

Public Presentation
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Why School Choice Makes Sense

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Good evening and thank you for the opportunity to speak to you. What do I mean by school choice?

School choice means giving parents choices and giving schools choices. It means giving parents the right, the responsibility and the means to choose a school for their child. It means giving schools the resources and the autonomy to make decisions about the best way to educate the children who come to them.

When I say the means to choose, I am talking about child-centred funding, where the level of public funding to which a child is entitled is not contingent on the school they attend, whether it be state, integrated or independent.

The level of funding might vary according to the financial capacity of the family, or special needs of the child. There are ways of making such a funding system fair and sensitive to need.

Whatever the exact means of administering it, fundamental to school choice are the beliefs that families are primarily responsible for the education of their children, that schools should be directly accountable to the people they serve, and that funding mechanisms should make this possible.

How does this compare with what is presently available to New Zealand's families?

There are 2718 schools in New Zealand, of which 84% are state schools, 12% are integrated schools, and less than 4% are private schools. The 733,924 students in these schools are distributed in roughly the same way.

Of the integrated schools, 96% are religious schools (mainly Catholic). Of private schools, 58% are religious schools (mainly Anglican or non-denominational Christian).

Students in state schools and integrated schools have their tuition fully subsidised by government. State schools also have their capital funds provided by government, while integrated schools are responsible for their own buildings and assets, mainly financed through fees.

Students in private schools receive only a fraction of what they would be entitled to in a state or integrated school. This is not because they have submitted to any means test that proves they are wealthy. It is not because the schools they attend are educating them in a way considered to be detrimental to their own or the public good – each has been accredited by government. The different funding entitlement of students in private schools is due solely to the fact that in New Zealand, as in many countries, government funding means government control, and these schools have rejected that compromise.

You might think that since this only applies to around 4% of students, it is not a big deal. After all, 96% of students receive the full tuition entitlement and can choose between a state school and an integrated school. But this is precisely the problem. The choice of a private school is not available to a large proportion of the population.

We don't know how many families would choose private schools given the means to do so, and we don't know how well the private sector would respond to this demand. Presently, this choice is restricted to those families willing and able to pay twice for their children's education—once through taxes and again through fees.

Families who do not want a state education for their children but cannot afford to pay the tuition fees required for a private education have few options. Those families who particularly want a secular non-state education for their children have even fewer.

As if this isn't bad enough, since the re-introduction of zoning, many parents are not even given a choice between state schools.

Not very long ago, New Zealand made some progress toward school choice with the Tomorrow's Schools reforms. These reforms, which abolished zoning and gave schools more flexibility through bulk funding and the establishment of local governance, were a significant positive step but have since been reversed, for no apparent or good reason.

It is not appropriate for me to describe the history of Tomorrow's School at length, but the lessons of Tomorrow's Schools are relevant at various points throughout this discussion.

Some saw the Tomorrow's Schools reform programme as being drastic and damaging. But it is possible to argue that if Tomorrow's Schools was flawed, it was because it did not go far enough. It lacked at least two key ingredients for success. One is the inclusion of independent schools. The other is good information on schools for parents. Allowing parents to make choices will only be advantageous if they are informed choices.

This is a central requirement for school choice to work and is presently non-existent in New Zealand. There is no system of standardised testing and no system of reporting that allows parents to make direct comparisons of schools. I am not arguing for league tables, but for fair and accurate reporting on school performance on a rich variety of measures, including tests of key competencies.

For now, imagine that the three requirements for school choice have been established:

1. Funding follows the child to the state, integrated or private school of their choice;

2. Schools have the autonomy and authority to use their resources in the way they see fit;
3. Parents can easily access good information about schools.

What might happen? The case for school choice is a mixture of theory and evidence. Over the last few years, the weight of evidence supporting the individual and societal benefits of school choice has been growing steadily. I will describe some of these benefits to you.

1. School choice increases quality of education across the board

It is not enough for school choice to be justified in principle, it must also have educational benefits.

Evidence of the effect of school choice on educational quality in other countries is in most cases promising and, in some cases, striking. For example:

- Low income children participating in voucher programmes that allowed them to switch from public to private schools in Milwaukee, Cleveland, Dayton, New York City, Charlotte and Washington, D.C. have shown significant gains in both reading and maths.¹

These gains represented one third of the national gap between the test scores of black children and white children.

Choice not only increases the achievement of those children exercising it, but also seems to elevate the quality of education available to students across the board. That is, a rising tide lifts all boats:

- In Milwaukee, private school and charter school competition were found to cause significant improvements in public school test scores.²
- In Florida, schools that faced the prospect of losing students if they failed a state evaluation for the second time in four years made test score gains twice as large as other schools.³

¹ Jay P. Greene & Greg Forster, 'Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio', *Civic Bulletin No. 27* (Manhattan Institute, New York, October 2002); Jay P. Greene 'Vouchers in Charlotte', *Education Matters* Summer 2001: 55-60; William Howell, Wolf, Paul E. Peterson, and David E. Campbell, 'Vouchers in New York, Dayton and D.C.' *Education Matters* Summer 2001: 48-54.

² Jay P. Greene & Greg Forster, 'Rising to the Challenge: The Effect of School Choice on Public Schools in Milwaukee and San Antonio', *Civic Bulletin No. 27* (Manhattan Institute, New York, October 2002).

³ Jay P. Greene, 'An Evaluation of The Florida A-Plus Accountability and School Choice Program', (New York, Manhattan Institute, February 2001).

- An index of educational freedom based on the amount of choice available to parents found that the US states with the greatest education freedom also had the highest achievement levels on national standardised tests.⁴
- An economist from Harvard University found that an increase in choice elevated test scores, wages at age 32 years, and lowered per pupil spending.⁵
- In the UK, 86% of 300 schools surveyed improved their performance when school choice was introduced.⁶
- In Sweden, where independent schools are allocated funding equal to public schools, public school achievement levels are higher in municipalities with larger shares of students in independent schools.⁷

New Zealand's own experience with a limited choice system is only somewhat instructive. The lack of a consistent programme of testing and reporting means that there is no quantitative evidence of changes in learning outcomes. However, even in the short time in which choice increased, encompassing a difficult transition period, only one in ten principals and teachers thought there had been a negative impact on learning, and the majority thought the change had already been for the better.⁸

Choice inevitably results in competition between schools to attract students and therefore funding. In New South Wales, the state education system is beginning to respond to the competition it faces from non-government schools. A number of high schools in Sydney that have declining enrolments are being closed or reorganised to respond to demand for single sex and selective schooling.⁹

Traditionally, governments have had little motivation to stem the flow of students into the private school sector. Because private school students are subsidised at less than the cost of a state education, governments benefit from children enrolling in a private school. School choice would require full funding to follow the student, so governments could no longer remain complacent about the survival of their schools and employees.

Having guaranteed customers motivates businesses to provide only the minimum required service. An education monopoly motivates governments to provide schools that are just good enough to avoid large-scale voter rebellion.

⁴ Jay P. Greene, *The Education Freedom Index*, Civic Report No. 14 (The Manhattan Institute, New York, 2000).

⁵ Caroline M. Hoxby, 'Does competition among public schools benefit students and tax payers?', *The American Economic Review* 2000: 90 (5), 1209-1238.

⁶ Rosalind Levacic & Jason Hardman, 'Competing for resources: The impact of disadvantage and other factors on English secondary schools', *Oxford Review of Education* 1998: 24 (3), 303-328.

⁷ Fredrik Bergstrom & F. Mikael Sandstrom, 'School Choice Works!' *Issues: School Choice in Thought* (Milton & Rose Friedman Foundation, Indianapolis, 2003)

⁸ Edward B. Fiske and Helen Ladd, *When Schools Compete: A Cautionary Tale* (Brookings Institution Press, Washington, D.C., 2000).

⁹ NSW Department of Education and Training, *Building The Future: An education plan for inner Sydney* (New South Wales Department of Education and Training, Sydney, 2001).

This is not to say that the intentions and the efforts of individual schools, teachers and other government employees are not honourable, but they are almost powerless in the face of institutional ambivalence to innovation and improvement. Many are quite probably working very hard at doing the wrong thing, often consciously and with a great deal of frustration.

Schools and educators must be given the means and the impetus to respond as they see fit to the needs of their students and communities.

2. School choice: increases parental participation and satisfaction, builds community

Some families' indifference towards schooling is frequently offered as confirmation that parents should not be given responsibility for their child's education. Yet denying parents the opportunity to make choices about their child's education denies them a significant measure of control over their children's future, and the result can be learned helplessness. School choice restores control to families.

It is also important to ask which parents are we talking about? Interest in education and love for children is not specific to any socioeconomic or ethnic group.

If it is the children of poor families we are most concerned about, evidence from the largest scholarship programme in the United States suggests that such fear is exaggerated. The Children's Scholarship Fund offered 40,000 scholarships to children from low income families¹⁰ and received 1.25 million applications. These families, among the poorest in America, were willing to spend \$1,000 of their own limited incomes to secure a better education for their children.¹¹

Many studies have shown that parents who are given the choice become more involved in their children's schooling. Based on interviews with over 300 parents in New Jersey and New York, researchers concluded that school choice promoted social capital and built communities of concerned and engaged parents in both poor and middle class districts.

Parents whose children attended schools that they had chosen were significantly more likely to be involved in parent-teacher associations, to engage in voluntary activities and to talk with other parents about their children's schooling.¹²

¹⁰ Less than \$20,000 pa.

¹¹ Ted Forstmann 'On reforming "public" education in America', *Cato Audio, December 2000* (Cato Institute, Washington, D.C., 2000).

¹² Mark Schneider, Paul Teske, Melissa Marschall & Christine Roch, 'School choice builds community', *The Public Interest*, Fall 2000: 86-90.

Similar findings have been reported from studies in Milwaukee, San Antonio, Colorado and Los Angeles. Satisfaction with their children's school is also much higher among parents who have been given the opportunity to choose.¹³

In Australia, the impact of even limited choice has been felt by schools. In a recent survey, government primary school principals reported that 'Parents no longer accept what is offered without question. They have their own ideas about their children's needs and have become more confident about raising issues with professional staff members'.¹⁴

In Australia, parental concern for their children's education is clear. Around one in three children attend non-government schools, costing their parents upwards of \$1000 per year. These are not all wealthy families—in 1996 around 20% of children from families with incomes less than \$26,000 per year attended non-government schools.

3. School choice makes schools responsive and accountable to parents

Opponents of choice often argue that parents should instead be offered 'voice' instead of the option of exit.¹⁵ They suggest that improvement in schools can be brought about more effectively by parents' active involvement and participation.

There is no question that educational partnerships between parents and schools are important, and that parents' interest and involvement in their children's education is a great advantage.¹⁶ As discussed earlier, far from precluding parental participation, choice actively encourages it. School choice increases parental 'voice'.

School choice also lends weight to parental opinion and involvement. There is little reason for schools to take note of, or act on, parents' concerns and ideas if parents do not have the option of exit. As a mechanism to amplify and extend parental 'voice', school choice is invaluable.

The features of a monopolistic system of education are such that it is bound to experience difficulty in maintaining standards of excellence: the state purchases education (on behalf of its taxpayers), the state provides education and the state

¹³ Philip Vassallo, 'More than grades: How school choice boosts parental involvement and benefits children', *Policy Analysis No. 383* (Cato Institute, Washington, D.C., 2000); Jay P. Greene 'Vouchers in Charlotte', *Education Matters* Summer 2001: 55-60.

¹⁴ Max Angus & Harriet Olney, *Our Future: Report of a Survey of Australian Government Primary School Principals* (Australian Primary Principals Association, Sunbury, Victoria, 2001): 17.

¹⁵ Federation of P&C Associations, 'Choice, voice and interactive schools', www.pandc.org.au, 2000, (accessed 17/01/2001).

¹⁶ Alison Rich, *Beyond the Classroom: How Parents Influence Their Children's Education*, Policy Monograph 48 (The Centre For Independent Studies, Sydney, 2000).

regulates education. There is therefore little external pressure or incentive to change or improve, either in educational practices or in efficiency. It is an act of faith for parents to expect a remote agent such as a government department, with no external accountability, to always have their children's best interests at heart.

School choice would break the state's control over of education. First, it would make parents the purchasers of education instead of the state. In a child-centred system of funding, parents decide where to spend their money and schools would be more accountable to them. Second, the state would lose its stranglehold over the families who cannot afford private education under the current system, and state schools would have to become viable institutions in their own right. Third, the market would join the state as regulator. Schools that do not offer parents the education they want for their children would experience a decrease in enrolments and be forced to change for the better or close.

For choice to work to the benefit of all families, more information about school performance will be necessary. The state education system has a captive market and therefore has little to gain from making information about its performance available to the public.

If parents were given the opportunity to send their children to the school of their choice, they would demand such information and all schools would be compelled to provide it. In an open dynamic market, independent schools would have to compete with their successful (and sometimes cheaper) state counterparts.

Among those who promote the value of a publicly provided education system, there is a remarkable lack of faith that it will be able to withstand competition from private providers. Those who extol the virtues of comprehensive public schools the loudest seem to be those most afraid that comprehensive schools will be the first casualties of school choice. Implicit in this fear is the assumption that state schools will not be the preferred choice of parents.

The contradiction in these arguments should be obvious. If comprehensive state schools are truly the best way to educate children, they will have no problem attracting and retaining their students. To say otherwise is to suggest that parents either cannot or will not choose the school that is best for their children.

Undoubtedly, there will be some parents of whom this is true, but in all other areas of a child's life, we do not restrict the responsibilities of all parents because of the failings of a few. In fact, we go to extreme lengths to preserve the integrity of parental obligations by allowing children to remain in families where they have been persistently maltreated.

It is strange, therefore, that well-meaning functional families supposedly cannot be trusted with their children's education.

4. School choice gives schools and educators the opportunity to innovate and excel

One example comes from Dearborn, Michigan. In response to the competition public schools faced from charter schools (non-systemic government schools), the school district created special educational programmes and diversified. These programmes proved very popular and successful, and have improved the education available to students in the public schools.¹⁷ Similar findings have been reported in Milwaukee and Florida.¹⁸

In New Zealand, despite the restrictions of a national curriculum and strong state regulation, increased parental choice and school autonomy did bring some diversity, particularly in schools catering for Maori students.

Under school choice, there would be more and varied employment opportunities for teachers. Conceivably, this would encourage more and better teachers to take up the profession. Where schools diversify and specialise, teachers can also specialise. This enables teachers to promote their particular talents and to use them to achieve the greatest benefit for both themselves and, more importantly, their students.

The breaking of the nexus between funding, provision and governance, and the greater autonomy given to schools, would weaken the teachers' unions. While some teachers might lament the perceived loss of job and salary security this will present, good teachers will see this as an opportunity to liberate themselves from the constraints of fixed wages and conditions. They will experience the professional satisfaction that comes from the power to make and act on decisions that directly affect their schools, students and careers. Good teachers would thrive and be rewarded with higher pay, and ineffective teachers would no longer be protected.

A survey of government primary school principals in Victoria indicates that principals who have experienced a greater level of parental choice and school autonomy are in favour of it.¹⁹

The present formal and informal regulatory frameworks of state school systems actively discourage success. Successful schools are unlikely to be expanded if a nearby school is under-enrolled. This might be seen as necessary to avoid duplication of services, but there are other options. The under-enrolled school might become a

¹⁷ *Detroit News*, 'Award honors unique schools', Monday, February 5, 2001, <http://detnews.com/2001/schools/0102/05/c03-184147.htm> (accessed 12/02/01).

¹⁸ Innerst, Carol, *Competing To Win: How Florida's A+ Plan Has Triggered Public School Reform*, http://edreform.com/school_choice/compete.htm, 2000 (accessed 12/02/01).

¹⁹ Max Angus & Harriet Olney *Extending Parental Choice of Schooling: Non-systemic Government Schools* (Commonwealth Department of Education, Training and Youth Affairs, Canberra, 1998).

second campus of the more popular school, or they might be merged onto one campus, selling the other school to finance the expansion.

The flexibility school choice brings even impacts on issues such as class size. Child-centred funding means that schools can make decisions about how to spend their money. Government-mandated arbitrary maximum class sizes would be irrelevant. Some schools might make small classes a priority and hire as many teachers as their budget allows. Other schools might decide to have slightly larger classes with more highly qualified and more expensive teachers. Other schools might decide to have larger classes and invest in a floating teacher trained in special needs or language education. It should be up to the school to work out what is best for their specific student population.

5. School choice reduces the risk of indoctrination and the cost of mistakes

The democratic process, while desirable for electing government, is not flawless. By definition, it carries the wishes of the majority (and even that premise can be shown mathematically to be debatable) and therefore fails to reflect the often diverse minority views. Furthermore, because governments are elected on a number of policies, it is not necessarily true that there is majority agreement on any single issue, especially one as complex as education.

Although governments may endeavour to provide schools that are inclusive, a one-size-fits-all common education system which tries to be everything to everyone often pleases no-one. When all children are required to attend schools that are part of centrally-controlled school system, whose curriculum and values are dictated by government, there is far more risk of indoctrination than in a diverse school system accountable to the wishes of parents.

This is not restricted to religious or ethnic minority views. It can also apply to methods of instruction. An example is literacy instruction in California in the 1980s and 1990s. In that state, all public schools adopted the 'whole language' method of reading instruction by decree of state education authorities. When California performed badly on national standardised literacy tests, public schools were forced to reassess this method of instruction. Fortunately in this case, response was relatively swift, but not before several million students had been disadvantaged.²⁰ No doubt there were people opposed to the 'whole language' approach to reading from the start, but because the imposition of this method was universal, a whole system was affected rather than a portion of it.

Australian education expert Kevin Donnelly likens the impact of state monopoly control to the aftermath of a gas explosion. When an industrial accident caused the closure of the principal of gas in Victoria, people all over the state had no heating, no hot water and no

²⁰ Tyce Palmaffy, 'See Dick flunk', *Policy Review*, November-December 1997.

means of cooking for weeks. A monopoly means all must suffer when something goes wrong, and the consequences for the education of a nation's young are potentially far worse than a few weeks of cold showers. Dr Donnelly has also persuasively argued that New Zealand's national curriculum, which all schools must follow, is seriously flawed.

6. School choice is efficient

Student-centred funding would not be prohibitively expensive for New Zealand. And these extra outlays would, at least in part, be offset by the efficiency of directing funding through families, and the downward pressure on schooling costs as a result of competition between schools.

Efficiency is a measure of inputs and outcomes. An efficient school or school system achieves the best possible outcomes with a set amount of resources.

In Victoria, the implementation of the 'Schools of the Future' self-managing schools reforms attempted to increase efficiency (maximising the learning outcomes achievable with limited resources) by giving schools more control of their resources. By 1996, approximately 92% of the Victorian recurrent expenditure in schools had been devolved to schools.²¹ Per student funding fell by 22.5% in state secondary schools, with very little change in student-teacher ratios.

Eighty four per cent of principals said that learning outcomes had improved in their schools.²² Other small research projects have also reported higher levels of literacy and teacher satisfaction.²³

In England the budgetary impact of devolved funding has been commendable, and research indicates that principals in England are satisfied that learning has been advantaged, with a large and increasing majority of principals expressing their support for decentralised resource management.²⁴

A study comparing the educational policies of countries participating in the Third International Maths and Science Study with their performance found that the significant features associated with higher test scores were: a higher share of public

²¹ Brian J. Caldwell 'The significance of school finance reform in Victoria', in Peter Karmel (Ed.), *School Resourcing: Models and Practices in Changing Times* (Australian College of Education, Deakin West, ACT, 2000).

²² Cooperative Research Project, *Assessing the Impact: The Final Report of the Cooperative Research Project, Leading Victoria's Schools of the Future* (Community Information Service, Education Victoria, Melbourne 1998): 96.

²³ see 20.

²⁴ Alison Bullock & Thomas Hywel, *The Impact of Local Management in Schools: Final Report* (University of Birmingham and National Association of Head Teachers, Birmingham, 1994).

education spending going to private institutions; a larger share of enrolments in private institutions; schools with more decision-making powers; schools hiring their own teachers; schools determining their own teacher salaries; and individual teachers (not teachers' unions) having a lot of influence on the curriculum. All these features involve devolution of responsibility to schools and support the argument that the level of resources is less important than the way in which they are spent.²⁵

Conclusions

It is generally agreed that a well-educated populace benefits a whole society.

A good education is not exclusive to public schools. Indeed, a recent lead article in *The Independent* indicated that people can spend 10 years in a state school without learning basic skills.²⁶

If a good education is not guaranteed by a state school, and can be provided by private schools or even at home, it is difficult to justify why the level of public funding to which a child should be entitled dependent on the school they attend.

The benefits of school choice by far outweigh the potential concerns, but it must be real school choice. Quasi-choice has a much greater chance of failure.

To reiterate, real school choice means that parents have the responsibility, the means and the information to choose a school for their child—state, integrated or private—and schools have the resources, the autonomy and the incentives to respond.

²⁵ Ludger Woessman, 'Why students in some countries do better: International evidence on the importance of education policy', *Education Matters*, Summer 2001: 67-74.

²⁶ *The Independent*, February 26, 2003, p. 1.