriculum models. So I'd question whether Durkheim's vision in the late 1800s in France is all that outmoded when it comes to the important task of raising our kids.

I do agree on one point: we can socialize the cost of certain

public enterprises. That is, we can have a progressive tax structure and have mixed markets of providers. However, a cautionary tale here, if I can borrow Helen Ladd's subtitle to her new book: we have this in preschooling and in higher education. We've worked from fairly progressive tax structures in most states to create fairly stratified higher-education systems. We've created market-oriented preschool systems. And in California, we've had vouchers supporting child care since the mid-1970s. Yet if you look at who benefits—who comes to Harvard vs. who comes to Massachusetts Community College—we haven't quite addressed the equity issue, even though we've had a mixed provision of providers.

**CHESTER E. FINN, JR.:** I think we won. Bruce and Tom both said that they agree that choice is a good thing and that they are for it. Then they began to quibble about what forms it was going to take and what conditions it was going to operate under and how much institutional diversity is actually going to be realized. But they both said that they were for school choice or, at least, not averse to school choice, which must mean that they don't think that school choice is a ruinous idea. In fact, they both clearly avoided using the term "ruin." I suppose that means that we won, though I guess that will be up to the judges. They said that school choice is a good thing or, at least, not a bad thing, and they both went on to point out that there's a lot of evidence that's either not yet gathered, not yet known, or not yet analyzed, or ambiguous or incomplete. I agree with that.

Which leads me to propose that they stop opposing experiments in school choice, from which we might learn quite a lot more. They and their organizations—in Tom's case, a large, powerful organization—should stop opposing experiments in different sorts of school choice under different circumstances in different places by which we might get to the bottom of some of the remaining empirical questions in this area. I expect that Howard will say that the empirical questions have been answered to his satisfaction, which is fine—we're teammates. But I am suggesting to the other side that if their issues are empirical, let them join in a quest to ramp up the amount of empirical investigation of different kinds of school choice that we have going on in this country. All sorts of

different kinds of school choice—public, private, privatized, virtual, home, voucher, charter, you name it. Let's have it rigorously evaluated. Not just by Paul Peterson and his 93 assistant professors who have colonized America. Let's have them evaluated by everybody in sight. Let's find out.

But I submit to you that they—or, at least Tom's organization—won't agree to that because empirical evidence in this area alarms them. They are alarmed by the possibility that it might turn out to be positive for school choice, and therefore they don't want any more experiments. And they go around the country persuading legislatures and school committees not to do things that might yield more information in this area. So let's have an empirical investigation with the result that we'll spend five years trying every imaginable form of school choice—and we will do, if you like, every other imaginable form of school reform also. And in five years, let's see what works better. Let's have a grand laboratory experiment with every school reform strategy that everybody has ever thought of, including various forms of school choice.

Just a couple of small points. Bruce said that there is greater public support for centralized reforms than for decentralized reforms. My contention is that there's actually quite a lot of public support for both and that they are compatible. And, responding to Tom, most charter schools are run by nonprofits, not by national corporate operators.

**TOM MOONEY:** I'll start with experiments. Anyone who's been involved in public education for the last few decades knows that we've had far too many experiments. That point would have been much more appealing to me ten years ago, when we were in the sort of random restructuring experiment stage. But we've learned a lot. We've learned the price of those experiments. We've learned what works and what doesn't, and we owe it ethically to our profession, our clients, and the taxpayers to do what we know works, not to experiment randomly.

Dr. Finn also said with his original remarks that public schools, as a publicly operated institution, are not grounded in the Ten Commandments or the Declaration of Independence. It's true that you won't encounter public schools there, but you will encounter them



in nearly all other developed countries, as one of the key underpinnings of a free-market democracy—as part of the infrastructure, like roads, railroads, or ports that are operated by the public authorities—and it works for them. In fact, maybe we ought to take a closer look at how other countries get the results that they get, because the whole education reform debate, other than the ideological end of it, is mostly driven by the fact that other countries get much better results on a variety of international comparisons.

Yet in the U.S., ever since education reform broke out in this generation with *Nation at Risk*, we've gone way around the barn, trying virtually everything but what those countries do to get those results. We are finally starting to go down the road that they follow, with standards, curriculum, professionalization of teaching, and other things. But this certainly is not how most of them got that way.

Dr. Finn also said that we don't assume that this model must prevail when it comes to higher education. Not entirely. But how many millions of kids fewer would get a college education if we didn't have public universities—if all we had was the Harvards or the Oberlins or the whatever to pay tuition to. Of course, we don't get to decide that higher education should be free for all, although maybe we'll get there some day.

Why quibble about what forms of choice are available? Because when it comes to choice that is in a privatized environment, the choice is more of a one-way street. That is, the private schools get to choose whether they take the kid. You could give out \$10,000 vouchers in Cincinnati, and it doesn't mean that Summit Country Day or Xavier High School or Seven Hills is going to take the kids that we are struggling to educate in many of the public schools—the more challenging ones, at least.

Also, the taxpayers don't get a choice. Let's talk about charter schools. In my city, we get \$1,800 a kid from the state. The rest of our budget comes from local property taxes that people have to vote on very regularly. And they voted to send that money to their public school board. Now it's being diverted by action of the state legislature to privately operated, self-appointed boards running charter schools, and taxpayers haven't had a choice. In a democracy, with public funding, should the public have a voice and a

choice in how education is delivered?

I would agree with something that Dr. Fuller said: we should not tolerate schools that we wouldn't send our own kids to. We haven't. We're trying very hard to change that. By the way, two-thirds of my members—which is about the right proportion in the population as a whole in my area—do send their children exclusively to public schools. Most of them are older, veteran teachers who don't have school-age children. But of the ones who do have children, two-thirds send them to public schools. Nine percent more have children in both public and private schools.

Are you telling me that they shouldn't have a choice of where to live? Maybe you're going to tell me that the personnel director of the Cincinnati public schools should be told, "Hire the best possible teachers you can, but hire them only within this area."

There simply is no substitute for a system of common schools with high standards if we want to educate all kids to a high level. We have never yet in America attained that goal, and we must. But privatization will be a big backward step.

**HOWARD FULLER:** The fact that two-thirds do: even at North Division, they taught me that that means that one-third doesn't. Therefore, that is a significant point.

I also want to make it clear that in Milwaukee, at least, we struggled for school choice because of the inability or the unwillingness of the school district to address the educational needs of poor African-American children. This is not for us an ideological issue. It was an issue of the unwillingness of the system to address the educational needs of poor African-American kids.

One thing that I want to clarify for Bruce: he mentioned that I wanted a different kind of accountability. The unions have said that their goal is to destroy the program in Milwaukee and that the way to destroy it is to call for "accountability" or "more regulation." They specifically said that their goal is to regulate the schools so that private schools will pull out.

We're operating under a judge's decision that said that this program is constitutional in Wisconsin because the accountability measures in the law plus parental choice are enough to guarantee that the public's interest is being met. Furthermore, what makes

the program legal is the lack of government entanglement, so that the unions are using the cover of “accountability” to create more government entanglement so that they can take us to court and say, “This program is illegal because you have too much government entanglement.”

I found it interesting when Tom spoke about the research in Milwaukee and accused us of being torturous. In reality, what he did was much more torturous than what we’ve ever done, because what he did was to fail to tell you that Peterson and Greene did find significant improvements in math and reading. He also failed to tell you that Cecilia Rouse said that she found significant improvements in math, did not find the same improvements as did Peterson and Greene in reading, but said that the combined scores were substantial for educational production. So I think that he ought to mention that.

The other thing he forgot to tell you was that a week ago, John Witte, whom he touted, was on the radio explaining why he supported the Milwaukee choice program. He said that he supported it because it was targeted to low-income parents. He also said that religious schools have to be in the program to create enough of a supply. Tom forgot to tell you that.

The last time I read my citizenship book, it said that state legislatures are elected. So if a state legislature decides to send resources to schools, it seems to me that that’s a part of representative democracy. In fact, my citizenship book told me that there are all levels of representative democracy, of which the state is one. Those people who don’t like what the elected state officials do have the capacity to take those people out of office.

The final point is: I *have* called for a longitudinal study in Wisconsin. I believe that anti-choice people and pro-choice research people should come with the design and the scope of services to create a proposal that will allow people to come into Wisconsin and do a longitudinal study on what has happened over the ten years of the choice program. We ought to look at everything—graduation rates, parental satisfaction, whatever information we have that will let us know what is happening in the program.



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