

Reinventing Public Education Via the Marketplace

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Usually I'm known as a Cassandra, full of bad news, or as an extremist wanting to do horrible things. But after reading some of the other papers in this book I feel like an optimist and a moderate. I bring you news of energy, activity, and good things happening south of the border, more and better things than I have seen in twenty-five years in the education field. Unlike Andrew Coulson and others who think that the government ought to dry up and blow away, I come to discuss the reinvention rather than the obliteration of public education. Like a number of contributors, I bring a US perspective to this Canadian discussion, and my purpose is to outline a few education reform ideas underway in the United States and their prospects for reinventing the system.

Solution 1: More Funding for Public Schools

When it comes to repairing our public education systems there are three major ideas circulating in the United States. The first is not a very big

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idea; it is rather a familiar, old idea. You could call it more of the same: fix the schools with more input—smaller classes, more teachers, more teacher training, more technology, more special programs, more hours in the day, more days in the year, et cetera. In both Canada and the United States, this has long been our chief approach to making schools better. It is like our chief approach to making lots of things better: install a larger engine, replace the tires, and add more chrome. In pursuit of this strategy, per pupil spending in the United States has tripled in real terms since the 1950s.

The main problem with this strategy is that it has not worked. It has not worked if by working we mean significantly boosting student achievement. Scores remain essentially flat, reflecting an unacceptably low level of student performance. In international comparisons of advanced nations, American students are in the basement by the end of high school. They did pretty well in the fourth grade and middling in eighth grade, leading some observers to remark that the United States is the only major country in the world where the longer kids stay in school the dumber they get.

Solution 2: Standards and Incentives

The strategy of ever-increasing inputs, used for most of the past decade, has failed. Many of our states have now embarked upon a second approach to education reform. Some call it standards-based reform or systemic reform. It starts with the premise that if we care most about academic results, we need to focus directly on those results. The way to begin is to specify the results we want. As Alice in Wonderland was told, spell out clearly the destination for your journey and you have a chance of getting there. This strategy includes installing reliable measures of progress in relation to the standards and tests, and then making schools accountable for their results. That is, we should reward teachers and administrators when they achieve the desired results and intervene in some way when they don't. This approach might mean extra pay for teachers and principals whose students meet the standards. It might mean summer school for the child who does not meet the standards. And if lots of his classmates are also not meeting the standards, it might mean a loss of job security for the grown-ups working in that school.

The complexities of standards-based reform make it difficult to implement. Who sets the standards? After an aborted effort at national standards in the US we have pretty much settled on state standards. Do

the tests accurately reflect the standards? Are they valid and informative? Hardest of all, do policy-makers have the fortitude to enforce accountability even when it turns out that a very large number of children are not meeting the standards? If a large number of the schools or school systems in the state turn out not to meet the standards, it may get a little awkward for the politicians in charge. If the majority of the people in your state fail to meet your state's standard and you want to get re-elected, it gets difficult to remain rigorous about enforcement.

Solution 3: Market-based Approaches

Between the "do more" strategy and the "standards-based" strategy, a third education reform strategy has started to take hold. It is the strategy that today's conference is mostly about. This one avoids centralized, top-down change. It reflects grassroots, marketplace, competition-style change. For simplicity, we often call it the choice movement, though it takes many forms. The choice movement includes vouchers, charter schools, contract or out-sourced schools, all sorts of privately funded scholarship programs, open enrolment plans, public-school choice plans and other ways to foster diversity and competition in primary and secondary education. The theory behind it, which I subscribe to, holds that the regular system is most likely to change in response to pressure from competition. In many states, the standards-based reform paradigm is trying to co-exist with the marketplace reform paradigm. Sometimes they collide; usually they complement one another. Unfortunately, people tend to believe, as a matter of faith or doctrine, in one or the other: most people believe either in standards-based reform or in marketplace-based reform. I have come to believe in both.

Charter Schools

The reinvention of public education is the foremost goal of the marketplace reform paradigm. I am going to illustrate this with the charter school example and then say a brief word about four other forms of school choice that are also part of marketplace reform. I'm not going to say much about vouchers because they are well covered by other contributors to this book.

Charter schools are independent public schools free from most of the bureaucratic constraints of state and local regulations and in most places free from teacher-union contract provisions. They can be conversions

of existing public schools. In some states, they can be conversions of existing private schools. Most, though, are brand new schools started by teachers, parents, community groups, and even private firms.

Charter schools are spreading rapidly in the United States. We have 2000 of them today, enrolling 500,000 children. Clinton's education secretary, Richard Riley, predicted that there will be 3000 of them by 2002, and said that he welcomes this prospect. This has been a bipartisan movement, and both the 2000 presidential candidates sought more charter schools as part of their education programs.¹

The charter school movement began in 1992 when the first US charter school opened its doors in Minnesota. Today about 15 percent of all the children in the District of Columbia attend 31 charter schools. About 15 percent of the children in Kansas City also attend charter schools, which have been in existence for only two years in that city. In the state of Arizona, which has the liveliest charter school movement in the country, charter schools now comprise one-fifth of all the schools in the state, enrolling some seven percent of all children.

Roughly 70 percent of all charter schools are brand new schools; about 19 percent are pre-existing public schools that converted, and 11 percent are pre-existing private schools that converted. By converting to charter schools, those private schools give up their private status and any religious affiliation.

Charter schools are indisputably a form of public school, but they are a different kind of public school than we are accustomed to. Traditionally in the US, as I think in Canada, we have equated public schools with government-run schools. If you asked anyone, "What's the definition of a public school?" you would be told, "a school run by a school system run by the government." Charter schools don't fit that definition. They are not run by a bureaucracy, but they are still public schools in three very important ways.

First, charter schools are open to everyone. They do not have admission standards. They must accept all children they have room to take. Second, charter schools are paid for with tax dollars; they do not charge tuition. And third, charter schools are accountable to a duly constituted public authority for their results, which is to say that they can be shut down if their results are unsatisfactory. A charter school has a specific time period, typically five years, to deliver the results it promised, and if it doesn't deliver those results, it risks not having its charter renewed.

At the same time, because it is a school of choice, a charter school must satisfy its clients or it will find itself without students. In other words, a charter school is accountable in two directions, to the public body that authorized it and also to the families that enrol their children in it. That's why about 80 charter schools, 4 percent of them, have already closed or shut down. Failed charter schools close. How many failed public schools can we say that about?

Because charter schools remain public schools they do not satisfy school choice purists, and they do not satisfy single-minded market partisans. Though they are more independent than traditional public schools and though they are attended only by youngsters whose families select them, they are in fact still overseen by government, are vulnerable to shifts in the political winds, and are subject to an imperfect marketplace. Yet they are not conventional public schools, either. That's why the public school establishment looks askance at them. They aren't subject to all of the public school regulations and union contract provisions, and they don't have to hire certified teachers. They are more apt to be run by lay people than by experts, and they signal to the nation that, far from being guaranteed pupils and budgets, they must satisfy their customers and live up to their obligations.

Because charter schools are neither fish nor fowl, we probably ought not to expect either market purists or the public education establishment to embrace them. That may, however, also be their genius, the source of their broad political appeal and the basis for much of their popular appeal. As we can see, they are already having an impact. Imagine a 10 or 15 percent market shift in just two or three years for any new product! And then consider how new charter schools are. The average one is less than three years old which means that a lot of families must be desperate: they are taking a chance on brand new schools with no track records, meager funding, often housed in makeshift facilities.

Funding formulas for these schools are often complicated, but they typically don't get capital funding from the state and usually average about 80 percent of what regular public schools get by way of operating dollars. How desperate do you have to be to take your own child into something as risky as that? Yet as of 2001, they enrol half a million children, and 70 percent of all US charter schools have waiting lists. The demand for them exceeds the supply.

My colleagues and I recently published a book called *Charter Schools in Action*. In it, we explore what an "all-charter" future might look like. One

of the chapters takes an imaginary tour through an imaginary large city ten years from now, a city in which all the public schools are charter schools. When we wrote it, we thought that this was fiction, but since then we have seen the numbers starting to swell—those 15 percent enrolment numbers are certainly heading towards twenty and twenty-five percent. Serious people, often from the left, have begun to suggest that all-charters might be the solution to the crisis of urban education in America. The head of the National Urban League has suggested an all-charter arrangement for urban education in America. A mainstream group called the Education Commission of the States has suggested an all-charter school scenario for the governance of public education. We may still be fantasizing, but one day some US community is going to make all its public schools charter schools, and we will be able to see how it works.

Strange things sometimes happen in education reform. We never thought that cities would experiment with vouchers but, lo and behold, we now have several places trying them. We never thought we would see the New York State legislature pass a charter law but, lo and behold, there are now charter schools in New York state, the Kremlin of teacher-union political influence! (It turned out that New York State legislators care about one thing more than they care about the teachers' union: their own pay. When the governor said that under no circumstance would he sign the recent pay raise without first approving the charter school bill, the charter school bill passed! It passed in the state that I thought would be last to pass a charter school law!)

The benefits of charter schools, and other forms of school choice, are apparent in two ways. One benefit applies directly to the youngsters who can go from bad schools to better schools, from dangerous schools to safer schools, and from schools that never teach them to read to schools that teach everybody to read. That's one benefit. The other benefit is that competition turns out to be good for the system, too, even though the system doesn't appreciate it.

In the presence of competition, the system must face the fact that it no longer enjoys a monopoly. If schools want students and the dollars that accompany them, they must attract those students, and in order to attract them they have to provide quality education. Our research suggests that the typical public school reaction to charter schools and school choice passes through four predictable stages.

In stage one, public school boards seek to kill the idea. "Stop it, say no to charter schools," they say. "We will have nothing to do with them."

When stage one fails and the public school establishment recognizes that charter schools are inevitable, their stage two reaction appears. They try to minimize them, to keep charter schools as few, as weak and as regulated as possible. They rationalize that since they can't stop charters cold they must at least prevent them from spreading. Today most of the United States is caught in stage one or two.

The stage three reaction of public schools is to start to compete against those upstart charters. To get kids back, the old public schools start offering what people want. If parents prefer a Montessori school, the public schools ask, why can't we offer that? If it is after-school programs they want, why can't the school system provide that? They want uniforms, why can't the school system offer schools with uniforms. Compete back.

We now have a lot of communities beginning to deal with the competition from charter schools by competing better. They hate it but it's good for them and even more importantly, it's good for the kids attending the system who now must be competed for instead of being taken for granted.

Finally comes stage four, which only a few communities have reached so far. Stage four occurs when public school districts take the charter opportunity and turn it into something that benefits the system. It happens when districts use the charter law to accomplish things not possible under the regular regulations and union contracts. They might start a different kind of school, or staff it differently, or use it as an R and D centre, or use it for youngsters who do not fit into the regular system. A number of communities have begun to use the charter opportunity to their advantage, finding new freedom from both state regulations and union constraints.

Most of the country remains stuck in stages one or two. But we are beginning to see enough examples of stages three and four to prove the theory works. Competition works. It changes systems that were once monopolies. They hate it but they do begin to respond.

I have been pummelling the unions a wee bit here but let me say, because it is a matter of real significance, that by almost everybody's account the first American proponent of charter schools was the late Albert Shanker, the American Federation of Teachers' very distinguished and long-time president. In a 1988 speech at the National Press Club, Shanker spoke about an arrangement that would, in his words,

enable a school, or any group of teachers within a school, to develop a proposal for how they could better educate youngsters and

then give them a charter to implement that proposal. All of this would be voluntary; no teacher would have to participate and parents would choose whether or not to send their children to a charter school. For its part, the school district would have to agree that as long as teachers continue to want to teach in the charter school and parents continue to send their children there, and there was no precipitant decline in student achievement indicators; it would maintain the school for at least five to ten years.

Al had come back from observing some schools in Germany that inspired him, and he was suggesting that the US do something similar.

How are we doing with these charter schools that Shanker envisioned? The movement is too young for us to have sufficient academic achievement results, so let's be candid. We don't know yet. The typical charter school is 2.8 years old and most of the achievement data available today are state-specific and somewhat mixed. Clients, however, are very happy with what they are getting. All sorts of surveys indicate a very high satisfaction level among both charter parents and students.

Just as importantly, there is a very high satisfaction level among charter-school teachers. This is true not just when teachers are surveyed by people who think charters are a good idea, but also when the National Education Association itself surveys them. The NEA has also found, to its amazement, that teachers like charter schools. They like teaching in them and would like more opportunities to teach in them.

I could go on at greater length about accountability for charter schools, which deserves a whole chapter of its own, but I want to return to the larger idea, which is chartering as part of a reinvented public education system. In this reinvented system, officials play a strategic role, not necessarily a functional role operating the schools themselves. We need to reinvent public education so it is no longer run like the highway department, but instead functions through a wide variety of providers of educational services. Public support of schooling without government provision of schools is probably the simplest way to put it. Or call it fostering decentralized control, entrepreneurial management and grassroots initiative.

The charter movement has brought this possibility to life and, I think, done so more effectively than any other form of school choice today in the United States. But let me briefly mention the four other forms of school choice that I think are most interesting.

Vouchers

First are vouchers. We once thought vouchers would never happen with public funds yet now there are three prominent places in the United States where government money pays for vouchers. More places will soon offer vouchers and, depending on a US Supreme Court ruling on a First Amendment issue, lots more places will offer them the day after tomorrow. But vouchers are not spreading quickly compared to charter schools.

Privately funded vouchers, also known as scholarship programs, *are* spreading quickly. They are cropping up like mushrooms thanks to generous private donors who want to improve the educational opportunities of low-income children. A foundation I am involved in, for example, has helped create one of these programs in Dayton, Ohio. This small community of twenty-two thousand kids has all the problems of a big urban education system but now, with the help of a privately funded scholarship program, about a thousand low-income kids are attending independent and parochial schools. Early results suggest that with the help of these privately funded vouchers, these children are learning more in their new schools than their counterparts in the old schools.

Outsourcing

The second of these four other, marketplace style reforms is outsourcing. Outsourcing is the term used when private operators contract with public school systems to run certain public schools. I spent a couple of years with the Edison Project, one of the two dozen private firms that now undertake these contracts. The Edison Project operated more than 100 public schools in 2000-01. Some of them are charter schools but most of them are operating under contract to public school districts, which have decided to outsource the schools they can't seem to fix. Let's see if someone else can make a difference. The state of Maryland recently contracted with Edison to operate several of the worst schools in Baltimore, schools that have proven unfixable over the last couple of decades. A similar arrangement is underway in Chester-Upland, Pennsylvania. The small town of Inkster, Michigan has contracted with Edison to operate its entire school system.

Home Schooling

The third of these four market-style reforms is home schooling. About a million children in the US, about 2 percent of all children, are currently

being home-schooled. Their parents have withdrawn from conventional education in favour of teaching their own children at home. There are more of these parents all the time and there are more resources available to them, which leads me to my fourth example because it integrates very nicely with the home schooling example.

Technology

My fourth example is technology. Technology promises to liberate people from physical schools altogether and to enable them to obtain education for their children without ever putting them under the roof of a school building. In a similar way, we have been liberated from travel agents, and our ability to get medical opinion over the Internet has liberated us from doctors. I know several Internet startups that intend to offer a complete elementary/secondary education over the Internet backed by world-class curriculum and instruction, and they intend to market it directly to parents. We already have two dozen virtual schools in the United States. Some of them are charter schools. The first virtual charter school in Ohio was established recently and California already has a half dozen of them.

I used to be something of a Luddite, but now I think we are going to discover that children can be educated anywhere: at a school, at home, at the YMCA, or at a parent's workplace, in the study room that will be created there. Using a wide variety of sources of curriculum and instruction—some of which will come through the computer, some through the mail, some in the form of a CD-ROM, and some as videotapes or audiocassettes—parents will choose to combine different forms of instruction. If they don't want their children to be educated in only one place, they will send them to school for the morning and somewhere else for the afternoon. Other parents will supplement their child's education after school. Our one million home scholars could easily become several million if parents no longer had to think up the curriculum and the pedagogy themselves, once it became readily available to them from third party sources. I know this is going to happen because I know people who intend to make it happen, who have lots of money with which to make it inevitable. Like the Internet, virtual schooling is bound to have worldwide consequences. If you can sit in Idaho or Ohio and take advantage of it, there is no reason that you can not sit in Lucknow or Singapore or even Toronto and access the same opportunities for your children.

I have said enough to suggest why I am optimistic for the first time in a quarter of a century in this field. It is not that we have the problems of public education solved, or that any of these reforms is a panacea, a pill that can be swallowed to cure everything tomorrow. No, but the number of remedies, the number of experiments, the number of things that are genuinely different and better is, I think, extremely encouraging. They give us the first outline of how education systems in the United States, Canada, and around the world might be reinvented for the benefit of children, teachers, and the larger society.

Note

- 1 This speech was given on April 1st, 2000, many months before the election of George W. Bush.

