

Fulfilling a Promise

A PLAN FOR BRINGING EDUCATIONAL FREEDOM
AND EXCELLENCE TO ALL OKLAHOMANS

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REASON AND OUTRAGE

UNDERSTANDING OUR EDUCATION PROBLEM

For generations, our education system has been building an enormous racial and economic underclass. If you are wealthy in America, you have a one-in-a-hundred chance of being functionally illiterate.¹ If you are in the bottom fifth of wage earners or have no income at all, you have a less than even chance of being able to read a newspaper or write a resume.² Wealth and literacy are positively linked in most nations, but nowhere more so than in the United States. Poor Americans academically underperform their fellow citizens by a wider margin than is to be found in *any* of the 26 other countries belonging to the Organization for Economic Cooperation and Development.³

The links between race and ethnicity and academic achievement are also striking. Three quarters of white 4th graders have at least a basic grasp of reading according to the National Assessment of Education Progress (NAEP). The same is true for only one out of three black 4th graders, and two out of five Hispanic 4th graders.⁴ And while the reading performance of 4th grade minority students is fractionally better now than it was a decade ago, that is not true of older students. African American 17 year-olds had lower reading scores in 2000 than in 1988,⁵ and their mathematics scores are the worst they've been in 20 years. Seventy-eight percent of African American 17-year-olds do not have a basic understanding of science while the same is true for only 38 percent of whites.⁶ Among high-school seniors, Hispanics are twice as likely as whites to lack a basic understanding of mathematics—African Americans are two-and-a-half times as likely to do so.⁷

This state is no exception to the national trends. Fourth grade white Oklahomans are nearly three times more likely to be proficient in reading than Hispanic students, and four times more likely to be proficient than black students. Low-income Oklahoman 4th graders are only half as likely to be proficient in reading as middle- and upper-income students.⁸ Though the racial and economic literacy gap is slightly smaller among 8th graders, it, too, is staggering.

If these numbers haven't yet touched your heart, visit the websites of the Oklahoma Education Oversight Board at www.SchoolReportCards.org, and the Tulsa Public School District at www.TulsaSchools.org. Through these sites it's possible to review demographic and test data for virtually every school in the state and the Tulsa district, respectively. A few hours spent pouring over these pages hammers the same point home over and over again: if you attend a school that is predominantly minority and/or poor, your chances of getting a good education are lousy.

With few exceptions, Oklahoma schools that score at the top of state and national achievement measures turn out to be overwhelmingly wealthy and white. Tulsa's Carnegie Elementary School, for instance, is located between the Lafortune Golf Course and the Southern Hills Country Club, is 85 percent white, has only 6 percent of its students qualifying for free/reduced price lunches (a measure of poverty), and consistently ranks in the top 10 or 20 percent on the state's core curriculum tests.⁹ Anderson Elementary, also in Tulsa, is a few blocks from the Cherokee Expressway, is 96 percent black, has 89 percent of students qualifying for a free lunch, and suffers abysmal scores in every subject except writing.

In soaking up these data for school after school after school, you are likely to become sad, sick, and outraged. The most outrageous thing of all is that this educational catastrophe is preventable. Though our failure to educate poor and minority children is massive, it is not universal. There are schools all over the country in which poor, black, and Hispanic children excel—not simply meeting, but beating national test score averages. What's more, these schools are no secret. They are regularly featured in books, newspaper articles, and television specials.

This, then, is the crux of our problem: We have some very good schools here and there, but we lack an education system that reliably creates, expands, and perpetuates them on a grand scale. The best schools serving poor and minority students do not automatically grow and take over their less-

effective counterparts, nor are they protected from meddling by outsiders. Instead, they are like the mountain monasteries of medieval Europe: tiny havens of knowledge doomed either to perpetual isolation or to being swallowed up by the educational darkness that surrounds them.

Consider Jaime Escalante's brilliant mathematics program at Garfield High School in East Los Angeles. After being dramatized in the 1988 film "Stand and Deliver," the stellar calculus performance of Garfield's poor Hispanic students became legendary. In most fields of endeavor, such a successful program would have expanded rapidly and been widely emulated, its leaders receiving much-deserved raises and promotions. Not so in the world of public schooling. After carefully building up Garfield's mathematics program over a decade, introducing Advanced Placement (A.P.) Calculus courses for the first time, and eventually producing 85 students who successfully passed either the A.P. test or an even more difficult (B.C.) version, Escalante left the school in 1991 and the program went into decline. All the other advanced mathematics teachers who had been hired into the program left a year or two later. Though Garfield remains well above average compared to schools of similar socio-economic makeup, it no longer bests the students of Beverly Hills High School in A.P. calculus as it once did, and it passes only a third as many A.P. students today as it did in 1987.

This is more than just a disappointing revelation, it is an outrageous one, because Mr. Escalante was undermined by the very people who should have been doing everything in their power to support and expand his program. The decisive issue in Escalante's departure was his refusal to turn away students who wished to participate in advanced mathematics classes. Because he accepted every student willing to learn, and because of a shortage of sufficiently expert teachers, calculus classes at Garfield grew beyond the 35 student limit mandated by the teachers' union contract—some reached 50 students. Rather than giving the teachers a raise for going above and beyond the call of duty, rather than helping to train or recruit more top-notch mathematics educators, the union *complained that too many students were learning calculus* from Escalante and his colleagues! Too many children per classroom were being given a chance and a future.

The Union's complaint came on the back of an already shaky relationship between Escalante and Garfield's new principle, Maria Elena Tostado, who was not present during the long effort to build up the school's mathematics department, and did not share the previous principal's clear focus on academic excellence. The year before deciding to leave, Escalante even lost his position as head of the mathematics department he had raised to national renown.¹⁰

The rise and fall of Garfield High is not just illustrative, it is representative. When public schools rise to excellence, they do so in spite of the system, not because of it. Having achieved excellence, they are not consistently replicated and perpetuated, but are either left to fizzle out when their originators depart or are actively extinguished by the system itself. Cruelly, it seems that excellent schools serving poor and minority students are the ones most likely to be destroyed by the system.

Long before there even was a Garfield High School, a Washington D.C. school by the name of Dunbar was leading the city academically. Its graduates went on to make scientific advances such as the discovery of blood plasma, reached the rank of general in the armed forces, and served in high civilian office. What these graduates and the rest of Dunbar's students and alumni had in common was that they were all African Americans. For the first half of the 20th century, Dunbar's students outscored their white counterparts in test after test.

True to form, however, Dunbar's success was attributable to its independence from the traditional public school management structure. As an all-black school operating during an era of overt and systemic racism, it was ignored by the D.C. Public School District. This allowed its principals to assume unprecedented control over every aspect of its operation—and Dunbar was gifted with a series of astute, well-educated, and academically driven principals.

Tragically, the end of excellence for Dunbar was a side-effect of desegregation. Dunbar had always been a school of choice, and that may have protected it from outside intervention under the Supreme Court's 1954 *Brown v. Board of Education*¹¹ ruling, which forbade only *coerced* segregation. Unfortunately for Dunbar, the Court's 1968 ruling in *Green v. County School Board of New Kent*

County,¹² also made unconstitutional any segregation that resulted from voluntary school choice programs. With the implementation of D.C.'s school desegregation program, Dunbar was brought tightly under the District's control for the first time in its nearly century-long existence, setting in motion its descent from greatness to mediocrity. Today, Dunbar is largely indistinguishable from any other troubled inner-city public school.

Though the heydays of Dunbar and Garfield are past, there are other public and private schools in which poor, minority students are truly excelling. The Heritage Foundation's "No Excuses" report highlights 21 of them, and estimates that there are a few hundred more—a few hundred out of the nation's 92,000 schools.¹³

To recap, fantastically effective schools serving poor and minority students have been around in this country for more than a century, and continue to exist today. Over the course of that same century, we have remained locked in the embrace of an education system that not only fails to encourage and disseminate these schools, but often snuffs them out through benign neglect or malign meddling.

Many people have surveyed the state of our school system, particularly in areas serving poor and minority children, and become outraged. Author Jonathan Kozol aptly named two of his books on the subject *Death at an Early Age*, and *Savage Inequalities*. Unfortunately, our thoroughly justified outrage has seldom been coupled with an unflinching rational analysis of the problem, its root causes, and its ultimate solution. In our desperation to do something—anything—we have implemented a host of policies that are at best insufficient and at worst actively harmful to the very ends we seek. That has to stop.

If we are truly committed to transforming our public schools from the underclass factories they have become into an effective system of universal public education, we must allow ourselves to be guided by reason and evidence. We must study what works and what doesn't in the organization of schools, and then redesign our system so that high-performing schools are consistently nurtured, perpetuated, and disseminated.

The first step on that road is to examine the reforms we have implemented to date. Will they achieve our central goal, or do we have to look beyond them?

EDUCATION REFORM IN OKLAHOMA

Oklahoma has undertaken many of the same education reforms and policies that have swept through the rest of the country over the past two decades: increased spending, smaller classes, revised teaching methods, and new teacher training programs being among the most high-profile. Let's look at each of these in turn and see if it is likely to bring excellent schools within reach of all children.

Higher Spending

In 1984/85 Oklahomans paid \$1.57 billion for public schooling.¹⁴ By the 2000/01 school year, the figure was \$3.9 billion.¹⁵ Even after adjusting for inflation, that represents a real spending increase of more than 50 percent in 16 years.¹⁶ Over the same period, student enrollment increased by less than 5 percent.¹⁷

Has this considerable increase in spending led Oklahoma's students to make great leaps and bounds in achievement over the past decade-and-a-half? Has it brought excellent schools within reach of all children? Alas, no. NAEP mathematics scores have improved modestly, while 4th grade reading scores haven't improved at all. As mentioned in the preceding section, an enormous percentage of Oklahoma 4th graders are still failing to reach the "basic" level of achievement on NAEP reading tests, let alone the "proficient" level. More than a third of Oklahoman college

freshmen need remedial courses in the subjects they were supposed to have been taught in high school. The graduation rate, moreover, has fallen from 79.4 percent in 1990 to 75.2 percent today.¹⁸

The unfortunate reality in Oklahoma, and in the rest of the country, is that there is generally no significant relationship between higher spending and improved public school performance. This finding has been documented not only in the well-known work of Professor Eric Hanushek, but also in lesser known but equally compelling studies.¹⁹ Nationwide, we now spend roughly five times more per pupil per year than we did in 1950, in real, inflation-adjusted dollars, yet achievement has either stagnated or declined in most subjects.²⁰

The reason is obvious: money is not allocated within the public school system according to performance. More effective schools do not consistently receive greater funding than less effective ones, more effective teachers do not receive higher salaries than less effective ones, and abysmal schools that continually fail to communicate even basic skills to their students are rewarded year after year with steadily increasing budgets. How *could* such a system consistently benefit from increased spending?

A crucial point to remember, however, is that while more money *usually* makes no difference, on occasion it can and it does. Imagine, for instance, what Jamie Escalante could have done at Garfield High School with the right principal, a union more concerned with the success of the students than the size of their classes, and a few million extra dollars. But there's the rub: excellent programs like Escalante's are more likely to create animosity than to attract extra funding within our the public school system. Escalante's reward wasn't a bigger budget and more authority, it was a combination of threats, hate mail, red tape, and a demotion.²¹ Unless the public school system is fundamentally reorganized, there is simply no way that more money can consistently result in the proliferation and protection of excellent schools.

Reduced Class Size

With the passage of the Education Reform Act of 1990,²² the Oklahoma legislature appropriated more than half-a-billion dollars to implement a set of policies including a maximum class size of 20 students for kindergarten through the sixth grade. By fiscal year 2000, compliance was nearly universal.²³

The chief goal of this program, like most other class size reduction efforts around the country, was to improve student achievement. Over the decade in which classes shrunk, however, there is little evidence of significant, systemic academic progress. In addition to the already-cited NAEP results, college-bound students' scores on the ACT test have gone from 20 to 20.5 since 1990, an increase of just two-and-a-half percent—and a third of those students still end up in remedial courses once in college.

While disappointing to those who campaigned for smaller classes, these results are not surprising to those familiar with the research on class size. The most recent and comprehensive review of that research appeared in the May of 2001 issue of the journal *Psychological Science in the Public Interest* and was later summarized in *Scientific American*.²⁴ The authors of the study concluded that any link between smaller classes and higher achievement is tentative. Though countless research papers have been written on the subject, all but a handful are irredeemably flawed and hence offer little or no guidance on the value of smaller classes. At best, classes of between 13 and 17 students seem to offer some academic benefit to students in kindergarten through the first or second grade. Beyond that, the evidence simply isn't there. There is no reliable indication, for instance, that classes of 18 to 20 students confer any significant benefit, or that small classes improve achievement beyond the earliest elementary grades (though benefits gained in the early grades appear to persist for at least several years afterward).

Based on their findings, the authors took great pains to stress that "legislators and administrators need much more solid information... before they can make sensible policy decisions," adding: "Let's hope they get it before they commit billions more to reducing classes."

Given the state of the science on smaller classes, how does the state of Oklahoma's policy measure up? The current 20 student cap for grades k-6 is not advisable. To have any confidence that the program will actually benefit students, classes should be reduced to 15 students in grades k-2, with older grades being allowed to rise above 20 students. This shift in the focus of the program could probably be achieved in a revenue neutral manner—i.e. it shouldn't cost any more than the current program, and might even cost somewhat less.

The much bigger question is, will smaller classes do anything to make effective schools proliferate and displace less effective ones? Obviously not. In addition to being limited to the first few grades, the academic gains of being in smaller classes are modest compared to those of being in truly effective schools, such as those chronicled by the "No Excuses" project. To end the systemic disenfranchisement of poor and minority students, we have to look beyond class size.

Curriculum Reform

Beginning in the 1993-94 school year, Oklahoma implemented a set of curriculum guidelines known as Priority Academic Student Skills (PASS), which is updated every three years. In doing so, Oklahoma embraced the popular view that more explicit state-level standards are an effective tool for improving student achievement.

Some of PASS's expectations are bold. The current version of the document stipulates, for example, that "in grades k-12, a locally developed language arts curriculum... will ensure all students are literate."²⁵ Though students are expected to show specific skills under PASS, local districts are empowered to select their own "assessments, materials, and instructional strategies and activities."²⁶

Well-conceived standards are certainly helpful in any endeavor, but it is unrealistic to believe that PASS can live up to its own expectations. Eight years into PASS's implementation, NAEP test results show that many students are not literate to even a basic degree, let alone to a proficient one, and that literacy rates of 4th graders have not improved.

No matter how thoughtful and detailed curriculum standards become, they will always be insufficient. Standards, and the testing that goes along with them, amount to a thermometer. They are useful for diagnosing a patient's ills, but, by themselves, cannot manifest a cure. To dramatically improve student achievement on a lasting and widespread basis, coherent, effective instructional programs must be implemented in every classroom and every school. State-level standards cannot ensure that that happens.

To be fair, Oklahoma's Department of Education is ahead of many others around the country in recognizing the insufficiency of state standards, and has introduced a comprehensive reading program called "Literacy First" to a limited number of schools. When properly implemented, programs like Literacy First can do wonders for student learning. And while this particular program does not concern itself with subjects outside reading and writing, there are other programs that do. It is conceivable, therefore, that if a collection of such programs could be fully and correctly adopted by schools across the state, the kind of improvements we seek might well be attainable.

Notice the qualifiers in the previous sentence. To the great consternation of instructional program designers, ensuring the complete and consistent implementation of their methods has proven all but impossible within the public school system. According to a senior scientist at the Rand Institute, one reason for this inability to scale curriculum reforms is that the pedagogues responsible for designing them rarely have expertise in overseeing large-scale operations.²⁷

And yet, even with the right expertise, the prognosis for disseminating effective instructional programs within the current public school system is extraordinarily grim. Change is hard. In order for a school—or any other team of professionals—to continually refine its existing practices and develop new and better ones, there must be strong incentives for doing so, and costs associated with failing to do so. No such conditions exist in public schooling, and effective curricula are easily replaced by less effective ones that happen to be part of a current fad.

Consider the example of "Follow Through," a multi-billion dollar comparative study of pedagogical methods that lasted more than ten years—from the late sixties to the late seventies. The

abridged story of Follow Through is that it compared 22 different instructional programs and found that one of them outperformed all the rest. That program, called Direct Instruction, easily led the pack in teaching reading, arithmetic, spelling and language, came in a close second in developing advanced thinking skills, and even bested all the other methods at improving students' self-esteem and sense of responsibility toward their work.

Numerous schools around the country had adopted Direct Instruction during the research phase of Follow Through, and you might well expect that their numbers swelled considerably after the results were in. Not so. Not only did Direct Instruction fail to catch on around the country, it was soon abandoned by the very schools it had so dramatically improved. Tragically, but not surprisingly, student test scores eventually fell back to previous levels after the program was discontinued.²⁸

Direct Instruction, as it turns out, was a highly structured and explicit approach to teaching that had students break complex tasks into manageable parts, learn those parts, and then combine them to master the complete task. Though this may sound reasonable to the average citizen, it was anathema to public school teachers who had been trained to shun systematized methods, and to prefer unstructured approaches that allowed students to direct the course of their own lessons. As soon as the experiment was over, most teachers were happy to return to the less-effective methods they had been taught to favor—perhaps telling themselves that their methods were "healthier," less "stifling," and better suited to educating the "whole child."

The penalty that these educators suffered for abandoning better teaching in favor of worse teaching was, well, nothing at all. And while Direct Instruction has made a modest comeback in recent years, schools and teachers adopting it receive no special encouragement for their professional acumen. Without an incentive structure that consistently pushes schools towards effective methods over ineffective ones, there is nothing to prevent bias and personal preference from trumping hard evidence in the selection of pedagogy and curriculum.

Even when teachers are committed to adopting effective methods, they must have the support of expert management familiar with the implementation of such methods on a school-wide basis. Principals and other administrators are no more subject to a positive incentive structure than teachers, however, so there is no guarantee that they will provide that necessary support. Principals may choose to push a different pedagogical approach, or may run into personality conflicts with effective teachers—as was the case with Jamie Escalante and Garfield's new principal.

At the state level, bad standards and methods can and do displace better ones. More than a decade after Follow Through, and long after the importance of systematically teaching phonics to young children was well documented, the state of California adopted a reading instruction program that consciously eliminated it. It isn't simply the case that "mistakes can happen." Within the present public school system, mistakes bring no consequences for those who make them, and wise decisions go unrewarded.

What does all this mean for Oklahoma? First, PASS can only ever be of modest benefit to student learning because it does not actually determine what goes on in classrooms around the state. It is a diagnostic tool rather than a treatment. Second, promising programs like Literacy First will be difficult to effectively implement in every school, and could easily be undermined or replaced by teachers and administrators who prefer an arbitrary alternative approach.

Current curriculum reforms thus offer the hope of spotty improvements in educational quality, but are not apt to create the systemic transformation we're looking for, in which every school and every teacher has a powerful incentive to identify, develop, and correctly implement effective teaching methods.

Improving Teacher Quality

Before newly-minted college of education graduates can teach in Oklahoma public schools, they must pass the Oklahoma General Education Test (OGET) to ensure a minimum level of general knowledge, the Oklahoma Professional Teaching Examination (OPTE) to assess elementary

pedagogical knowledge, and the Oklahoma Subject Area Test (OSAT) to ensure a basic grasp of the subject(s) they intend to teach.

These tests offer the prospect of weeding out the least well prepared candidates from the teaching pool, but as a means of actually improving teacher quality, they leave much to be desired. A battery of tests which occurs outside the normal classroom environment, and which is administered only at the start of teachers' careers and never again thereafter, is limited tool indeed. It is akin evaluating young would-be farmers by giving them a series of written tests, but never actually assessing how well they grow crops in the field—not a mechanism we would want to rely on for the crucial job of food production.

Perhaps recognizing the limited value of up-front testing, the Oklahoma Commission on Teacher Preparation also offers a small number of in-service training programs known as Professional Development Institutes. These PDIs consist of roughly a week of training in particular areas, such as literacy instruction, with the goal of improving teacher performance in the classroom. There is, however, no system in place to evaluate whether or not a particular PDI was of any actual benefit to a particular teacher. In other words, we don't know if your child's teacher will improve her skills after attending a PDI, but if she does, we will not compensate her or recognize her improvements in any significant way.

If PDIs are well-designed they can certainly do some good, but they are not apt to bring about a system-wide transformation, for three reasons. First, they create no mechanism for systematically identifying excellent teachers and giving those teachers the power re-shape pedagogical methods at the district or state level—and that power is crucial if we want great schools to expand and displace ineffective ones. Second, PDIs fail to offer real incentives for all teachers to undertake the difficult, long-term job of improving their skills, and fail to provide any disincentive for teachers who burn-out and start to coast during the latter part of their careers. And third, because there is no systemic pressure on the designers of PDIs to ensure that they are based on valid, up-to-date education research. Given the ideology still reigning in colleges of education and in teachers' professional organizations²⁹—the one that led public schools to abandon or ignore Direct Instruction—there is ample reason for concern about the long-term quality of PDIs.

All the King's Horses...

Our best efforts to stop our schools from churning out another underclass generation have failed. After a decade of smaller classes and higher spending, and after eight years of curriculum reform there is no sign of substantial improvement in the performance of Oklahoma's students. Neither do recent efforts at improving teacher quality promise dramatic gains.

Had we taken even a cursory look at education history, we could have foreseen these results. Over just the last seventy-five years, inflation adjusted per-pupil spending rose by a factor of fourteen (yes, fourteen). Average class sizes are now vastly smaller than in the early 1900s. And the whole twentieth century was filled with an endless succession of curriculum and teacher training reforms. Nevertheless, student achievement did not improve significantly over that period, and appears to have actually gotten worse—at least over the last thirty years—in literacy.³⁰

An obvious reason for the failure of all these reforms is that none of them created a mechanism for reliably fostering, identifying, spreading and perpetuating educational excellence. In every case, these reforms took the prevailing structure of public schooling as a given, ignoring the possibility that the system itself was poorly designed.

The only reform we have begun to dabble with that correctly identifies the systemic nature of our problem is school choice. Whether you are predisposed to think well or ill of choice programs, it is at least clear that they are advocated specifically on the grounds that they will cause good schools to crowd out bad ones over time, as parents pick and chose among the available options. In other words, the theory behind school choice is that we need an incentive structure, a competitive marketplace, that will spread good schools and push-out bad ones.

The 3.9-Billion-Dollar-Question³¹ is, does the theory hold up in practice? So far, Oklahoma has had little experience with choice. Over the past few years, it has allowed the creation of 9 charter schools,³² and at least some of these, such as the Deborah Brown Community School, appear to be doing well.³³ The market premise of school choice, however, requires a critical density of unfettered competition between schools and a large group of families having at least several options to choose from. The current set of nine charter schools, operating in a state with over 600,000 students, does not meet those criteria.

The same shortcoming applies nationwide. The results from existing small-scale charter and voucher programs are interesting, but they do not shed much light how a vast, state-wide education market would affect student outcomes. Fortunately, there is more evidence on the effects of parental choice and competition than can be found in these contemporary U.S. programs—evidence that addresses not only the academic goals of education, but the social ones as well. That evidence is described below.

AROUND THE GLOBE AND OVER TIME

LEARNING FROM THE WORLD'S BEST SCHOOL SYSTEMS

Education markets, in which schools must compete to attract students and parents are free to pick the school of their preference, are usually treated as a radical new idea. Occasionally someone will note that economist Milton Friedman suggested the idea back in the 1950s, and, on the rarest of occasions, you might see it mentioned that Adam Smith advocated them in his 1776 classic, *The Wealth of Nations*.

As it happens, market education is not a new concept, nor is it a youthful 50- or 226-years-old. It's lineage can in fact be traced all the way back to Athens in the 5th century B.C., when formal education first reached beyond a tiny ruling elite. Though the tremendous cultural and intellectual achievements of the ancient Athenians are widely known, you are unlikely to learn in public school that the people of Athens built their achievements on a foundation of market education.

Athens was not alone in extending education to a broad audience—the nearby city of Sparta had a government-run boarding-school system—but it's accomplishments were in a class by themselves. Athenians literally invented democracy and implemented it for the first time. They not only created many of the forms of Western literature, from comedy and tragedy to biography and history, they produced countless works that we still study to this day. During their city's golden age, Athenians were the most literate people in the world. By contrast, Spartan culture deteriorated after the introduction of its state education monopoly. Innovation was stifled and competing ideas suppressed.

Though Athens suffered from slavery, sexism, and misguided foreign policy, such ills were the norm throughout the ancient world—having nothing to do with any particular approach to education. Athenian educational freedom was in fact responsible for permitting the radical innovation of educating girls—a revolutionary idea in the 4th century B.C. that became the norm throughout the Hellenistic world by the late 3rd century B.C.

When Rome conquered Greece during the first half of the 2nd century B.C., it appropriated Athens' educational legacy, but then quickly undermined it by using enslaved Athenians to teach its population. As a result, education largely stagnated under the Romans, falling into decline once teachers (who eventually became free citizens) started to receive government benefits and funding in exchange for promulgating a favorable view of the reigning Emperor.

The next civilization to witness a dramatic rise in popular literacy, concomitant with the spread of market education, was the early medieval Islamic Empire. Though no less autocratic than the late Roman emperors, the Caliphs of the 7th through the 11th centuries A.D. only rarely interfered in the educational marketplace. Unlike today, where schools in most Islamic countries are pervasively religious institutions operated by autocratic governments, this period allowed tuition-charging secular

and mosque schools to flourish side-by-side. Private subsidies extended elementary schooling to some significant portion of the poor population, and teachers were obliged to offer effective lessons in popular subjects or lose students to their competitors.

As in Athens, this vigorous competitive environment spurred excellence, diversity, and innovation. The contribution of the Islam to world culture during early medieval times was in many ways greater than that of Europe, and also greater than its own contribution would be over the ensuing millennium. After the 11th century, the rate at which science, technology and secular literature advanced began to slow, coming over time to a virtual halt.

What caused this dramatic reversal of cultural fortune? In part it was precipitated by a shift in the organization of education from a dynamic marketplace serving the needs of a diverse populace to an increasingly state-funded, state-run enterprise geared at pushing official views on politics and religion, and suppressing dissent.

The same parent-driven, competitive educational environment that launched Classical Athens and the early medieval Caliphates to high levels of literacy also worked its wonders in England and North America during the 19th century. While it is widely assumed that schooling and literacy only reached the masses thanks to centrally-planned government efforts, the reality is quite different. Majorities in the United States, Canada, and England were all literate before public schooling was firmly entrenched in any of those countries.³⁴

If a market approach to education could do so much for civilizations far less wealthy and technologically sophisticated than modern America, imagine what it could do today. Actually, there's no need to bother imagining because market education is alive and well in the multi-billion-dollar-a-year tutoring industry in Japan. The success of Japanese students on international tests is well known internationally, but one of the key reasons for that success is largely unknown: the *juku* industry.

Juku are private, for-profit supplementary schools that children attend in the evenings and on weekends, on top of their regular public schooling. Nearly ninety percent of Japanese students study at *juku* for some period of time during their educational careers. A common view among scholars in that country is that, "Without [juku], the success of Japan in the area of education would be unthinkable."³⁵

There are both small and highly personalized *Juku* and massive international chains. Subjects of instruction cover the entire educational gamut, and the emphasis is always on ensuring the progress of each individual student. Students are grouped according to their level of understanding and performance instead of their age, so that instruction can be tailored specifically to their actual needs. Most importantly, the vigorous competition and vast array of parental choices, and large scale of the *juku* marketplace creates an enormous incentive for good schools to expand and proliferate, and for bad ones to lose students until they improve, are taken-over by more successful competitors, or close.

Perhaps the world's most successful *juku* is Kumon, which has grown from a single school fifty years ago to an international network enrolling 1.49 million students in Japan and another 1.36 million in other nations. This growth could never have been realized in the face of active competition were it not for Kumon's ability to keep its service quality high at the new schools it has created, and that is precisely the recipe for success that we set out to find in the first section of this essay. With a system like this, effective schools can systemically be made available to all children.

EDUCATIONAL EXCELLENCE FOR ALL

The overarching lesson of the international and historical precedents is this: Market forces are the key to ensuring that educational excellence is consistently fostered, identified, perpetuated, and disseminated on a grand scale. While the lesson is straightforward, its implementation requires considerable care. Not all market-oriented school systems have been equally effective, and many have been impeded or destroyed by policies inimical to their effective operation. A detailed discussion of

these implementation issues can be found in the last three chapters of my book *Market Education: The Unknown History*, but it is worth noting some of the most critical ones here.

Design Principles for Market Education Systems

The most effective education markets are characterized by five factors: choice and direct financial responsibility for parents, and freedom, competition, and the profit motive for schools. The importance of some of these factors is intuitively obvious: Without real choice, parents cannot pull their children out of bad schools and place them into better ones, hobbling the most fundamental aspect of the market; Without vigorous competition among schools, and the freedom of educators to innovate and specialize, parental choice would be meaningless since there would be few distinct options to choose from.

You wouldn't go into an Italian restaurant and expect to be able to get Chinese cuisine. Even if you could, it probably wouldn't measure up to the food you'd get at a genuine Sichuan or Cantonese establishment. One of the central reasons for the staggering progress of Western societies over the past two-hundred years has been our embracing of specialization and the division of labor. That means that schools must be able to tailor their instruction to the audiences they are most capable of serving. While we must rightly demand that every child has access to schools that can effectively serve him, it is foolish and futile to think that every school could ever effectively serve every student. We don't even expect that today, from traditional public schools, which send hundreds of thousands of difficult-to-educate children to specialized private schools every year because they cannot handle these children themselves.³⁶

Other aspects of effective education markets can be more difficult to grasp, and may even seem counter-intuitive. Why, for instance, is it beneficial for parents to pay some or all of the cost of their children's education? The short answer is that we pay much greater attention to the things we pay for than we do to the things that we get for free. Consider two facts: the average public school elementary and secondary education currently costs approximately \$84,000, and one young American in four is functionally illiterate according to the International Adult Literacy Survey. Would you keep paying out tuition year after year, to the tune of \$84,000, without once stopping to determine if your child had even learned to read properly? Not likely. It is only because education is given away for free in this country that we have allowed our standards to fall so incredibly low.

The old dictum that "he who pays the piper calls the tune" has also been demonstrated time and again with respect to the education of children. When parents don't pay at least a portion of the cost of their children's education, they tend to lose control of that education.

Still more surprising to many people is the need for at least some schools to be operated for profit. In the aftermath of Enron, WorldCom, etc., readers will be forgiven for having a knee-jerk reaction of "non-profit good, profit bad." That should be recognized, however, as only a knee-jerk reaction, and not as an empirically-grounded, universally applicable conclusion. If you actually compare the behavior of for-profit and non-profit schools over time, the importance of the profit motive becomes immediately apparent in the way that schools respond to increased demand: non-profits create waiting lists, for-profits expand. It's that simple.

Expansion is risky for both kinds of schools, and holds no substantial benefits for non-profits. Even the most popular non-profit schools are perfectly rational, therefore, in deciding not to build new facilities, hire more teachers, etc. By contrast, expansion is extraordinarily attractive to for-profit schools, since it can lead to substantially higher profits. As profits are reinvested in attracting more and better teachers, and refining curricula, demand can increase still further, and fuel even more expansion. That is how Kumon was able to add about 3 million students to its rolls in five decades while the highly-regarded prep-school Exeter added just 499 students to its enrollment over the past 9 decades.

The mission of non-profit schools is to perpetuate the tradition in which their donor-alumni were themselves educated. The mission of for-profit schools is to identify what families want, and give it to them as effectively and efficiently as possible so as to earn the highest profit over the long-

term. (It's worth noting that this discussion applies to for-profit schools operating freely in competitive markets, and not necessarily to private companies in the business of managing highly regulated state-owned public schools).

What does all this mean for education policy? It means that in order to be effective, a market education system must allow maximum professional freedom for educators (i.e. minimize regulation), unfettered choice for parents, ensure that there is substantial vigorous competition among multiple schools for the opportunity to serve each and every student, encourage the growth of for-profit schools, and provide need-based financial assistance rather than uniform state funding to all.

Social Policy Goals

Now that we know what makes markets work, we need to integrate that knowledge with our social policy goals for public education. Paramount among these is the desire to ensure universal access to good schools. In the market context, that means ensuring that every family has the money necessary to participate in the educational marketplace. Reconciling that policy goal with the need to preserve as much financial responsibility for parents as possible suggests a two-pronged strategy: provide need-based financial assistance to low-income families, and allow middle-income families to retain more of the money they earn, so that they will more easily be able to afford tuition payments.

Since some families will be receiving tuition assistance, there is always the risk that whatever entity is providing that assistance may seek to usurp control over what is taught. An effective safeguard against that risk is to ensure that families can choose from among multiple providers of financial assistance. In that way, undesirable restrictions imposed on a recipient family by one provider could be circumvented by moving over to another.

Prioritization is another policy consideration that is central to this essay. The public education currently provided to many low-income and minority families is grossly ineffective, and hence most in need of improvement. It is these families who should benefit first from any market education program that is to be phased in over time. Any such phase-in would have to create real parental choice and substantial competition among schools, however, and so it should be initially concentrated in specific geographical locations rather than being distributed thinly—and hence ineffectively—across the entire state.

Recognizing that many families are happy with their current public schools, the introduction of an education market should be accomplished in such a way as not to interfere with those popular public schools. Ineffective and unpopular schools that lose significant portions of their enrollment after the introduction of parental choice must be closed, however, freeing up resources that can thence be used by their superior competitors.

Finally, any market education program should be designed in such a way as to avoid having a negative effect on the state treasury. The program, in other words, should not spend more money per pupil than traditional public schooling. If the program were to actually save taxpayers money, that would be a fortunate side-effect, but it should not be considered a goal of the program. The Oklahoma Council for Public Affairs has already published a study of the fiscal viability of market education in this state, and the results are highly encouraging.³⁷

The Plan

In order to fulfill all of the goals and requirements summarized above, a two-stage policy is in order. The first stage will help those children from poor and minority families which have been so long ill-served by our traditional public school system, while the next phase will expand access to the education marketplace to all children.

Stage 1

The centerpiece of this phase will be the creation of a network of tuition-assistance organizations (TAOs) that would distribute scholarships to families based on need. TAOs would be funded by donations from businesses and citizens that would qualify for dollar-for-dollar income tax credits, ensuring a flow of donations.

A network of independent organizations is to be preferred to a single-payer system due to the likelihood that a single-payer would eventually usurp parents' control over the content of their children's education. Because TAOs would be non-governmental organizations spending private funds, they would be able to help parents who choose both religious and non-religious schools without raising any concern over state assistance to religious schools.

To control this program's impact on the state treasury, it will have to be phased-in gradually over several years. The phase-in can be tied to a progressively rising family income cut-off, so that the neediest families will be the first to benefit. Since the program will initially serve only a small percentage of the state's children, it must be concentrated in one or more specific geographical areas to ensure that a minimum level of competition and choice are created. It is thus proposed that the program should be introduced first to Oklahoma city (the state's most populous urban center), expanded to Tulsa two years later (the next most populous center), and finally extended to the entire state in the fifth year of the program.

The income cut-off for eligibility to receive TAO assistance could be initially set at 1.5 times the poverty line, and increased by .25 times every year for four years, until it had reach 2.5 times the poverty line in the fifth year of the program.

Phase-in should be accomplished as quickly as possible while still ensuring revenue neutrality. That equation will in-turn depend on the size of the scholarships distributed by TAOs and the number of children who use them to transfer out of traditional public schools and into independent ones. If the average size of the scholarships is equal to or less than the average per-pupil spending in the current public school system, and if public schools are paid based on actual enrollment, revenue neutrality will not be difficult to achieve. There should be no problem keeping scholarship amounts at least somewhat below current public school spending, since public schools spend roughly twice the amount charged by the average independent school in tuition.

On the issue of scholarship size, we can learn much from existing tuition-assistance organizations such as the Children's Scholarship Fund, and Children First America. These private philanthropic organizations have been helping low-income families afford independent schooling for years, and have demonstrated the importance of two particular points: TAOs should have discretion in adjusting the size of scholarships based on the individual needs of the families they serve, and it is both viable and beneficial to require parents who can afford to make a co-payment toward their children's tuition to do so.

The value of direct parental financial responsibility has already been discussed above, and requiring a co-payment, even a small one, has proven to be highly effective in maintaining parental commitment to and involvement in their children's schools. Certainly some families are too poor to afford a co-payment, and in these cases the discretion of the TAOs would allow them to waive that requirement. TAOs would be answerable both to their donors (who could donate elsewhere) and to their recipients (who could seek assistance elsewhere), for exercising their discretion carefully and with good judgment.

The workings of Stage 1 can be better understood by looking at an example. Consider an Oklahoma City family with two children, one in elementary and one in high-school, and an income below the poverty line. This family would qualify for participation in the program right from the beginning. As a result, the parent or parents could choose the schools best suited to their children, visit those schools, and be provided with a list of TAOs that could cover their children's tuition cost. The TAO staff would meet with the parents, confirm eligibility, decide to set a small co-payment or

waive it entirely depending on the family's financial situation, and then issue payment to the schools in the parent's name.

In order to cover the cost of operating a TAO, some percentage of donations received could be legally applied to the organization's expenses. That percentage should be limited to somewhere in the vicinity of 10 or 12 percent, a common overhead level for efficient philanthropic organizations.

Stage 2

The first stage of the program is designed to minimize the negative impact of having someone other than the parents pay for a child's education. That impact cannot be avoided entirely because low-income families simply cannot afford the full cost of their children's education. The situation is different for many middle-income families. If it were not for the burden of taxation placed on families with school-aged children, many of them would be able to cover the cost of tuition, encouraging their careful attention to their children's education and keeping them totally in control of that education.

Stage 2, therefore, is to create a non-refundable education tax-credit for middle-income families who assume the cost of their children's education. To be maximally effective, this credit should be applicable to all state, county, and local taxes. Granted, designing and implementing a credit against all levels of (non-federal) taxation would be a difficult process. In the short term, a compromise would be to apply the credit to only those taxes which can easily be credited, such as the state income tax. In the longer term, rationalizing the tax collection process to make a universally applicable tax-credit easier to implement would be a significant step in improving the effectiveness of the program.

Since wealthy families can already afford to participate in the education marketplace, the tax-credit would not be extended to them. Rather than cutting off the entire credit when parents reach a certain income level, the credit should be decreased gradually in value as income increases. This would take account of the fact that families' incomes typically rise as their children get older. Allowing the credit to decrease gradually as income rises would avoid a sudden loss of several thousand dollars in credits from one year to the next—as would be the case with a hard income cut-off.

To avoid the possibility of lower-middle-income families falling into a nether-zone between the first and second stages of the program, it will be necessary to balance the income cut-off for Stage 1 with the size of the credit offered under Stage 2. Some families may therefore benefit from both programs, receiving partial tuition assistance from a TAO as well as some benefit from the tuition tax credit program.

Stage 2 should be introduced after Stage 1 has been fully implemented—i.e. in its 5th year—thereby expanding the benefits of market education to the entire population of Oklahoma.

SHUTTING DOWN THE UNDERCLASS FACTORY

In the end, it's a matter of courage. We know that our current approach to public schooling has been churning out generation after generation of undereducated, underprivileged graduates. We know that this abdication of our responsibility to our fellow citizens is cruel and unnecessary, because there are scores of schools around the country in which poor and minority children excel. Finally, we know that market education systems create the necessary incentive structure to encourage the creation, growth, and perpetuation of such excellent schools. The only question—the *only* question—is: Do we have the guts to act on our knowledge?

Yes, there are powerful political forces arrayed against the liberalization of public schooling. Some organizations might lose a little power and prestige if we break up the public school monopoly. But does public education exist to serve those organizations, or does it exist to serve America's children? That should be a rhetorical question. We have to make sure it is a rhetorical question by demonstrating our unflinching commitment to doing what's right. Nearly a century of non-stop

tweaking of our traditional public school system has failed to substantially improved its performance. The moral cost of continuing to graduate so many functionally illiterate children is simply too high to keep repeating the same failed reforms of decades past.

Though markets are a truly different approach to providing public education, they are neither new, nor untried. They are the oldest and most effective approach to organizing schools that has ever existed. It's time we unleash their power in Oklahoma.

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- ¹ 1.2% of Americans falling in the top quintile of wage earners scored at or below Level 1, the lowest level of literacy measured by the 1995 International Adult Literacy Survey. See: Organization for Economic Cooperation and Development and Statistics Canada (1995). *Literacy, Economy, and Society*. Paris: Organization for Economic Cooperation and Development, p. 132.
 - ² 32.4% of Americans with no income, and 23.4% of Americans in the bottom quintile of wage earners scored at or below the lowest level of literacy measured by the 1995 International Adult Literacy Survey. See: *ibid*.
 - ³ Organization for Economic Cooperation and Development (2001). From the data tables of Annex B1 of the Programme on International Student Assessment (PISA), table 6.2, available on-line at: http://www.pisa.oecd.org/knowledge/annexb/t6_2.htm. The relevant data are for 15-year-old students.
 - ⁴ National Center for Education Statistics (2001). *The Nation's Report Card: 4th Grade Reading 2000*. Washington, D.C.: U.S. Department of Education, p. 30-31.
 - ⁵ Hoff, David J. (2000, September). "Gap Widens Between Black and White Students on NAEP," Education Week, September 6, 2000.
 - ⁶ NAEP, available on the Internet at: <http://nces.ed.gov/nationsreportcard/science/results/natachieve-re-g12.asp>
 - ⁷ NAEP, available on the Internet at: <http://nces.ed.gov/nationsreportcard/mathematics/results/natachieve-g12RE.asp>
 - ⁸ National Education Goals Panel (NEGP). NAEP (1998) data presented in the Oklahoma state report on the NEGP website. Available on-line at: <http://www.negp.gov/reports/99reading/ok.pdf>
 - ⁹ See the file on Carnegie at the Tulsa District website: <http://www.tulaschools.org/profiles/carnegie.pdf>
 - ¹⁰ For a detailed recent look at Garfield, see: Jerry Jesness (2002). "Stand and Deliver Revisited." *Reason on-line*, July 2002. Available on-line at: <http://reason.com/0207/fej.jj.stand.shtml>
 - ¹¹ *Brown v. Board of Education*, 347 U.S. 483 (1954) (USSC+)
 - ¹² *Green v. County School Board of New Kent County*, 391 U.S. 430 (1968) (USSC+)
 - ¹³ Samuel Casey Carter (2000). *No Excuses: Lessons from 21 High-Performing, High-Poverty Schools*. Washington, DC: The Heritage Foundation. Available on-line at: <http://www.noexcuses.org/pdf/noexcuseslessons.pdf>
 - ¹⁴ Gary Wolfram (2001). "Oklahoma's Education System: Another Reminder that Socialism Doesn't Work," *Perspective*, vol. 8, no. 5, May 2001, p. 2.
 - ¹⁵ Oklahoma Education Oversight Board, Office of Accountability (2002). Oklahoma Educational Indicators Program, Profiles 2001 State Report. Oklahoma City, OK: Oklahoma Office of Accountability. Available on-line at www.schoolreportcards.org
 - ¹⁶ Estimated using NASA's on-line CPI inflation calculator at <http://www.jsc.nasa.gov/bu2/inflateCPI.html>. Note that the years 1983-1999 were used in lieu of the period 1984-2000, because the inflation calculator contains data only through 1999. 1.57 billion 1983 dollars is equivalent to 2.62 billion 1999 dollars.
 - ¹⁷ Wolfram (2001) gives an enrollment growth figure of 5.6% from 84/85 to 99/00. We know from the "Profiles 2001" report that enrollment decreased by 4,323 students from 99/00 to 00/01, and we also know actual 00/01 enrollment. We can thus resolve enrollment level in 84/85 and thence % change to 00/01.
 - ¹⁸ Remedial course rates and graduation rates available in: Oklahoma Education Oversight Board (2002).
 - ¹⁹ Eric A. Hanushek, Steven G. Rivkin and Lori L. Taylor (1996). "Aggregation and the Estimated Effects of School Resources," *The Review of Economics and Statistics*, v. 78, no. 4 (November), p. 626.
Eric A. Hanushek (1986). "The Economics of Schooling: Production and Efficiency in Public Schools," *Journal of Economic Literature*, v. 24 (September), pp. 1141-1177.
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 - ²⁰ For spending data, see: National Center for Education Statistics, *Digest of Education Statistics, 2000* (Washington, DC: U.S. Department of Education, 2000), Table 170. Available on-line at: <http://nces.ed.gov/pubs2001/digest/dt170.html>
For a long-term assessment of achievement trends, see: Andrew Coulson (1999). *Market Education: The Unknown History* (New Brunswick, NJ: Transaction Books), Chapter 6.
 - ²¹ Jesness (2002).
 - ²² House Bill 1017.
 - ²³ "Failure to comply with class size limits results in sanctions, which are authorized by statute. The amount of funding withheld from school districts for exceeding class size limits decreased from \$989,866 in FY'92 to \$28,479 in FY'00, a reduction of 97%." –From the website of the Oklahoma Legislature, specifically:

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- http://www.lsb.state.ok.us/senate/Overview_of_State_Issues_2000/pub_school_reform.html
- ²⁴ Ronald G. Ehrenberg, Dominic J. Brewer, Adam Gamoran and J. Douglas Willms (2001). "Class Size and Student Achievement," *Psychological Science in the Public Interest*, v. 2, no. 1 (May).
- ²⁵ Oklahoma State Board of Education (1999-2000). Priority Academic Student Skills. P. 13. Available on-line at: <http://sde.state.ok.us/acrob/pass/pass.pdf>
- ²⁶ Oklahoma State Board of Education (1999-2000). P. 14.
- ²⁷ Lynn Olson, "Following the Plan," *Education Week*, April 14, 1999. Available on-line at: <http://www.edweek.org/ew/ewstory.cfm?slug=31implem.h18&keywords=coalition%20of%20essential%20schools>
- ²⁸ Andrew J. Coulson (1999). *Market Education: The Unknown History*. (New Brunswick, NJ: Transaction), 154-156.
- ²⁹ John E. Stone, George K. Cunningham, and Donald B. Crawford (2001). "Improving Teacher Quality in Oklahoma: A Closer Look," OCPA Policy Paper, no. 01-7 (October).
- ³⁰ Coulson (1999). P. 177-191.
- ³¹ Oklahomans spend 3.9 billion dollars a year on public schooling.
- ³² Education Week, Quality Counts 2002 (2002). Data are from 2001. Available on-line at: http://www.edweek.org/sreports/qc02/templates/state_data.cfm?slug=17qcok.h21
- ³³ Based on second-hand information, and a conversation with the school's eponymous principal. Unfortunately, the actual scores for the school could not be obtained by the time this essay went to press.
- ³⁴ Coulson (1999), Chapters 3 and 7.
- ³⁵ S. Kobayashi, paraphrased in: Delwyn L. Harnish (1994). "Supplemental Education in Japan: *Juku* Schooling and Its Implication," *Journal of Curriculum Studies* 26, no. 3, p. 323.
- ³⁶ Janet R. Beales and Thomas F. Bertonneau (1997). *Do Private Schools Serve Difficult-to-Educate Children?* (Midland, MI: The Mackinac Center for Public Policy). Available on the Internet at: <http://www.mackinac.org/archives/1997/s1997-03.pdf>
- ³⁷ Darcy Ann Olsen and Dan Lips (2002). "The Oklahoma Scholarship Tax Credit: Giving Parents Choices, Saving Taxpayers Money." (Oklahoma City, OK: Oklahoma Council for Public Affairs), OCPA policy report No. 02-1.