

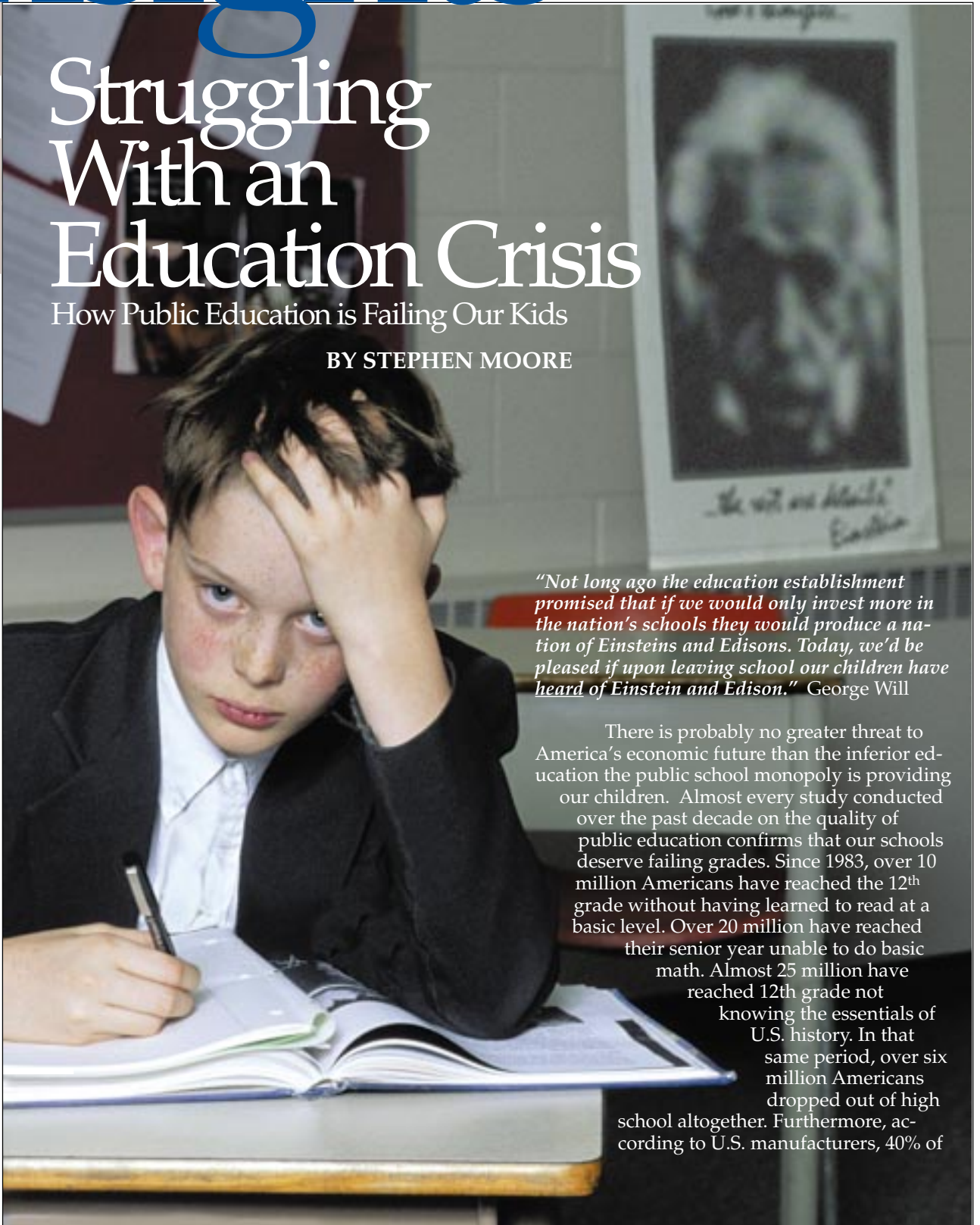
Insights

SEPTEMBER
1 9 9 9
.....

Struggling With an Education Crisis

How Public Education is Failing Our Kids

BY STEPHEN MOORE



"Not long ago the education establishment promised that if we would only invest more in the nation's schools they would produce a nation of Einsteins and Edisons. Today, we'd be pleased if upon leaving school our children have heard of Einstein and Edison." George Will

There is probably no greater threat to America's economic future than the inferior education the public school monopoly is providing our children. Almost every study conducted over the past decade on the quality of public education confirms that our schools deserve failing grades. Since 1983, over 10 million Americans have reached the 12th grade without having learned to read at a basic level. Over 20 million have reached their senior year unable to do basic math. Almost 25 million have reached 12th grade not knowing the essentials of U.S. history. In that same period, over six million Americans dropped out of high school altogether. Furthermore, according to U.S. manufacturers, 40% of



INSIDE:
Choosing
Education Reform



ALSO:
Citizenship at Risk



THE NEWSLETTER OF THE INSTITUTE FOR POLICY INNOVATION



Struggling With an Education Crisis

all 17-year-olds do not have the math skills and 60% lack the reading skills to hold down a production job at a manufacturing company.

No nation can survive as an economic superpower if its children are receiving a second-rate education. The American education system has already handicapped millions of adults in the workplace leaving them without elementary skills in reading and math, and ignorant of even the most basic knowledge about our country's history. Finding an immediate solution to the inadequacy of our schools is rightly a paramount public policy priority for many Americans.

The powerful education establishment in America claims that the system needs more government funding. One wishes that solving the education crisis were anywhere near this simple. If all that were required

to produce a better education system were lots of money, then the United States would have the top performing schools in the world. Per-pupil spending in this country is considerably higher than most industrialized nations. Yet almost no nation gets less in return for its education dollars.

In 1993, the United States spent \$5,835 on elementary and secondary education per student, per year. Compare that to the amount spent by the United Kingdom, (\$3,295) Japan, (\$3,960) and Germany(\$2,815).

The fact that the taxpayers' investment does not produce top rated education internationally was underscored by the release of the most recent TIMSS scores (Third International Mathematics and Science Study). In that test, American 12th graders ranked 19th out of 21 industrialized countries in mathematics achievement and 16th out of 21 nations in science. Our advanced physics students ranked dead last.

The School Yard Money Pit

Although the figure varies throughout school districts across the country, the average cost of educating one student is \$6,564 per year. As a nation, we now pour more than one-quarter trillion dollars into the public school system every year. The efficiency of how that money is being spent fuels discontentment among education reformers.

The chart on page 8 shows the relationship between education spending and a stan-

dard measure of achievement, SAT scores, between 1960 and 1997. Clearly, throwing more money at the public schools has been an ineffective approach to education reform.

Some education analysts argue that the quality of the public schools has deteriorated because teacher salaries are not generous enough to attract bright and energetic people to the profession. This argument is somewhat unconvincing since parochial schools, where education quality has remained high, pay teachers on average one-third below what public school teachers receive. In addition, teachers' salaries have increased significantly over the last decade. After adjusting for inflation, teachers take home twice as much income as they did in the 1950's. But it is important to note that these *teachers' salaries account for only 39 cents of every education dollar spent.*

In 1995 Congress allocated \$100.1 billion to programs supporting public education. Of total federal education spending, only 13% went to local school districts, and of that, even fewer funds trickled down to the classroom. School districts are not required at this time to track what portion of the Department's dollars is sent directly to schools and classrooms. And few districts have any accurate data on how many cents out of the federal education dollar reach the classroom. On the local level, the disturbing trend continues. Audits around the country have found as little as 26 percent of school district funds is being spent on classroom expenditures.

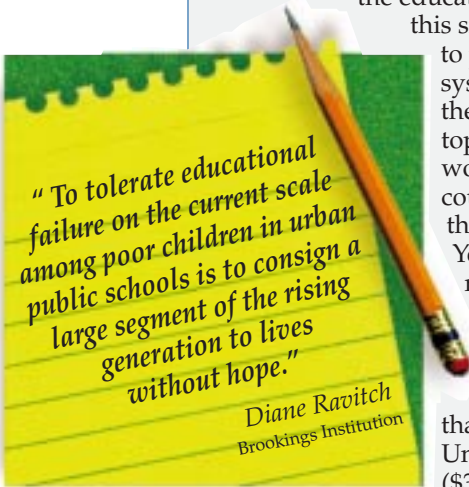
Where Is the Money Going?

It seems almost a technical impossibility that the government could spend almost four times more money on the schools than it did forty years ago and have virtually nothing to show for it. If all this money didn't go toward making our kids smarter, just where did it go?

One important change in the U.S. education system in recent decades that has weakened our schools has been the rising role of the state and federal governments. Today, centralization is the name of the game.

This shift away from traditional, neighborhood-based school funding and autonomy has meant a shrinking role for parents and local school boards. In exchange we have received an expanded, more intrusive oversight role by state and federal governments. Professional educators have generally applauded the federalization of the schools as a way of assuring equity in financing, more money flowing into the system, and uniform standards. It is the 1990s version of busing.

As schools have become more centrally



"To tolerate educational failure on the current scale among poor children in urban public schools is to consign a large segment of the rising generation to lives without hope."

Diane Ravitch
Brookings Institution

controlled by state and federal government, education dollars have been swallowed up by bureaucracy. Today there are more than twice as many state and local education employees per student as there were in 1960. But there are not two to three times as many teachers—not by a long shot. In fact, in 1994 fewer than 50% of the personnel employed by public schools were teachers. The large share of these extra layers of school employees rarely go near the inside of a real live classroom. They are school administrators, support staff, counselors, social workers, and so forth.

For some of America's big cities the Board of Education bureaucracy has reached scandalous proportions. Between 1980 and 1997, Washington DC's school enrollment dropped by 23 percent, but its "non-school based instructional support" rose by 20 percent.

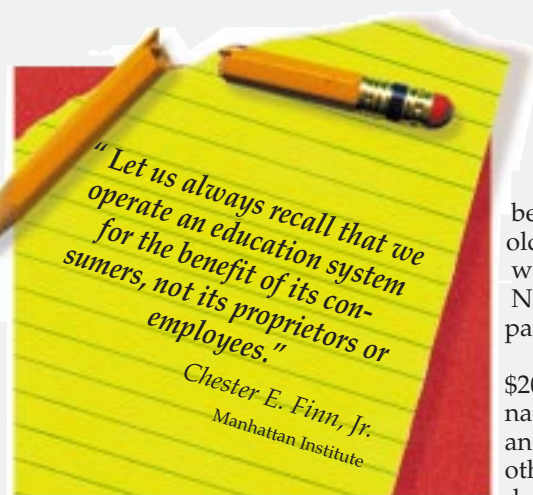
In 1990 the New York City public school system employed 6,000 school administrators. The New York Catholic school system, which teaches roughly one-in-five inner city students, has less than 100 school administrators.

Professional "educrats" are the major financial beneficiaries of this bureaucratization of the schools, and school children and taxpayers are the victims. Urban school systems are particularly guilty of adopting self-serving strategies that protect administrative jobs rather than children. The proliferation of federal and state programs, many designed to correct urban problems, have exacerbated the bureaucratic tendencies of big-city districts by adding new layers of reporting, regulation, and micromanagement.

The Worm In The Education Apple

The bureaucracies of the education system are not limited to the boardrooms of school districts. The largest union in the country, the National Education Association (NEA), through its more than two million members exerts immense influence over our current education system.

To study the decline of our public schools, it is essential to understand the goals, ideology, and tactics of this enormous union. The NEA is first and foremost a juggernaut of political influence in Washington, D.C. and in state capitals across America. What makes this union especially effective politically is that it promotes its agenda of self-interest and self-preservation while standing




behind the nation's six-year olds. Children are in many ways the hostages of the NEA's demands for more taxpayer money.

The NEA collects over \$200 million in dues on the national level, while its state and local affiliates gather another estimated half-billion dollars a year. That's a huge

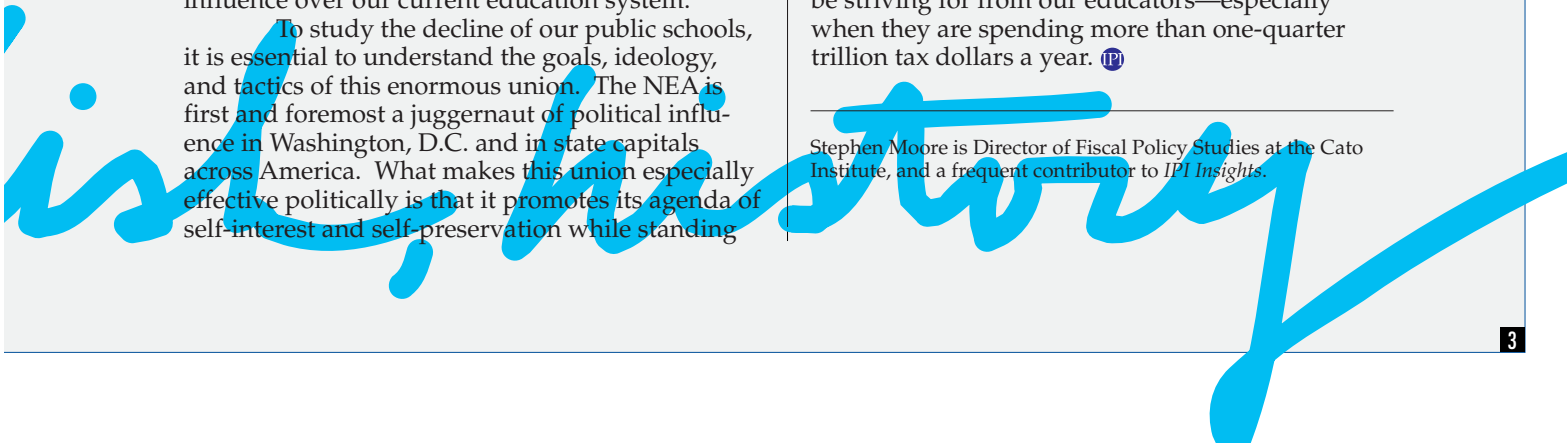
war chest with which to play the game of politics—which the NEA does with an admirable degree of professionalism. Through its political action committee alone the NEA doles out over \$7 million every year to political candidates. These contributions do not come without strings attached. One of the most expensive political payoffs to any special interest group in American history was the creation of the U.S. Department of Education, at the teachers unions' insistence. One NEA staff member was bluntly on target when boasting that "we're the only union with our own cabinet department". Having your own cabinet agency pays dividends. In the four years following the opening of the department, federal education spending soared by 70 percent.

By far, the paramount item on the agenda of the teachers' unions is to squash the growing school choice movement. Indeed, for the teachers' lobby the anti-choice effort has taken on the tone of a holy war. With huge war chests and significant political power, the NEA has been highly effective in restraining this reform movement.

Conclusion

One painful lesson that America has learned over the past thirty years is that there are some things money just can't buy, and better schools is one of them. Try to imagine for a moment that the American education system over this century achieved even half the productivity improvements as the typical American industry—agriculture, computers, or manufacturing. If this had been the case, schools truly would be producing a nation of Einsteins and Edisons today. And that's the kind of excellence the nation should be striving for from our educators—especially when they are spending more than one-quarter trillion tax dollars a year. 

Stephen Moore is Director of Fiscal Policy Studies at the Cato Institute, and a frequent contributor to *IPI Insights*.



EDUCATION REFORM: A MULTIPLE CHOICE CHALLENGE

BY GEORGE PIELER

Education reform is a popular concept, but no one seems to agree on what it actually means. For some educators and parents, "back to basics" (reading, writing and arithmetic) is the key to curing what ails contemporary education, at least at the elementary and secondary level. Others (particularly the education establishment, and the Clinton administration) think throwing still more taxpayer dollars and other resources at the public schools (smaller classrooms, more computers, Internet access) constitutes "reform." But time, experience and common sense tell us that no reform worthy of the name can ignore the role of parents in nurturing the spirit of learning, and in exercising at least some control over what their children learn and where they learn: a concept broadly known as "educational choice."

Choice (which ideally allows the student, as well as the parents, to be closely engaged in the educational experience) has several fundamental virtues that the standard, one-size-fits-all government school lacks. It makes parents, students, and teachers true partners in learning, since all three must be satisfied lest families start "voting with their feet" and take their business elsewhere. In addition, choice imposes a stricter discipline on everyone involved in a child's schooling. Parents have to be knowledgeable and aware of their educational options, students have more incentive to take advantage of the school or curriculum they select, and teachers know that if they don't do their best they risk losing students to another classroom, or another school.

All of these positive attributes, of course, are just examples of how market competition—even in small doses—can force educators to get with the program and stay on their toes, just as it does for supermarkets, retail stores, the computer industry, transportation, and all the goods and services we tend to take for



granted. Competition brings improvement wherever it is allowed free reign, and schooling is no exception. Contrary to the naysayers and big government "reformers" who are wedded to the educational status quo, there is no reason why education in America should be a government monopoly.

Even school choice means different things to different folks, however, so it is useful to know the many forms choice is taking in late 20th century schooling. The easiest way to start may be to distinguish choice alternatives *within* the government (a.k.a. "public") school system, and options being made available *outside* that system, such as subsidies and tax credits for private schools. In the context of the government educa-

"...there is no reason why education in America should be a government monopoly."

tional system, choice has the advantage of letting a bit of air in the system, and of tailoring curriculum and classroom setting more precisely to the needs of the student. Sometimes this is done by allowing families (subject to limitations) to choose among a variety of schools within their school district, or in their state. Other times (as in Minnesota for several decades) it

means special alternative schools for children who are particularly hard to educate, or particularly disruptive in the usual classroom. More recently, two very important ideas have gained currency. The first is

contracting out, or letting the state or school district hire a service provider (for-profit or non-profit) to establish and run an entire school, or part of the curriculum, or to provide special support for students who need extra help. Companies such as the Edison Project and Tesseract Schools are doing this around the country, and producing good results as judged by preliminary test scores.

The second innovation in public school choice is *charter schools*, or schools

authorized by state law and set up by a wide range of private or public entities to compete for students, with support from government funds (although not always the same level of support other public schools get). These schools sometimes have a special focus (math, science, the arts), or a particular teaching methodology (high tech, back-to-basics). While more and more states are adopting charter schools, laws vary widely in how much latitude they give to the schools and their founders, and how much red tape and bureaucratic oversight they require. The more freedom they have to experiment the more successful they will be, but charter schools are still one of the most promising ways of making government schools more accountable to parents and students.

In a sense, the range of non-government schooling alternatives, including private schools and home schooling, is even wider. Obviously parents have always been able to choose private school, but


most couldn't afford it or were afraid their children would lose an important aspect of socialization in our democratic culture. But parents have exercised self-help in other ways, by shopping for residences in communities that had reputedly good schools. Still, only a select number of families could do even that.

All that has begun to change. *Tax credits for private schooling* have been available in Minnesota for many years, and those credits were recently expanded and made more generous. More states are looking at the tax credit idea, and experimenting further with ideas such as tax benefits for contributions to private school scholarship programs (Arizona). At the federal level, Congress has passed legislation giving families a tax break for savings accounts dedicated to precollege education costs (legislation


President Clinton has so far refused to sign).

In addition, *school vouchers*—direct grants to families or students to defray the cost of private schooling—have made major headway in the 1990s. Wisconsin and Ohio have pilot programs in place that are serving thousands of students, and Florida has just passed a statewide voucher plan aimed

at students in failing schools. With private funding and no government involvement, organizations such as the Children's Scholarship Fund and CEO America have made private school available to over 40,000 low income children across the country, and this private voucher movement shows every sign of becoming a permanent fixture in the landscape of American education. At the same time, quietly and with no public campaign behind it, homeschooling has grown exponentially, as parents everywhere get tired of schools that are unsafe, amoral, or just plain poor providers of learning.

Many more approaches to offering educational choice to parents and students will no doubt emerge, limited only by the imagination and resourcefulness of Americans truly concerned about generations of citizens to come. True reform won't come without choice, and choice will work only to the extent it leverages American education in the direction of greater freedom, rather than being co-opted by an education establishment that fears real choice. The next big battle in education will be between these forces of freedom and the forces of reaction. This is one fight that parents have to win. 

George Pieler served as Acting Deputy Undersecretary for the U.S. Department of Education under the Bush Administration and in 1993 co-founded the Washington Scholarship Fund. Currently he is an Adjunct Fellow with the Competitive Enterprise Institute, Washington D.C.

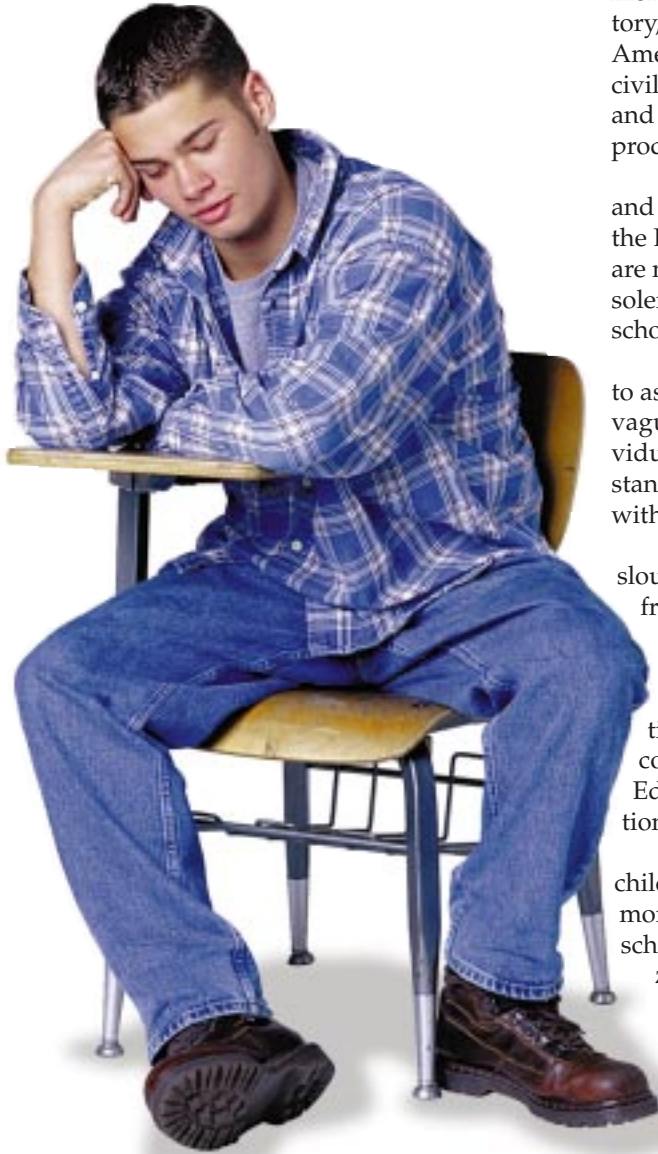


" True reform
won't come
without
choice... "



CITIZENSHIP AT RISK:

Educating Tomorrow's Electorate



By Michael J. Petrilli and Gregg Vanourek

For decades, political and business leaders have demanded education reform because bad schools were putting our nation “at risk” of losing its economic advantage. But since America is thriving economically while our schools are faltering, some would ask: Why worry?

Contrary to conventional wisdom, our schools do not exist *just* to train tomorrow’s workforce. They exist, primarily, to produce a well-educated citizenry. Education in a democracy has many dimensions—civic, intellectual, economic, and moral, to name a few. As instructors teach literature, algebra, history, and physics, on a deeper level their schools are recreating American society. When they falter, our cultural legacy—even our civilization—is what is truly “at risk.” That is why school success and pupil achievement matter—not just for the gross domestic product.


America is defined by far more than its economic might and military muscle. It stands for high principles and the legacy of the Enlightenment. Liberty, reason, equality, justice—these ideals are not innate in humans. They must be taught and cultivated. This solemn duty falls squarely on the shoulders of families and schools.

But the schools largely reject this civic mission. Afraid even to ask what it means to be an American, schools instead harp on vague concepts such as self-esteem and diversity. Valuing individual differences and talents is surely important, but so is understanding what binds us together. Schools must concern themselves with the *unum* as much as with the *pluribus*.

Universities, having shed their core curriculum and sloughed off any pretense to moral leadership, have degenerated from knowledge centers into training centers. As students have flocked to financially attractive fields, disciplines such as literature, history, and philosophy have suffered greatly. As our schools and universities adopt a single-minded, utilitarian rationale for the education they provide, a degree today has become less an affirmation of knowledge than a resume-booster. Education is trivialized when it is reduced to a venue for vocational marketability.

It is silly to pretend that a nation that fails to educate its children can govern itself effectively. Achievement tests measure more than future workplace skills. They also gauge whether our schools are fulfilling their mission to produce well-prepared citizens. Certainly knowledge is not all it takes to be a contributing citizen, but it is a prerequisite. Dismal test scores indicate that this basic democratic need is not being met.

Low test scores are a chronic, not acute, problem.

Our standard of living will not plummet tomorrow if today’s students don’t learn more math, science, literature, and history. Like a high cholesterol count, low test scores indicate a general illness and foreshadow problems down the road. Our economy might remain strong for a while regardless of what our educational system produces, but our body politic will surely sicken as more and more of our citizens know less and less. We must start treatment today to prevent illness tomorrow. 

This article is an abridgement of *Education and the Future of Citizenship* featured in *American Outlook Magazine* (Summer/98), published by the Hudson Institute. Michael J. Petrilli is program director at the Thomas B. Fordham Foundation and research associate at the Manhattan Institute. Gregg Vanourek, former Vice President of the Foundation, is a second-year student at Yale University’s Graduate School of Management.

IMPACT



Congressional Support for IPI Earnings Test Study

The drive in Congress to repeal the Social Security earnings limit was bolstered as IPI released its study "Retiring the Social Security Earnings Test" at a Capitol Hill press conference in July.

Remarks by Senators John McCain, Jon Kyl and Spence Abraham, and Rep. Pete Sessions focused on benefits that repeal of this statute would bring to America's wage earning seniors and labor-starved businesses. Study authors and IPI Senior Fellows Gary and Aldona Robbins explained that abolishing the test would expand the work force and generate a \$20 billion increase in GDP.

Also making the case for complete repeal were United Seniors Association's Dorcas Hardy, former commissioner of Social Security under Presidents Reagan and Bush; Peter Ferrara, Americans for Tax Reform; Lawrence Hunter, Empower America; Karen Kerrigan, Small Business Survival Committee; David Keene, American Conservative Union; and Jim Martin, 60 Plus Association.



(L-R) David Keene, Karen Kerrigan, Dorcas Hardy, Sen. Spence Abraham, and Sen. John Kyl listen to Sen. John McCain's remarks at the Capitol Hill Release of IPI's study, "Retiring the Social Security Earnings Test."



Senior research fellow Aldona Robbins welcomes Senator Jon Kyl.



Rep. Pete Sessions discusses earnings test repeal legislation currently being debated in both Houses of Congress.

IPI Live!

IPI staff and researchers have been "hogging" the airwaves in recent months as the Institute's media hits continue to climb. IPI research fellows Gary (and/or) Aldona Robbins and director of external affairs Kerri Houston have been featured several times on USA Radio Network's Point of View, with the Robbins also appearing on VCY America's "That's the Law" and The Jane Chastain Show.

Speaking of TV, Gary Robbins was interviewed on the estate tax for CNN's Moneyline, and Kerri Houston appeared on the first segment of TCI Cable's new policy show, "America Outside the Beltway" and will be a regular roundtable panelist.

On the print side, IPI's work has been touted in magazines such as *Forbes*, *Human Events*, *Insight*, *The Wall Street Journal*, *The Washington Post*, *The Washington Times*, and *the San Diego Record-Chronicle*. Opinion/editorials by the Robbins, IPI president Tom Giovanetti, and IPI director of external affairs Kerri Houston have appeared in recent editions of *Investor's Business Daily*.

IPI luncheon and panel discussion on the Estate Tax

It was a packed house as Congressman Pete Sessions, family business consultant James Olan Hutcheson of ReGENERATION

Partners, and IPI economists Aldona and Gary Robbins presented information on federal estate tax laws from an economic, practical and legislative perspective at a recent IPI luncheon in Dallas.

The audience was provided with information about the effects and potential remedy for this arcane IRS statute, and had many questions for the panelists.

As estate tax relief is a central issue in both the House and Senate tax bills, IPI's study by the Robbins, "The Case for Burying the Estate Tax" continues to play a role both on Capitol Hill and in the media in advancing the case for repeal.



Congressman Pete Sessions and nationally-syndicated columnist William Murchison of *The Dallas Morning News*.



Panelists James Olan Hutcheson, Aldona Robbins and Gary Robbins with Dallas Federal Reserve Bank Vice President Michael Cox.



Tom Giovanetti, President of IPI, introduces panelists Gary Robbins, Aldona Robbins, James Olan Hutcheson, and Congressman Pete Sessions.

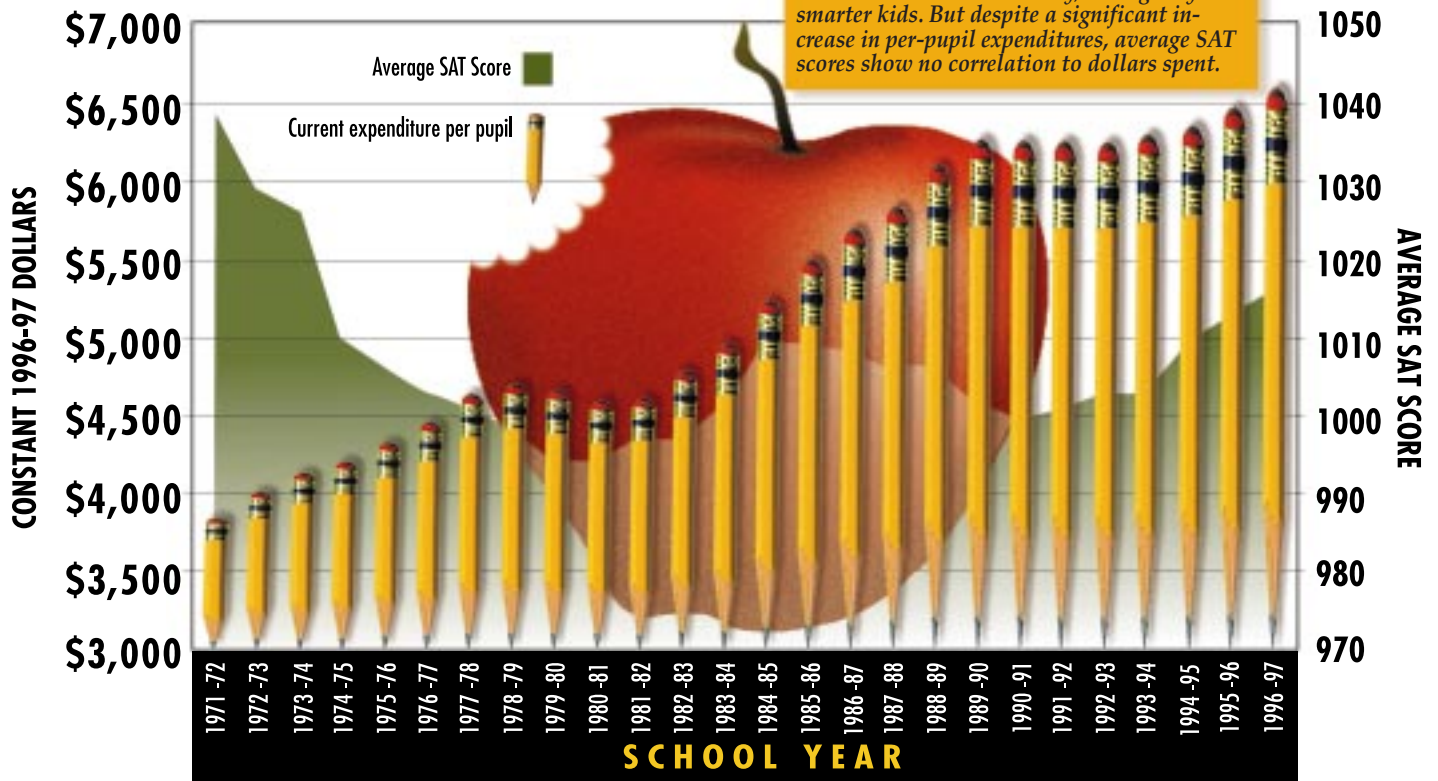


Congressman Pete Sessions, Bob Driegert, former chair of the Dallas County Republican Party, Kerri Houston of IPI and panelist James Olan Hutcheson of Dallas' ReGENERATION Partners.

IPI senior research fellows Aldona Robbins and Gary Robbins discuss the research found in IPI's study, "The Case for Burying the Estate Tax."

PER-PUPIL EDUCATIONAL EXPENDITURES vs SAT SCORES

Over the past several decades the education establishment has delivered the familiar mantra: Give us more money, we'll give you smarter kids. But despite a significant increase in per-pupil expenditures, average SAT scores show no correlation to dollars spent.



PARTING SHOTS

When National Education Association delegates gathered [recently] a congregation of 10,000 educators united against one evil: school vouchers. A succession of anti-voucher orators hurled down fire and brimstone designed to rally weary soldiers and cause slackers to repent. After the last rally speaker had denounced the threat posed by allowing parents the freedom to choose their children's education, (the) delegates held hands, raised them above their heads and sang "We Shall Not Be Moved."

Lynn Vincent, *World Magazine*

The public education establishment today is where the Soviet Union was in 1987. It looks all-powerful. It rules by fear and intimidation. But it is ideologically a house of cards that will collapse if conservatives go on a sustained moral offensive and highlight its failure to teach basic skills to poor children.

Adam Meyerson, *Policy Review*

Over the next few months, all the major building blocks of the federal role in K-12 education are up for reauthorization—notably the Elementary and Secondary

Education Act and the controversial Goals 2000 program. At issue is whether Washington is going to regulate the nation's schools more tightly—with new programs, rules, and conditions attached to its dollars—or whether the federal grip can be relaxed, to give states, schools, and parents more control.

Chester Finn and Nina Shokrai Rees as quoted in *The Weekly Standard*

Besides siphoning off money that should be used for tax cuts, saving Social Security or other pressing needs, this race by federal lawmakers to outspend each other ignores the simple fact that the key to improving education is not how much money is spent, but how it is spent.

Stuart M. Butler, *The Heritage Foundation Backgrounder*

The proper function of education is to enable every man to judge for himself what will secure or endanger his freedom.

Thomas Jefferson

IPI Insights

© 1999 Institute for Policy Innovation

Direct all inquiries to:
Institute for Policy Innovation
 250 South Stemmons, Suite 215
 Lewisville, TX 75067
 972•874•5139
 FAX: 972•874•5144
 Email: ipi@ipi.org
 Website: www.ipi.org

Publisher.....Tom Giovanetti
 Editor..... Betty Medlock
 Design.....S/Concepts

IPI Insights is published quarterly by the Institute for Policy Innovation (IPI), a non-profit public policy organization. Permission is hereby granted to reprint or otherwise use this material with appropriate attribution. Nothing written here should be construed as an attempt to influence the passage of any legislation before Congress.

The views expressed in this publication are the opinions of the authors, and do not necessarily reflect the views of the Institute for Policy Innovation or its directors.