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The Heartland Report on School Finance Reform for Illinois

Part 2

Alternative Principles for School Finance Reform

By

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Background

About The Heartland Institute

The Heartland Institute is an independent, nonprofit, and nonpartisan research institute devoted to meeting the information needs of the nation's elected state and local officials, journalists, and the interested public.

Founded in 1984, The Heartland Institute has published seven books, 72 *Policy Studies*, and over 300 *Perspectives*. Heartland's participation in Illinois' school reform debate began in 1986 with commentaries on private alternatives to the Chicago Public Schools. In 1986, 1988, and 1989, Heartland published seminal research on independent schools in Chicago's center city, teachers in private practice, and expenditure and size efficiencies of public school districts. In 1988, Heartland copublished *We Can Rescue Our Children*, a book advocating reform of Chicago's public schools. In 1991, Heartland published *Rebuilding America's Schools*, an educational choice design manual.

The Heartland Institute has a full-time staff of eight people working out of offices in Palatine, Illinois (a Northwest suburb of Chicago). During 1996 it expects to raise and spend approximately $1 million. For more information, write to The Heartland Institute, 800 East Northwest Highway, Suite 1080, Palatine, Illinois 60067; call 847/202-3060; or visit our site on the Internet at http://www.heartland.org.

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Introduction

In Part 1 of this report, we replied to the March 1996 report of the Governor's Commission on Education Funding.[1] Chaired by Stanley O. Ikenberry, the president emeritus of the University of Illinois, the Commission's charge was to "develop and recommend an action plan for the reform of the primary and secondary education funding system in Illinois, with emphasis on the areas of equity and fairness." (page 1)

In this second and final part of our report, we advance an alternative set of principles for school finance reform in Illinois. In many ways, these principles follow the lead of the Governor's Commission. For example, we too seek to create a connection between funding and outputs; we seek to clearly define academic standards; we call for substantial property tax relief; we try to give affluent districts a bigger stake in the state funding system; and we offer a constitutional amendment to protect taxpayers from "bait and switch" trickery once reform legislation is enacted.

Our disagreements with the Commission usually arise from how the principles are implemented.

Our disagreements with the Commission usually arise from how these principles are implemented. For example, the Commission proposes to link funding and outputs by stronger enforcement of laws that allow the state to take over and otherwise intervene in the operation of local schools. We believe this approach hasn't worked in the past, and new efforts along these lines would undermine local control and accountability. The Commission wants clearly defined academic standards, but seems content to allow the state to develop those standards, design the tests, and interpret the results. We doubt that the state can do this without arousing justified dissent from families that span the political, religious, and ideological spectrums.

The Commission would make $1.6 billion in property tax relief possible by increasing state taxes by $2 billion. We believe this is a poor trade in light of empirical evidence showing that state funding is associated with lower test scores, and also because income taxes are inferior in several ways to property taxes. We wish the Commission had explored, instead, the possibility that *increasing school efficiency* could make property tax relief possible.

Each of these disagreements was spelled out in Part 1 of this report. Having criticized the Commission's recommendations, we feel obligated to put forward an alternative plan of action. Like the Commission, we propose eight principles of school finance reform. Principle 7 presents The Heartland Plan, a proposal that incorporates the earlier principles. Principle 8 presents a proposed constitutional amendment that would implement The Heartland Plan.

The Heartland Plan is meant as a point of departure for further debate. It was not designed through a consensus process and does not have any political patrons (that we know of). We believe it answers the challenge to "come up with a plan" based on the principles of reform. We realize the plan is only a brief outline of what the final product would have to be, and we welcome the help of others in modifying and improving on our beginning.

The Heartland Plan is meant as a point of departure for further debate.

In Part 1, we observed that the Commission had little to say about the mediocre and sometimes disastrous state of public education in Illinois. Absent such an overview, we wondered how a case could be made for either fundamental reform or increased levels of funding. We provide the missing information in an essay in Appendix A titled "The Condition of Education." That essay summarizes the condition of education nationwide, in Illinois, and specifically in Chicago. We take the opportunity to respond to the new crop of apologists who claim our schools are "good enough" or are failing for reasons beyond anyone's control.

One of our most important recommended reforms is to give parents the ability to choose the schools their children attend. We understand that the proposal is controversial, due at least partly to misconceptions about how educational choice programs can be designed and financed. We address those issues in Appendix B: "Is Educational Choice the Answer?" Included in that essay is a review of who supports choice and answers to commonly asked questions.

As Illinois lawmakers grapple with the difficult issue of reforming the state's education finance system, we hope they find the information and analysis contained in this report of use. We look forward to working with members of the Governor's Commission, elected officials, educators, taxpayers, and concerned parents in the months ahead.

1. Improve all of Illinois' public schools

Illinois needs to improve *all* of its schools, suburban as well as urban, in Chicago as well as downstate. Every school in Illinois could do a better job, *and needs to* if we are to achieve the goal, set forth in the Illinois Constitution, of providing for "the educational development of all persons to the limits of their capacities."

Our schools have a major impact on the quality of the lives of our children and the safety and prosperity of our communities. What happens inside our schools helps determine whether our children become good citizens, leaders, and skillful workers, or "slackers" who are burdens on, or even threats to, our communities.

The present injustice

The authors share the frustration and anger expressed by many advocacy groups in Illinois over the fact that many children do not receive quality educations. Unlike our colleagues, however, we do not spare from criticism those schools that are performing poorly despite being amply funded. This includes the Chicago Public Schools, whose high per-pupil spending and low achievement make it an easy target, but especially the seldom-criticized suburban and downstate public schools.

In communities throughout Illinois, dysfunctional public schools are ruining the American Dream by cutting off the bottom rungs of the ladder to success.

Education is an essential ingredient of the American Dream. Through schooling, every person regardless of origin can enter adult life equipped to be a productive citizen, able to compete for honor and reward, and able to achieve his or her own definition of happiness and success. In communities throughout Illinois, however, dysfunctional public schools are ruining the American Dream by cutting off the bottom rungs of the ladder to success.

The school-quality deficit is worst in Chicago. According to the Council of Great City Schools, in 1992 Chicago ranked last among the nation's 47 largest cities in achievement and very near the bottom in attendance and in graduation rates.[2] A 1994 study found that, five years after reform, the Chicago Public Schools were less safe, attendance rates had improved only slightly (from 87.1 percent to 89.1 percent), and student performance had fallen on ten of 14 test scores while improving on only three.[3]

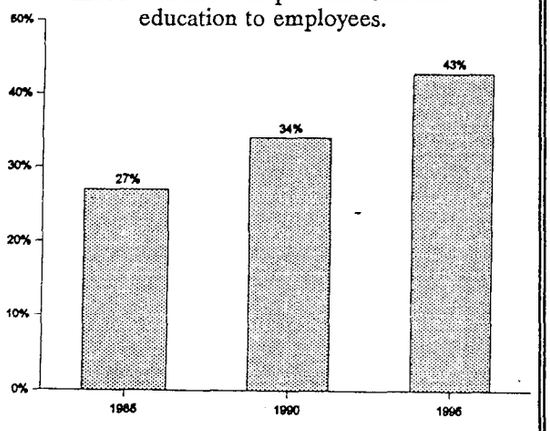
Many people believe Illinois' public schools are "good enough" and that only inner-city schools are failing. *This is untrue.* Based on the sketchy data available, Illinois' public schools are very near the national averages on most measures of achievement. (See Appendix A for more on this.) But the national average is anything *but* good

enough. The latest National Assessment of Educational Progress[4] found that almost 33 percent of high school seniors cannot answer basic geography questions. Sixty percent of seniors flunk a similar exercise in history. And only 16 percent of seniors meet the requirements for mathematics set by the National Educational Goals Panel.

Otto Controls Engineering Co., a manufacturing company in suburban Carpentersville, Illinois, administers a sixth grade math test to all its job applicants. The one-page test, provided by Elgin Community College, is designed to be completed by sixth graders in just five minutes. Yet Jack Roeser, CEO of Otto Controls Engineering, reports that just 20 percent of all applicants are able to pass the test in the time allowed.[5] When the job applicants are given ten minutes, about half pass the test. *Most of these job applicants are graduates of suburban high schools.*

The Growing Burden on Businesses

Percent of U.S. businesses with 100 or more workers who provide remedial education to employees.



Source: *Training* magazine

Otto Controls is hardly unique. During the 1980s, Motorola found that 60 percent of its work force couldn't master seventh-grade math problems, such as computing percentages and simple arithmetic.[6] Annual polls conducted by *Training* magazine have found a growing percentage of firms must provide remedial training for their employees.[7] (See graph on this page.) *Sixty-seven percent of those requiring remedial education are high school graduates.*

Some people believe public schools in some of Chicago's affluent suburbs are delivering high-quality educations. *Even this may be untrue.* One leading scholar calls high SAT scores (the most commonly cited "proof" of suburban school quality) "an irrelevant measure of educational quality" because the test fails to cover most of the knowledge taught in high schools, including science, foreign languages, English literature, and history.[8] The SAT and ACT tests do not measure school effectiveness, and the SAT was specifically designed to be "curriculum free."[9]

Well-funded suburban public schools also do poorly compared to schools in other countries. As John Bishop writes:

> The gap between American high school seniors in middle class suburbs and their counterparts in many northern European countries and Japan is larger than the two to three grade level equivalent gap between whites and blacks in the U.S.[10]

In the Second International Assessment of Educational Progress, conducted in 1991, our 13-year-old students ranked in last place in science and ninth out of ten countries in mathematics.[11]

The gaps between U.S. suburban students and their international counterparts, and between white and black students here in the U.S., are shocking, unjust, and intolerable.

The gaps between U.S. suburban students and their international counterparts, and between white and black students here in the U.S., are shocking, unjust, and intolerable. They tell us that the entire public school system in Illinois is in deep trouble, not only those schools that receive less funding than others.

The need for radical reform

In a situation where the lack of quality is almost universal, attention should be focused on fundamental change, not simply rearranging furniture. Yet, few of Illinois' business leaders have publicly advocated the kind of genuine restructuring that the state's public schools need. The Governor's Commission on Education Funding, which had significant business representation, would only recommend charter schools and intradistrict public school choice, both old ideas that would benefit few students.

Outside of Illinois, America's business and education leaders have recognized the crisis in public education. In 1991 they launched the New American Schools Development Corporation (NASDC). While NASDC's actual accomplishments have been modest, its vision of what needs to be done still rings true today. The mission of NASDC is to create "a new generation of American schools." Such schools, these leaders said, would be:

> light years beyond those of today, schools that help every child reach world class standards in at least five core subjects, schools that help all children prepare for responsible citizenship, life-long learning, and productive employment, schools that set the pace for the nation -- and for the world.[12]

Phrases such as "world class standards" and "set the pace for the nation -- and for the world" are seldom heard in the debate over school reform in Illinois. Significantly, they do not appear in the Governor's Commission on Education Funding report. We believe this reflects a tragic lack of vision and political courage.

We appeal to lawmakers, journalists, parents, and educators everywhere to set their sights higher -- *much higher* -- than the goals put forth in the Commission's report. The fate of 1.8 million Illinois schoolchildren hangs in the balance.

2. Require that education reforms be market-based

In Part 1, we quoted Minnesota school reform expert Ted Kolderie saying "education has not had to innovate in order to survive," and "like any managers comfortable in a cartel, [educators] cling tightly to the traditional 'givens' of their system."[13] To end this complacency, educators need to be exposed to the market forces -- competition, profit and loss, ownership, and rewards for innovation and cooperation -- that fuel the drive for efficiency and effectiveness in the private sector.

> The behavior of *all* of the stakeholders in education must be changed through exposure to market forces.

In a remarkable paper written shortly before his death in 1994,[14] James S. Coleman argued that significant improvements in education could be possible by studying the recent experiences of U.S. businesses. He points out that many of the methods being used successfully by businesses to increase productivity and profitability -- in particular, the creation of profit centers, spinoffs, and joint ventures -- could have applications to the education arena. Imitating business success would require exposing part of the enterprise -- not necessarily all of it -- to market discipline. According to Coleman:

> Its outputs must have greater market value than its inputs. If this fragment of a bureaucracy is to be successful, it must achieve a design which is output-driven rather than administratively driven. This implies an internal organizational structure which replaces, in at least certain respects, administrative authority with the authority of a market.[15]

The restructuring Coleman had in mind requires much more than converting state aid into block grants or enabling public schools to compete with one another for students. It requires *de-organizing* a part of the current hierarchy so that it can respond to market signals and customer demands rather than to laws, codes, and regulations.

This market-based approach to school reform makes it possible for academic achievement to leap ahead by changing the behavior of *all* of the stakeholders in education: students, teachers, administrators, and parents. It is "radical" reform in the truest sense of the word, since it goes to the root of what is wrong with public schools today, changing fundamentally what takes place in the classroom.

Reforms that reach students

In too many schools in Illinois, students are disengaged from their studies and an anti-academic culture has been allowed to flourish. Talented students coast, taking easy

classes and never developing good study habits. Students who could earn good grades by studying harder often realize they will be promoted to the next grade even if they do not demonstrate academic progress. They see in their classrooms students who openly ridicule academic achievement and disrupt classes, yet are not removed from the school.

Since it comes so cheaply, few students place much value on getting a high school diploma. And they receive little encouragement from parents: A recent survey found that nearly half of all parents don't believe a high school diploma signifies mastery of even basic literacy skills.[16]

A recent survey found that nearly half of all *parents* don't believe a high school diploma signifies mastery of even basic literacy skills.

We believe there are many things that could be done to give students incentives to study hard and take challenging courses. They include the following:

- **Sponsor more interscholastic competitions** to allow students to display their advanced academic achievement without having to compete against students in their own schools. Sports and debate programs are models to build on.

- **De-emphasize SAT and ACT test results** because the first test measures aptitude, not achievement or mastery of coursework, and both are typically taken by only a small percentage of students in their senior year. Emphasize instead tests that are curriculum-based and taken at regular intervals by all students.

- **Provide financial and status awards for high achievement** that reward students and teachers as well as parents. It is not "crass" to award scholarships, savings bonds, bicycles, or other prizes to high-scoring students. Nor is it unfair to reward teachers who spend time tutoring promising students with cash bonuses, special recognition, and other benefits. To control for the heterogeneous nature of student populations, measure and reward performance *gains* rather than performance *levels*.

- **Give awards to groups as well as individuals** to encourage groups of teachers and students to cooperate rather than compete as individuals. Such rewards for innovation and cooperation promote the creation of new norms inside a school and a sense of community among participating teachers and students.

- **Eliminate "no fail" policies** that signal to students that they will not be held to any standards. In addition, create *and communicate to students* a policy whereby disruptive students are encouraged to "resign" as students, but are invited to return when they are ready to learn. Some students would benefit from leaving school early and returning for their GED at a later date. Getting them out of the school would significantly benefit the school's academic culture.

- **Tighten college admission standards** and encourage colleges to scrutinize high school grade transcripts before making admission decisions. Evidence cited in Part 1 indicates that high school student achievement levels fell when colleges relaxed their admission policies, and have been stable or slightly rising since colleges began tightening their standards during the 1980s. Colleges should be encouraged to raise their standards, and high school teachers and administrators should frequently remind students of the meaning of those standards.

- **Employers should raise their standards, too.** They should ask to see grades and the titles of courses taken during job interviews.[17] Most importantly, students need to be made aware that coursework will be taken into account when they apply for jobs after graduation. Students should be able to hear real business owners say that *coursework matters*, and this should happen early (middle school) and often.[18]

Reforms that reach teachers and administrators

Too many teachers in Illinois are unwilling to challenge their students to study hard and excel. They realize that there is no reward for them if they try hard, but plenty of downside from uncooperative students, unsupportive principals, and uninformed parents. Teachers and administrators need help, not criticism, to escape from an incentive structure that discourages and frustrates their efforts to do better.

Many teachers realize that there is no reward for them if they try hard, but plenty of downside from uncooperative students, unsupportive principals, and uninformed parents.

Most of the reforms aimed at changing the incentives of students would also serve to motivate teachers and administrators. In particular:

- **Interscholastic competitions** and **financial and status awards** for high achievement would reward teachers for extra effort, give them "hooks" to motivate reluctant students, and help academics compete for attention against popular sports programs.

- **De-emphasize SAT test results** to remove the false blame (but also the false credit) many teachers get when students from their schools score low (or high) on these tests.

- **Give awards to groups as well as individuals** to reward cooperation among teachers and the development of professionalism.

- **Eliminate "no fail" policies** to allow low-achieving students to be singled out for the help they need, and so that potentially disruptive students are removed from the school.

One further reform would enable school administrators to take charge of their schools and make the decisions necessary to boost efficiency and productivity:

- **Liberate school boards from mandatory bargaining rules** on such matters as contracting for services and classroom instruction.[19] For example, legislation passed in Michigan in 1994 (Public Act 112 and Public Act 117) gives school boards the freedom to contract out food, custodial, and transportation services without being held up at the bargaining table, and prohibits unions from automatically deducting dues for political contributions. Illinois should consider enacting similar legislation.

> Public school choice, charter schools and contracting with private firms to manage public schools are not recommended because they leave in place the public school cartel.

Reforms not recommended

The education literature is filled with new compensation schemes for teachers and administrators,[20] but we find most of these to be complicated attempts to duplicate within an administrative environment what would emerge naturally in the competitive environment created by educational choice. State legislators should not attempt to anticipate or second-guess the compensation systems that would emerge after market forces are allowed to shape school organizations.

Three other reforms we do not recommend, even though they would seem to fit the description of being market-based, are public school choice, charter schools, and contracting with private firms to manage public schools. All three, in our opinion, are too small and untenable steps toward genuine market-based reform:

Too small, because they leave in place the cartel that prevents the emergence of market-based incentives. The charter school legislation signed by Governor Edgar on April 10, 1996, for example, allows for the creation of just 45 schools and allows local school boards and the State Board of Education to veto charter school applications.[21]

Untenable, because union power in each case remains undisturbed, yet is fundamentally opposed to the plans of the new school administrators. Experiences with private management of public schools in Baltimore and elsewhere seem to confirm our doubts.[22]

Allowing parents to choose the schools their children attend is a uniquely powerful tool for reform, but it is rendered ineffectual when parents may only choose among public schools operating under the same school code and with similar labor

contracts. Similarly, charter schools attempt to duplicate the enthusiasm and commitment of teachers and administrators who work for private schools, but in an environment constrained by political oversight and regulation. We doubt that state government, which has a difficult time regulating private markets, has the capacity to create artificial markets that duplicate the incentive structures and accountability of real-world markets.

These eight reforms would improve student achievement by creating positive incentives for students, teachers, and administrators.

Summary

Achieving our goal of creating a world-class school system in Illinois requires exposing parts of the existing system to market forces. Only in this way can the perverse incentives born out of complacency and bureaucracy be overturned and replaced with incentives that reward effort, innovation, and achievement. We recommend the following eight market-based reforms:

(1) Sponsor more interscholastic competitions.

(2) De-emphasize SAT and ACT test scores.

(3) Provide financial and status awards for high achievement.

(4) Give awards to groups as well as individuals.

(5) Eliminate "no fail" policies.

(6) Raise college admission standards.

(7) Convince business owners to consider coursework when making hiring decisions, and communicate that policy to students.

(8) Free school boards statewide from mandatory bargaining rules that prevent them from contracting out for support services and instruction.

We do not recommend public school choice, charter schools, or private management of public schools, even though they might be thought of as market-based reforms. These proposals do not break the public school cartel or limit the power of special interest groups inside the public school system.

3. Allow parents to choose schools

The key to successfully reforming public education in Illinois is to allow parents to choose, without financial penalties, the schools their children attend. No other single reform addresses so many of the causes of public school failure identified in this report. Giving parents the right to choose which schools their children attend encourages parental involvement in education, a proven way to improve student achievement. It also inspires competition among schools, creating rewards for responsible innovation and penalties for failure.[23]

Motivate students

The act of selecting a school creates a voluntary bond between student, parent, and school that can give rise to reciprocal duties and responsibilities. Students understand that a deliberate decision and choice were made to accommodate their needs. This is especially important for older students who often resent being treated "like a child" and having no role in so important a decision.

Second, a student's learning style and special needs are more likely to be matched to the style and strength of a school if a variety of schools are present to choose from. Mary Anne Raywid, professor of education at Hofstra University, says "the needs of youngsters vary sufficiently that a variety of learning environments is necessary if all are to succeed" and "the very traits enabling youngsters to succeed in one program would probably make for low performance in another." She concludes by saying "the evidence suggests that, if given a choice among a variety of school environments, many more youngsters could succeed."[24]

> "The evidence suggests that, if given a choice among a variety of school environments, many more youngsters could succeed."
>
> -- *Mary Anne Raywid*
> Hofstra University

Third, competition for students would prompt school officials to adopt new procedures to measure and reward academic achievement, helping to counter the anti-academic norms that often development inside public schools. Students would benefit from school environments that reinforce studying and the pursuit of excellence.

Motivate parents

Choice removes the largest barrier to parental involvement by giving parents an "exit option" when their local public school fails to provide satisfactory service. In their

1986 report on education, the National Governors' Association recognized how the absence of choice discouraged parental involvement in public schools. Their report contains this strongly worded endorsement of parental choice:

> [T]oo often, parents of students in the public school system recognize that they have no choice, and they reason that they have no responsibility. They assume that a societal institution called public school in their neighborhood has a monopoly on the education of their children. Our model of compulsory, packaged education, as it now exists, is an enemy of parental involvement and responsibility simply because it allows no choice.[25]

No amount of *political* empowerment can match the motivating effects of educational choice on parents.

No amount of *political* empowerment can match the motivating effects of educational choice on parents. Proof can be found in a comparison of Milwaukee's pilot school choice program and Chicago's local school councils. Evaluations of the former have consistently found higher levels than normal of parental satisfaction, number and frequency of contacts with school personnel, and participation in school-related community activities.[26]

By contrast, voter participation in Chicago's school council elections declined by 55 percent between 1989 and 1993.[27] Voting by parents and community residents fell even more: 68 percent. Fully one-third of all schools were unable to persuade enough people to run for positions on the local school council to offer a full slate. The average number of candidates running for each council position in 1993 was just 1.36, meaning most were unopposed. And although the meetings of the local school councils are open to the public, they rarely attract more than a handful of audience members.

The basic truth is that parents know when their participation is meaningful and when it is largely a sham. Empowered parents are able to choose the schools their children attend, not merely attend meetings where they must fight with other parents and administrators to change current policies. Educational choice, then, is a direct path to making parents more active participants in the education process. Their heightened involvement would directly benefit students.

Build community support around schools

Public schools recruit students based on where they live, not according to their educational needs, their parent's values, or other educationally relevant factors. The result is disagreement among parents, educators, and administrators about the mission and best practices to be used in the school. Lacking choice, parents must fight one

another and administrators in a "win-lose" situation to get what they want. John Chubb and Terry Moe expressed it like this:

> Lacking feasible exit options, then, whether through residential mobility or escape into the private sector, many parents and students will 'choose' a public school despite dissatisfaction with its goals, methods, personnel, and performance. Having done so, they have a right to try to remedy the situation through the democratic control structure. But everyone else has the same right, and the determinants of political power are stacked against them. Democracy cannot remedy the mismatch between what parents and students want and what the public schools provide. Conflict and disharmony are built into the system.[28]

Educational choice allows schools to recruit students based on the shared values of their parents, rather than by where they live. This would dramatically reduce the "conflict and disharmony" built into the public school system, creating "win-win" opportunities for parents and educators to work together to support the learning process.

Lacking choice, parents must fight one another and administrators in a "win-lose" situation to get what they want.

Motivate teachers and administrators

"If parents were able to choose which secondary school their child will attend and school funding is based on enrollment," writes John Bishop, "the pressure on school administrators to provide a high quality academic program will be particularly intense."[29] Educational choice would, in the words of James Coleman quoted earlier, "replace, in at least certain respects, administrative authority with the authority of a market."

If private schools were included in the educational choice program, as we recommend in the next section of this report, enactment of the choice program would prompt the creation of many new, small, and innovative schools. Many of these schools would be operated by people who now work in public schools, but who long for the opportunity to work outside the constraints of bureaucracy and with smaller groups of pupils. These small teams of teachers would create schools with many of the features of effective organizations, including strong leadership, a focus on academic success, teamwork, high teacher morale, and high expectations for students.

The opportunity for educators to start their own schools would dramatically reduce the power of teacher unions by breaking the monopoly they now exercise over the supply of teachers to the schools. And as the negotiating power of teachers returned to a level appropriate for unions in professional workplaces, compensation schedules

that now reward seniority and college credits at the expense of skill and accomplishments would finally change for the better.

Public support for choice

Allowing parents to choose the schools their children attend is extremely popular in the U.S. Perhaps surprisingly, so too is the idea of allowing *private* schools to participate in these programs through publicly funded "scholarships" or "vouchers."

A 1995 national opinion poll produced by Public Agenda, a New York-based liberal advocacy group, found that *nearly six in ten parents with children in public schools would send them to private schools if they had the money.*[30] When asked the first thing that should be done to improve failing public schools, more parents said "give parents vouchers to make private schools a more affordable option" than any other answer.

> Nearly six in ten parents with children in public schools would send them to private schools if they had the money.

A 1985 survey of Chicagoans conducted for the Chicago Panel on Public School Policy and Finance found that 69.1 percent said they would place their children in private schools if they could afford to do so.[31]

A 1990 survey of Illinoisans by the Center for Government Studies at Northern Illinois University[32] found that 45 percent supported and 42 percent opposed education vouchers. Support was greatest among respondents with incomes under $14,000 (51 percent approval), African-Americans (58 percent approval), and Hispanics (63 percent approval). Significantly, this survey also found stronger support for vouchers among Democrats than Republicans and among parents with children in school than parents without.

A 1992 survey of African-American attitudes toward education, conducted by the Joint Center for Political and Economic Studies, found 88 percent of blacks favor education choice plans that include any public or private school.[33] Black Democrats and black Republicans favor choice by exactly the same margin. A stunning 95 percent of black families with annual incomes of less than $15,000 favor choice. (Such strong support among minorities is predictable since they are most likely to live school districts with the lowest quality public schools.)

Gallup Polls have consistently found that pluralities or outright majorities of parents favor vouchers. The 1992 Gallup Poll showed 70 percent support for vouchers, including 86 percent support among blacks and 84 percent among Hispanics.[34] A Lou Harris Poll that year found vouchers favored by 69 percent of the public. An Associated Press survey that year found 63 percent of Americans supported President Bush's "G.I. Bill for Kids."[35]

Is choice politically possible?

In states across the country, choice programs that include private schools are either in place or are on the brink of legislative approval. Illinois would be neither the first nor the last to implement such a program.

In Vermont, a choice program that allows Vermont towns to pay the tuition of students attending private schools has been operating for over one hundred years.[36] Minimum tuition amounts are set at the average cost of tuition at a Vermont public high school, with parents usually responsible for paying any additional tuition charges and transportation. Tuition is reimbursed for students attending local private schools, schools in other states, and even schools in other countries.

In Vermont, tuition is reimbursed for students attending local private schools, schools in other states, and even schools in other countries.

In Wisconsin, a choice program was started in 1990 that allows up to 1 percent of students in the Milwaukee Public Schools (MPS) to receive state aid of approximately $2,500 per student to attend private schools. The program is available to low-income students only, and sectarian schools have not been allowed to participate. Evaluations of the program have found modest positive effects on test scores and significant positive effects on parental involvement.[37] The Milwaukee program should settle the question of whether scholarship plans "skim" the best or most motivated students. According to John Witte:

> [R]ather than skimming off the best students, this program seems to provide an alternative educational environment for students who are not doing particularly well in the public school system. . . . Choice families appear to be considerably less well off than the average MPS family in terms of employment, income, and being on public assistance or AFDC. They are also less likely to come from two-parent families.[38]

Wisconsin Governor Tommy Thompson has proposed expanding the program from eight hundred students to 15,000 students and allowing sectarian schools to participate. The expansion plan is being challenged in court by the National Education Association and its allies.

In Ohio, a new choice program has been enacted that would give approximately two thousand pupils attending Cleveland public schools scholarships of up to $2,500 each. The plan is being challenged in court by the National Education Association and its allies.

In Minnesota, Governor Arne H. Carlson has announced plans for a pilot choice plan that would include Minneapolis, St. Paul, a suburb, and a rural area.[39] Low-income

families would qualify for scholarships of between $500 and $3,000 to attend the nonpublic school of their choice, including religious schools.

In Pennsylvania, Governor Tom Ridge had proposed a five-year pilot choice plan involving more than one hundred selected school districts. Qualifying students would receive scholarships of up to $1,500 and be able to choose sectarian schools. The plan, similar to one that was defeated by a single vote in the state legislature a year ago, was withdrawn from consideration in early 1996 due to opposition from the National Education Association and its allies.[40]

A voucher plan for Washington, D.C., was overwhelmingly passed by the U.S. House of Representatives.

In Washington, D.C., a scholarship plan overwhelmingly passed by the U.S. House of Representatives was removed from a spending bill by the Senate after liberal Democrats threatened a filibuster. According to one account, "Had [Senate Majority Leader Bob] Dole stood up and made the education-reform package for D.C. a big issue, it would have gone through."[41]

Why Illinois doesn't have educational choice

The only thing standing in the way of state-funded scholarships in Illinois is a lack of political courage. The public supports vouchers by wide margins. Other states are implementing choice plans with good results. A well-designed school choice plan would cost the state's taxpayers less (a point documented below), as well as address the concerns of those who are offended by spending variations between districts.

Standing between Illinois' school children and educational choice is the state's best financed and most powerful special interest group: teacher unions. The battle is even more one-sided when unions are joined in the debate by PTAs, school boards and school administrators, who as Charles Sykes points out are often controlled by unions.

Can the influence of teacher unions be overcome? The experience of other states suggests that the answer is "yes." A recent editorial in *The Wall Street Journal* points to an international experience that may also give hope to reformers:

> Any politician who thinks the teachers' unions are beyond mortal control might remember that this was the conventional wisdom about British Coal -- untouchable. Then Maggie Thatcher launched a step-by-step reform of trade union law. The confrontations were ugly, but it worked, starting British industry's transition back to a competitive marketplace. New York City's [or, we would say, Illinois'] students may only hope that someday someone wages the same fight to get them better treatment than lumps of coal.[42]

4. Include private schools in educational choice programs

To be truly effective, educational choice programs must include private as well as public schools. It is also essential that sectarian schools participate.

> To be truly effective, educational choice programs must include all private schools, secular as well as sectarian.

When educational choice programs are limited to government schools, parents who choose private schools must pay twice: once when they pay their school taxes, and again when they pay tuition. Under such conditions, public schools are allowed to be significantly less efficient and effective than their private competitors without any risk of losing funding or enrollment.

We strongly recommend that Illinois lawmakers enact an educational choice program that extends to all private schools, secular as well as sectarian, within the state of Illinois as well as outside the state's borders. We believe *comprehensive educational choice* -- what is often called a "voucher" or "scholarship" program -- is a sound policy for the following reasons.

More choices

Public schools in most communities closely resemble one another in curriculum, staffing levels, facilities, and policies. This uniformity is due to the homogenizing effects of the state school code, regulations and mandates accompanying federal and state aid, lifetime tenure for teachers, and "boiler plate" contracts negotiated by teacher unions. Offering parents a choice of schools that differ only in insignificant ways would be unlikely to promote parental involvement, responsible innovation, or any of the other changes we seek.

Opening up an educational choice program to private schools, by contrast, would create much higher levels of competition, including competition from unexpected directions. For example, new schools may emerge that are located in shopping malls or at large workplaces, making it easy for parents to transport students, visit classrooms, and monitor lunch hours. Schools may emerge without traditional assets, such as buildings and desks, and instead have students study in small groups at homes connected electronically or visited each day by traveling teachers.

Opportunities to innovate with facilities, curricula, teaching methods, and parental involvement are nearly infinite. Private schools, however, innovate *responsibly* because their administrators and overseers have a financial stake in the outcome. An irresponsible innovation -- one unlikely to improve student achievement, and

consequently win parental approval -- causes a school's owners personal financial losses. Successful innovation, on the other hand, is likely to increase profits. This trial and error process, constrained by the profit motive of owners, produces valuable information about what works and what does not.

Religious schools

Approximately 80 percent of private schools are affiliated with churches. This affiliation developed in large part because parents with religious convictions are the most motivated to sacrifice to send their children to private schools. But it is also because it is nearly impossible for an unsubsidized private school to compete with the "free" schooling offered by the public schools. In other words, many private schools are religiously affiliated because churches are the only source of "venture capital" in an industry dominated by a "free" public service.

Many private schools are religiously affiliated because churches are the only source of "venture capital" in an industry dominated by a "free" public service.

Excluding religious schools from an educational choice program would dramatically reduce the number of schools parents could choose from. Furthermore, excluding these schools guarantees that many of them would be forced to close in the coming years, as so many are closing already due to difficult financial circumstances. Allowing sectarian schools to participate, then, dramatically increases the number of schools among which parents may choose.

The Milwaukee school choice program does not allow sectarian schools to participate. As a result, few schools qualify and fewer slots are available (approximately eight hundred) than were authorized by law or are sought by parents who applied for admission to the program. Wisconsin Governor Tommy Thompson is moving to correct the situation by allowing religiously affiliated schools to participate, although once again he is being opposed in the courts by teacher unions.

Since parents seeking religious instruction for their children can already find schools that meet their needs, a scholarship program would benefit most those parents seeking quality schools *without* religious instruction. State-funded scholarships would dramatically increase the number of private secular schools by creating a non-church source of capital, as well as provide desperately needed financial relief for many religiously affiliated schools that now enroll low-income students from other faiths.[43]

Including religiously affiliated schools in a choice program does not pose constitutional problems so long as the choice program is created to achieve secular ends (a quality education for all children, regardless of faith), the money goes directly to parents rather than to schools, and the program does not raise the risk of excessive

entanglement of government and churches.[44] A well-designed school choice program can meet this test, a point we address we greater detail in Appendix B.

A matter of justice

Many legal scholars and First Amendment experts believe that limiting public funding to government-run schools is unjust.[45] Parents who choose religious schools are expressing their religious convictions and exercising their right to oversee the education of their children, two constitutionally protected activities. As the late Virgil Blum wrote:

> The denial of educational benefits to children and youth whose parents wish to send them to independent schools is economic coercion to conformity that deprives both parents and children of basic constitutional liberties. It penalizes parents and children because of their exercise of rights guaranteed by the First Amendment.[46]

Stephen Arons, professor of legal studies at the University of Massachusetts at Amherst, agrees:

> In essence, those who dissent from majority values in schooling have faced the choice between sacrificing their freedom of belief and expression to obtain a government subsidized education or paying twice to secure their birthright under the Constitution.[47]

"The denial of educational benefits to children and youth whose parents wish to send them to independent schools is economic coercion to conformity that deprives both parents and children of basic constitutional liberties."

-- *Virgil C. Blum, S.J.*
Marquette University (1958)

Summary

Educational choice programs that are limited only to public schools are a poor substitute for *comprehensive* educational choice. Parents are deprived of the ability to choose among schools that differ in significant ways. Public school administrators are deprived of the opportunity to learn from the innovations of competing schools whose managers have an equity stake in their success. A fundamental injustice is left in place -- the denial of educational benefits to people who prefer, for whatever reasons, an education for their children different from what the state provides. For these reasons, Illinois' educational choice program should include private schools, secular as well as religious.

5. Create a system of curriculum-based external examinations

The transformation of Illinois' schools would not be complete without a method of accurately measuring student performance gains and communicating this information to all of the stakeholders.[48] The uniquely heterogeneous nature of education makes measuring outcomes difficult and controversial. Yet, without objective information about outcomes, parents will be unable to choose effective schools and the paradigm of market competition would be missing an essential part.

Defining a CBEE

As mentioned earlier, SAT and ACT scores fail to provide sufficient information about student progress or achievement because only seniors take them, and the SAT does not cover most of the knowledge taught in high school. The Illinois Goal Assessment Program (IGAP) test and the school report cards required under the Better Schools Accountability Law offer a better basis for generating this information. However, as the Governor's Commission points out (page 8), the IGAP test would need to be modified if it is to play a larger role in school finance reform.

The transformation of Illinois' schools would not be complete without a method of accurately measuring student performance gains and communicating this information to all of the stakeholders.

We urge the State Board of Education to move in the direction of exams that actually reflect what is taught in school: that is, *curriculum-based* exams. Moreover, these exams should be administered by persons outside the school in order to rescue teachers and administrators from the conflicts of interest inherent in having to set standards, measure performance, and take responsibility for the results. In other words, the exams should be *externally* administered. What we need, then, is a system of *curriculum-based external examinations (CBEE).*[49]

According to Cornell University professor John H. Bishop, a CBEE should be designed to perform the following functions:[50]

1. Produce signals of student accomplishment that have real consequences for the student.

2. Define achievement relative to an external standard, not relative to other students in the classroom or the school.

3. Be organized around specific disciplines.

4 Signal multiple levels of achievement on the discipline (not pass/fail).

5. Assess a major portion of what students studying the subject are expected to know and be able to do.

6. Be perceived as fair.

7. Reliably measure achievement.

8. Evaluate mastery of a particular curriculum that is taught in schools.

9. Cover a majority of secondary school students.

New York's Board of Regents exams are currently the only exams in the country that are curriculum-based, taken by a significant number of students in various grades, and administered by an agency that is external to the schools. Statewide, about 38 percent of New York students take the Regents tests. A serious proposal was made in November 1995 to require that all students take the exams.[51]

Because New York's schools lack many of the other components of effective reform, we would not expect the exams alone to have a dramatic effect on student academic achievement. Nevertheless, there is some evidence that the program is working: When social background is controlled, New York's students perform better on both the math and verbal sections of the SAT-I than students living in other states; and a larger proportion of the state's 11th and 12th graders are taking and passing advanced placement exams in English, science, math, and history than any other state except Utah.[52]

> The exams would remove teachers and administrators from the awkward position of having to set standards as well as push students to attain them.

Benefits of CBEEs

Modifying the IGAP tests into a CBEE, or adopting CBEEs in some other way, would positively affect the incentives facing all of the stakeholders in the state's education system:

- **College admissions officials and employers** would have information on student achievement that is more objective and reliable than grade point averages, which are easily inflated by taking easy courses. By basing admissions and employment

decisions on the CBEE, they would send a strong signal to students that studying hard and taking challenging courses pays off.

- **Parents** would receive accurate information about how schools differ by academic quality, enabling them to make informed choices. A CBEE can also allow schools to report performance *improvement*, not only the *level*, and so control for differences in the aptitudes of students.

- The exams would remove **teachers and administrators** from the awkward position of having to set standards as well as push students to attain them. The exams would also benefit teachers by providing an objective measure of success relative to other schools in the state. Teachers can also use CBEE results to communicate to parents, guidance counselors, and principals how a challenging course or academic track is benefiting a student even though his or her grade point average may have declined.

- **Students** would have a way to demonstrate their mastery of coursework in a way that is directly linked to rewards: employment opportunities, admission to a selective college, or recognition in the school or local community. Students would also be able to compete with students outside their own school, avoiding the destructive egalitarian norms discussed earlier. Students would be given a reliable way to measure their own progress from year to year.

Creation of a statewide CBEE in Illinois, in combination with a system of educational choice, would transform the incentives facing school administrators, lifting academic achievement to a higher place in the school's priorities.

John Bishop has carefully studied the impact of CBEEs on students and teachers in other countries.[53] Besides higher student achievement, he finds that teachers in countries with CBEEs are paid 21 percent more and work about 10 percent longer hours than teachers in nations that lack such exams. Countries with CBEEs devote a smaller share of school resources to administration rather than teaching: 31 percent versus 38 percent.

Creation of a statewide CBEE in Illinois, in combination with a system of educational choice, would transform the incentives facing school administrators, lifting academic achievement to a higher place in the school's priorities. Bishop describes it like this:

> External exams in secondary school subjects can be expected to transform the signalling environment. There is now a visible payoff to hiring better teachers and improving the school's science laboratories. Larger numbers of students pass the external exams and this in turn influences college

admissions decisions. School reputations will now tend to reflect student academic performance rather than the family background of the community or the success of football and basketball teams.[54]

Evaluation versus control

Much of the controversy surrounding student evaluation arises from two fears: That evaluation implies state-determined standards, which will reflect a liberal or pro-government bias; and that state efforts to enforce the standards will undermine the authority of locally elected school boards, private school administrators, and parents.[55] The authors believe both of these concerns are legitimate, but do not necessarily stand in the way of establishing a CBEE in Illinois.

Rather than ask the state to design a test (or to modify the IGAP tests), why not ask the state to certify two or more privately developed tests? This would tap the considerable expertise of the private testing industry, keep costs low by taking advantage of "off the shelf" nationally normed exams, and give schools and parents a choice of which tests to use.[56]

Rather than ask the state to design a test (or to modify the IGAP tests), why not ask the state to certify two or more privately developed tests?

Educational choice offers a solution to the second problem, the connection between evaluation and state interference in school and family affairs. The traditional approach (endorsed by the Governor's Commission, for example) uses poor test results as a trigger for greater state intervention in a student's school or family, creating opportunities for heavy-handed regulation and the violation of privacy. But what if the sole use of the tests were to inform students, parents, and teachers of each school's success or failure?

Schools could be required to administer *their choice* of a *privately developed* but state-certified CBEE, and then to communicate the test results to parents and the general public. But no state regulations or threats to withdraw funding would follow a school's failure to show progress. Instead, *the market* would discipline underperforming schools as parents enroll their students in other, better-performing, schools.

A system involving state-funded scholarships, multiple privately developed CBEEs, and market discipline rather than bureaucratic control would not have the streamlined elegance of a centrally planned administrative bureaucracy. But it would be far superior owing to the willingness of parents, teachers, employers, and other stakeholders to invest their time and energy in the system. For example:

- The state's major employers and universities could endorse one or more of the tests and announce that they plan to use those test results in their employment and admissions decisions. Students and parents would know which exams are the most credible by observing what organizations endorse them.

- If an exam has a liberal or some other bias, then parents could choose schools that use a different test that still meets the requirements of a CBEE.

- If a school is doing poorly according to the CBEE test results but parents don't seem to be taking note, then journalists, other parents, businesses, and competitors could take it upon themselves to publicize the test scores and counsel parents to send their children to a different school.

Together, CBEEs and educational choice provide a complete answer to Illinois' school reform needs.

In short, a market for information about school quality would emerge and various people and organizations would rush to fill it. Such a market doesn't currently exist because parents are not free to act on the basis of objective information about school outputs, and teachers and administrations are similarly limited in how they can respond to such information.

Summary

Curriculum-based external examinations create the information and incentives needed by students, parents, teachers, and administrators to make decisions that promote academic achievement. Educational choice would create the environment that rewards decisions that promote achievement and penalize decisions that lower achievement. Together, CBEEs and educational choice provide a complete answer to Illinois' school reform needs.

To avoid the danger of allowing ideological biases to enter the exams, we recommend that the state give schools and parents a choice of competing privately developed exams that meet John Bishop's nine requirements for a CBEE. To avoid the danger of increasing government interference in decisions that are properly the business of schools and families, we recommend that test results *not* be used to trigger government interventions or changes in funding.

6. Use competition to reduce spending

It is commonly objected that a scholarship plan would require more spending on schools in order to cover the tuition of students now attending private schools.[57] We not only disagree with this claim, but we further believe that the greater efficiency brought about by educational choice could make possible the property tax relief Illinois home owners so desperately need.

How big a problem?

> The sacrifices of parents of private school students currently save taxpayers in Illinois nearly two billion dollars a year.

Approximately 15 percent of Illinois' school-age children attend private schools. If these schools were suddenly to close and their students were enrolled in public schools, the cost to taxpayers would be approximately $1.7 billion a year (277,000 students x $6,000/year).

This number is significant because it reveals the size of the "free ride" that taxpayers have been getting by not refunding the education taxes paid by parents who enroll their children in private schools. However, it is not a good estimate of the cost of bringing private school students into an educational choice program. That cost will be much lower due to efficiencies caused by competition.

Savings and competition

Research by Robert Genetski and Tim Tully published in 1992 demonstrates that average per-pupil spending by Catholic schools is about half the amount spent by public schools.[58] Their detailed analysis took generous account of factors that make Catholic school spending levels appear low (such as the common requirement that parents buy textbooks) and factors that make public school spending levels appear high (including transportation, spending for severely disabled students, and adjustments for other special education programs). As noted in Part 1 of this report, Illinois' Catholic schools enroll students whose socioeconomic status closely matches that of their public school counterparts, yet they are superior to public schools according to test scores, graduation rates, attendance rates, and other measures.

Catholic schools spend less on salaries, but Genetski and Tully found that they would still spend *one-fourth less* than public schools even if they paid all of their teachers public-school salaries.[59] Plainly, paying teachers less is not the entire secret of the private school success story.

Catholic schools spend remarkably little on administration. In many schools, for example, the principal is also a full-time teacher. Students help with routine school maintenance, while the school janitor may also be the engineer, carpenter, and security officer. Catholic schools, whether by accident or design, tend to be smaller than public schools, making this lack of specialization possible. Catholic schools also spend less on facilities (in part by investing more in preventive maintenance) and rely more on volunteers and part-time help.

A properly designed voucher program would reduce overall spending on education by exposing public schools to the same market discipline that private schools have operated under with such apparent success.

Catholic schools, and the growing number of small Protestant and independent schools that are similar to them, are forced to be efficient by competition with the "free" public schools, the other charitable activities of their sponsoring churches, and the many financial demands on their customers. *Competition*, in short, is the real cause of their efficiency.

How much savings?

A properly designed scholarship program would reduce overall spending on education by exposing public schools to the same market discipline that private schools have operated under with such apparent success. If public schools were to follow the lead of the private schools and reduce salaries and administrative expenses and work creatively with students and parents to achieve other efficiencies, public schools in Illinois could reduce their estimated spending by 50 percent. In 1995-1996, this would mean statewide savings of $6.13 billion. This level of savings may seem far out of reach to many readers, but it conforms with the best available research on privatization in a wide range of fields, including education.[60]

Real savings will be less than what is theoretically possible due to teacher union resistance to pay cuts, long-term contracts, expensive fixed assets, institutional inertia, and possibly public willingness to spend more than is required to operate an efficient, high-quality school. Recall, however, that the 50 percent savings estimate assumes that public schools would continue funding special services for handicapped and learning-disabled students.

Still, even if salaries were to remain unchanged, Genetski and Tully concluded that savings of 25 percent are possible. This would mean annual savings in Illinois of $3 billion, easily twice as much as it would cost to cover the expense of tuition for students now in private schools.

Designing a revenue-neutral plan

The key to designing a revenue-neutral educational choice program is setting the value of the scholarship below current per-pupil spending. Simple arithmetic reveals the following rule of thumb:

> A scholarship program will be revenue neutral when the value of scholarships, expressed as a percentage of current per-pupil spending, equals the percentage of students now attending public schools.[61]

In other words, if 85 percent of all students now attend public schools, scholarships issued to the legal guardians of all school-age students and worth 85 percent of current per-pupil spending would result in no change in overall spending. A scholarship of this amount would exceed current tuition charged by all but a handful of elite private schools, making it easy to imagine a *money-saving* educational choice program.

A second way to attain revenue neutrality, which the authors do not recommend, is to limit the number of students who are eligible to only those in particular districts, or a certain percentage of total enrollment in those districts. Eligibility could be restricted to students from low-income families, or students who transfer out of public schools. Admission can be by lottery, or schools can be allowed to choose from among applicants, or hybrid arrangements can be specified.

We believe that enough is already known to proceed with a statewide educational choice program that would immediately benefit a far greater number of students.

The political power of teacher unions has forced educational choice proponents to settle for legislation authorizing "pilot" programs reaching only a few thousand students from low-income families. Such programs directly answer skeptics who believe educational choice programs principally benefit more affluent families (an argument that strikes us as strange, since more affluent families already can afford to choose the schools their children attend). Pilot programs also allow elected officials to vote to reform "someone else's" schools, pandering to the prevailing myth that "public education nationwide may be failing, but my local school is doing a good job."

The authors support pilot programs because they can demonstrate the workability of educational choice and create public support for later expansion of the programs. However, we also believe that enough is already known to proceed with a statewide educational choice program that would immediately benefit a far greater number of students. The fact that the debate in Illinois is still over whether to enact a tiny pilot program in Chicago is not evidence of careful deliberation and caution, but of limited vision and sometimes political cowardice.

New scholarship programs can also be phased in so that the savings achieved by greater efficiency or lower scholarship amounts keep pace with enrollment growth, allowing the one to partially offset the other. The program could, for example, be phased in by grade level, a device we use in the next chapter.

These and other design considerations have been examined and thoroughly discussed in the literature on scholarship programs.[62] Which options are best is more a political decision than one that objective research can decide.

Summary

Parents who enroll their children in private schools pay twice for their children's education: once, through their taxes, for the public schools they choose not to use; and again through tuition for the private school they choose. These parents save Illinois taxpayers nearly $2 billion a year.

An educational choice program can extend education benefits to the parents of children attending private schools *and* cost no more, *or even less*, than is now spent on the public schools alone.

An educational choice program can extend education benefits to the parents of children attending private schools *and* cost no more, *or even less*, than is now spent on the public schools alone. Setting the scholarship value at 85 percent of current per-pupil public school spending, for example, would create a revenue-neutral program. Setting the value lower would save taxpayers' money.

Competition has led private schools to be much more efficient than public schools, often producing a superior service at just half the cost. By using competition to promote greater efficiency, an educational choice program in Illinois could reduce current public school spending by between $3 billion and $6 billion per year. This amount is several times greater than the cost of paying the tuition of students currently enrolled in private schools. If returned to taxpayers, these savings would make possible at least twice the amount of property tax relief promised by the Governor's Commission on Education Finance.

7. The Heartland Plan

So far we have discussed the need for statewide radical reform of Illinois' public schools. We have called for market-based reforms that motivate students, teachers, administrators, and parents, and for an educational choice plan that includes private and religiously affiliated schools. We have called for the state to certify privately developed, curriculum-based, and externally administered exams that schools in the educational choice program would administer to their students. And we have claimed that all of this can be done while simultaneously financing property tax relief out of the money saved through greater efficiency.

In this chapter, we present the outline of a plan that would achieve all these things. We present The Heartland Plan as a point of departure for future debate, not as the end of that debate or as the final answer to all questions. We look forward to discussing the plan with members of the Governor's Commission on School Finance, elected officials, concerned parents, and everyone with a stake in the future of public education in Illinois.

In the section that follows, we describe who would be eligible to participate in the program; how the scholarships would be financed; the requirements placed on participating schools; and how student achievement would be evaluated. We then attempt to project the impact of the plan on the education system's stakeholders, trying to view the altered landscape from their vantage points.

The Heartland Plan

1. Eligible students

In the first year of the program, all Illinois students entering kindergarten and the first grade would be eligible to receive a scholarship. Eligibility would expand by two grade levels each year until every student in Illinois is eligible in the 2003-2004 school year, per the table on this page.

Schedule for Phasing in Vouchers

1997-98	Kindergarten (K) and first (1) grade
1998-99	K, 1, 2, 3
1999-2000	K, 1, 2, 3, 4, 5
2000-2001	K, 1, 2, 3, 4, 5, 6, 7
2001-2002	K, 1, 2, 3, 4, 5, 6, 7, 8, 9
2002-2003	K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11
2003-2004	K, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12

Rationale: This plan gives middle schools three years, and high schools five years, to prepare for the transition. Most students will start out in a school of choice, rather than be transferred to one in mid-stream, reducing educational disruptions.[63] The cost of tuitioning students who now attend private schools

is only gradually absorbed as offsetting savings are realized. Grade by grade and year by year, public schools would gradually have to compete with private schools on a level playing field.

2. Financing the scholarships

The legal guardians of eligible students would receive two scholarships, one from the state and one from the local school district in which they live, for each school-age dependent who becomes eligible to participate in the educational choice program.

The state scholarship would be a flat amount of approximately $1,500 per year, which is current state spending via the foundation formula divided by the total school-age population of the state. The one-third of state funds for education now sent to schools through categorical aid programs could be block-granted and sent to districts with special educational needs, or to districts with low assessed property values and high tax effort levels to subsidize their education spending levels.

Voucherizing only two-thirds of state aid leaves some funds available to reduce spending variations among districts.

Local governments would also be required to "voucherize" their education spending, once again starting with kindergarten and first grade students in the first year and adding two grade levels each year. By the seventh year of the program, a school district's entire budget would be given directly to parents in the district in the form of scholarships.

School districts would be required to pass along to local property taxpayers the savings from competition by setting the local scholarship amounts equal to 66 percent of the current local spending level. By the end of the phase-in period, local spending would be one third less than current spending levels, allowing $2 billion in property tax relief (33 percent of $6.2 billion). State law could also set parameters on how school districts allocate expenses to individual grade levels.

Rational: Spending by state government on education would stay at current levels, preserving the current reliance on local taxes for approximately two-thirds of school finance. In Part 1, we emphasized the value of retaining a reliance on local funding in order to ensure accountability and protect academic achievement. The Heartland Plan accomplishes this even as it "privatizes" the public schools in each of the state's nearly 1,000 school districts.

Making the state scholarship a flat amount to which every child in Illinois is entitled gives parents in the collar counties a stake in the state funding system, which the Governor's Commission correctly observes is now missing. The flat grant approach also eliminates the problems associated with means-tested grants, including the need to

audit the incomes of participating parents and the hazard of encouraging dependency on government support. Voucherizing only two-thirds of state aid assures that funds remain available to reduce spending variations among districts, provided the lower-spending districts are showing reasonable tax effort.

By requiring local governments to lower property taxes each year as more students become eligible for the educational choice program, the Heartland Plan guarantees $2 billion of property tax relief in the fifth year. Requiring local school districts to voucherize their support would gradually transform local school boards from advocates for a particular school or system of schools, into supporters of the educational choices made by all of a district's residents and taxpayers.

By requiring local governments to lower property taxes each year as more students become eligible for the educational choice program, the Heartland Plan guarantees $2 billion of property tax relief in the fifth year.

It may appear to the reader that a comprehensive educational choice plan would be easier to administer and finance if all of the funds came from state government. The amount of the scholarship could be set at a single level, or it could vary to meet special educational needs according to a centrally determined formula. Nevertheless, we strongly warn against succumbing to the temptation to finance a scholarship system solely with state funds. Centralized funding opens the door to centralized control, top-down regulation, and manipulation by special interest groups in Springfield. The Heartland Plan sacrifices some simplicity for the greater goal of preserving individual liberty, freedom of choice, and accountability.

3. Qualifications of participating schools

Public schools would be required to participate. Private schools, whether secular or sectarian, would be free to participate or not to participate. Those that participate would need to comply with three requirements:

(1) The standards set forth in 1995 for "recognition" by the Illinois Board of Education;

(2) Arrange for the school's choice of a state-certified CBEE to be administered to all of the scholarship students they enroll.

(3) No school could participate that teaches the hatred or expounds the inferiority of any person or group on the basis of race, ethnicity, color, national origin, religion, or gender, or which discriminates in its admissions policy on the basis of race, color, or national origin.

The scholarship legislation could specify that these requirements could not be changed, or could be changed only with supermajority votes by each chamber of the General Assembly. Public schools would be required to accept locally issued scholarships as full payment for tuition, but private schools could ask parents to pay more or less.

The requirements for recognition by the Board of Education are a carefully worked-out set of standards that all sides agree has worked well for over two decades.

Rational: Including religiously affiliated schools is essential, since most existing private schools are sectarian. The requirements for recognition by the Board of Education are a carefully worked-out set of standards that all sides agree has worked well for over two decades. Making it difficult for regulators to change the recognition requirements gives participating private schools protection against excessive regulation.

The Illinois Constitution would seem to require that public schools accept the scholarships as full payment for tuition.[64] Requiring that they do so would discourage local school officials from setting the scholarship amounts artificially low during the transition period (in order to keep more money for the grades not yet exposed to competition). Allowing private schools to charge more or less than the amount of the scholarship recognizes that parents have different desires and abilities to pay that are not entirely reflected by local tax policies. When a school charges less than the value of the scholarship, the balance could be held by the state in a Education Savings Account, to be applied to tuition in later years.

4. Evaluation of student progress

Participating schools would be required to choose from among two or more state-certified curriculum-based external examinations (CBEEs) to be administered to all scholarship students. The exams would be privately developed, with the state taking responsibility for reporting test results to parents and taxpayers. Participating schools would report the composite results for each grade level to the appropriate state agency, and individual student scores to students' legal guardians.

Rational: Providing parents and community members with objective information about how schools are performing, combined with the freedom to choose among competing schools, provides the essential "feedback loop" linking students, parents, teachers, and school administrators. With such a system in place, parents can hold schools accountable without any help from "top-down" regulations.

The state could revise the IGAP tests and produce something similar to the New York Regents exams. But we worry that such a test, conceived in a bureaucratic and monopolistic environment, would not win the approval of parents, students, and future

employers. A better idea is allow private test-writing organizations, such as the Education Testing Service, compete to develop the most widely used test. The state's role would be limited to certifying two, three, or more privately developed tests that meet the requirements of a CBEE.

Would this plan work?

One way to envision how The Heartland Plan would work in practice is to view the new environment from the vantage points of the system's stakeholders. Here is how the post-reform world would look to them:

Students and their parents

Students and their parents would face a choice of schools with different educational philosophies, concentrations, priorities, and assets, improving the odds of a school being a good "match" for a student. Empowered by their new power to choose a different school, parents would find teachers and administrators much more open to listening to their concerns and including them in important decisions. Older students would become part of the process of choosing a school, giving them an emotional stake in their performance.

The CBEEs would give students and parents the objective information they need to choose schools and measure academic progress. Students would find new rewards and recognition for placing well in competitions with students outside their own school. Students would know that scoring well on the CBEE is the key to gaining admission to a selective college or getting a good job after graduation.

Many public school teachers would view The Heartland Plan as an opportunity to start their own schools or become "teachers in private practices" when the students in the grades they teach become eligible for scholarships.

Public school teachers

Many public school teachers would view The Heartland Plan as an opportunity to start their own schools or become "teachers in private practices" when the students in the grades they teach become eligible for scholarships.[65] With scholarships averaging $4,000 per student, a single teacher would receive $80,000 for taking charge of a class of twenty elementary school students.

Many teachers would cooperate with other teachers, administrators, and parents who share their teaching philosophy to create new schools that are smaller, focused on academic achievement, and in other ways meet the definition of an effective organization. Many of these schools would rent space in existing public school buildings, creating "schools within schools."

Public school administrators

During the transition period, public school administrators would find their hands full downsizing their schools and preparing for eventual complete privatization. Liberated by state legislation from restrictive collective bargaining laws, they would cut costs, streamline administration, and become more receptive to input from parents and taxpayers.

Liberated by state legislation from restrictive collective bargaining laws, they would cut costs, streamline administration, and become more receptive to input from parents and taxpayers.

In a manner similar to that used by their for-profit counterparts, entrepreneurial administrators would try to spin-off new schools, offer to manage other schools on a contract basis, arrange for the sale and conversion of existing school facilities, or seek to sublet space in their buildings to existing and new competitors. Many public school administrators would become administrators of new, smaller, and less bureaucratic schools. There, rather than file reports and battle with union leaders, they would finally do what they really want to do: Focus on building a team of dedicated professionals willing to work with motivated parents to support their children's learning.[66]

School board members

The missions of local school boards would be profoundly changed by The Heartland Plan. Instead of representing the interests of a single school or public school system, school board members would represent parents seeking to find the best affordable education for their children. Instead of being the captives by local teacher unions, school board members would side with *consumers*, helping them choose between union and nonunion schools.

Many people who would not now consider running for school board would be motivated to run under The Heartland Plan. These include parents with children in private schools, of course, but also local business and civic leaders who see the opportunity to help the community by overseeing the evaluation and promotion of local schools. In these and other ways, school boards would begin to operate as they were

originally intended to operate, as advocates for parents committed to efficient and effective schools.

Taxpayers

The Heartland Plan could freeze state aid to education at its current level (an option we support), or the amount could be determined each year by state appropriations. The year-to-year change in the amount of the state scholarship would give voters a clear and easy way to understand the state's role in financing education, in contrast to today's confusing debate over the percentage of total spending that comes from state government.

School boards would begin to operate as they were originally intended to operate, as advocates for parents committed to efficient and effective schools.

By generating competition and capping local per-pupil spending at 66 percent of past spending, the $2 billion in annual savings discussed earlier would appear as property tax relief in the seventh year of the plan (with less, but still significant, property tax relief each year leading up the seventh). The Heartland Plan would allow more property tax relief than the Governor's Commission plan ($2 billion versus $1.6 billion) without any offsetting increase in state taxes.

Business and civic groups

The state's employers would see the CBEE as an opportunity to increase the literacy of their workforce, and educational choice as the opening of a $12 billion-a-year industry to private enterprise. Business organizations such as the Illinois Manufacturers Association and the State Chamber of Commerce could play a key role in the design and selection of tests. They would earn their place at the table by pledging to give special consideration to job applicants who take the tests they approved.

The Heartland Plan would create thousands of business opportunities for educators, of course, but also for accounting firms, testing companies, textbook publishers, janitorial and real estate firms, food services, and bus companies. Services that have long been "off limits" to private firms would now be open for competitive bidding. Since the new schools will probably be smaller than existing schools, the new contracts would be on a scale that small, locally owned businesses could successfully bid for.

Summary

Implementation of The Heartland Plan would gradually open Illinois' public schools to competition; create incentives for teachers, students, and administrators to strive for academic excellence; create new information about student performance and effective teaching methods; and retain the local funding that is so necessary to ensure accountability, efficiency, and individual liberty.

The Heartland Plan, or something like it, is the key to making Illinois' schools world-class.

We believe this plan addresses many of the concerns often expressed about scholarship plans, such as that they would be unaffordable, too disruptive, or fail to provide parents with the information they need to choose wisely. Most importantly, The Heartland Plan promises to create the kind of incentives that are necessary for student achievement to increase dramatically. The Heartland Plan, or something like it, is the key to making Illinois' schools world-class.

8. Amend the Illinois Constitution

Like the Governor's Commission, we recommend the following language to the Governor, General Assembly, and voters of Illinois for a constitutional amendment.

EDUCATION AMENDMENT

Article X, Section 3 of the Illinois Constitution is deleted, to be replaced with the following:

SECTION 3. FUNDING AND ACCOUNTABILITY

(a) Property Tax Relief During the seven years following enactment of this Amendment, taxes levied on real property for elementary and secondary education in Illinois shall be gradually reduced until total collections are one-third less than they were during the 1996-1997 year.

(b) Local Scholarships All tax funds raised locally for primary and secondary education shall, following a seven-year transition period, be delivered directly to the legal guardians of school-aged children residing in the taxing district in the form of scholarships, redeemable by any school, private or public, that meets the requirements set forth for State Scholarships in (c) below.

(c) State Scholarships

(1) By the end of the seventh year following enactment of this Amendment, no less than two-thirds of all state aid to primary and secondary education in any given year shall be delivered directly to the legal guardians of school-aged children in the form of scholarships.

(2) Said scholarships shall be redeemable by any school, private or public, that (a) meets the requirements for Recognition set forth in 1995 by the Illinois Board of Education, (b) tests its students using a curriculum-based, externally administered exam certified by the General Assembly, and (c) does not teach the hatred or expound the inferiority of any person or group on the basis of race, ethnicity, color, national origin, religion, or gender, nor discriminate in its admissions policy on the basis of race, color, or national origin.

(3) The amount of the scholarships shall be determined by the General Assembly each year and shall be the same for all students.

Commentary

It is time Illinois voters were given an opportunity to go on record in support of the real reforms that opinion polls say they want, and sound research says would work. Preservation of local funding, educational choice, and a new way to test and reward student achievement are the critical elements of a new system of education in Illinois. Without any one of these elements, school reform will disappoint its proponents and fail to help future generations of Illinois students. For this reason, we believe a constitutional amendment is required.

We believe an overwhelming majority of Illinois voters would vote in favor of this Amendment, and we're confident that opponents of educational choice and local funding fear the same.

Our amendment would replace the Illinois Constitution's so-called "Blaine amendment," named after a turn-of-the-century crusader who succeeded in placing language prohibiting government agencies from making appropriations to churches in a score of state constitutions across the country. The Heartland Plan does not require appropriations to religious organizations, but instead funds parents who may then choose to use the scholarship at the public or private school of their choice. Still, some of the participating schools would have church affiliations, and presumably this section of the constitution would give grounds for teacher unions to launch litigation aimed at delaying the program's implementation. The Supreme Court has ruled that rights guaranteed by the U.S. Constitution override contradictory language in state constitutions, meaning the Blaine amendment itself would probably be found to be an unconstitutional limitation on freedom of expression.[67]

We believe an overwhelming majority of Illinois voters would vote in favor of this amendment, and we're confident that opponents of educational choice and local funding fear the same. According to the many opinion polls cited earlier, wide majorities support property tax relief, school scholarships, and raising school standards.

The language used in this draft is clear and straightforward. We hope when the lawyers are finished, it will be as easily understood.

Conclusion

All of Illinois' schools need to be improved. The future of over two million school-age children now in public and private schools in the state depends on the vision and courage of lawmakers during the coming months.

The Governor's Commission on Education Funding believes the secrets to improving the state's schools are to shift funding from local governments to state government, redistribute income from affluent communities to less affluent communities, and experiment with public school choice, charters, and other modest reforms.

We believe the Commission has misread the research on taxes and school reform, as well as the mood of Illinois' taxpayers. Illinois spends plenty on its schools already, and spending has been rising much faster than incomes in Illinois. Shifting funding to state government diminishes accountability and efficiency and makes the tax code less fair. Redistributing income (or, as the Commission would say, "reducing disparities") won't improve test scores, but probably *would* slow economic development.

Nothing short of educational choice, combined with local funding and a new system of curriculum-based exams, will create the new environment needed to boost academic achievement levels.

It is too late for public school choice and the other minor revisions recommended by the Commission. School reform must be much more aggressive in order to reach deeply into the classrooms, homes, and offices of all of the stakeholders in the education system. Nothing short of educational choice combined with local funding and a new system of curriculum-based exams will create the environment needed to boost academic achievement levels.

We urge the Governor, members of the General Assembly, and anyone who cares about the fate of our children to reconsider both the nature of the problem that confronts us and the tools that are at our disposal. Let us not squander this opportunity by returning to "business as usual." Let us instead dare to achieve what the New American Schools Development Corporation envisioned:

Schools that set the pace for the nation --
and for the world.

Appendix A
The condition of education

The national condition

International comparisons

The U.S. currently ranks first in the world among major industrialized countries in per-pupil spending, yet ranks last or near last by many international measures of student achievement.[68] Moreover, recent trends suggest that achievement is flat or declining in key areas even though resources are being made available at record levels.

The U.S. ranks first in the world among major industrialized countries in per-student spending, yet ranks last or near last by many measures of student achievement.

The latest international data on spending and achievement come from the Organization for Economic Cooperation and Development (OECD), one of the most respected international statistical agencies in the world. Among 16 OECD countries, the U.S. has the highest per-student expenditures (OECD-adjusted for purchasing-power parity) for public primary as well as secondary schools. (See Figure 1.) U.S. primary school spending is 16 percent higher than the next highest-spending country (Sweden), 58 percent higher than Japan, and 88 percent higher than Germany.

Despite this investment, U.S. students rank dead last in science (seventh out of seven comparable countries) and ninth out of ten comparable countries in mathematics. The U.S. does better on reading tests, but even here there is reason to worry. The difference in reading scores between 9-year-olds and 14-year-olds, a proxy for reading progress that controls for the sizeable international differences in determinants of reading skills, shows an average progress in comparable countries of 159.5 points. U.S. students' progress is only 124.9 points, or 78 percent of the average rate. (See Figure 2.)

Because the U.S. spends the most and shows the least reading progress, it follows that U.S. schools are the world's least efficient at teaching reading. In contrast to the average gain of 49.2 points per $1,000 spending of the 13 countries for which data are available, the U.S. gained only 22.3 points -- less than half as much. Figure 3 plots countries according to reading progress and per-pupil spending.

In summary, international comparisons of student achievement show the U.S. lagging far behind other industrialized countries, despite our much larger investments in schooling. Since Illinois' per-pupil spending is approximately average, and since our test scores are similarly average, we conclude that Illinois' schools must improve if our students are to compete successfully with students from other countries.

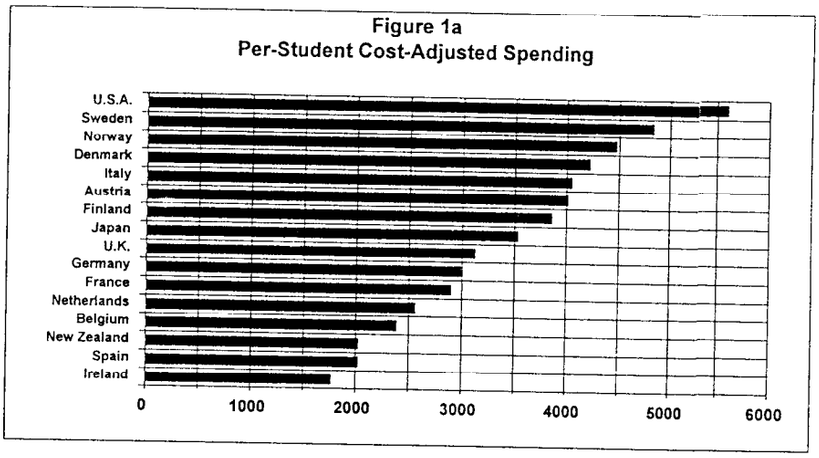
Academic achievement

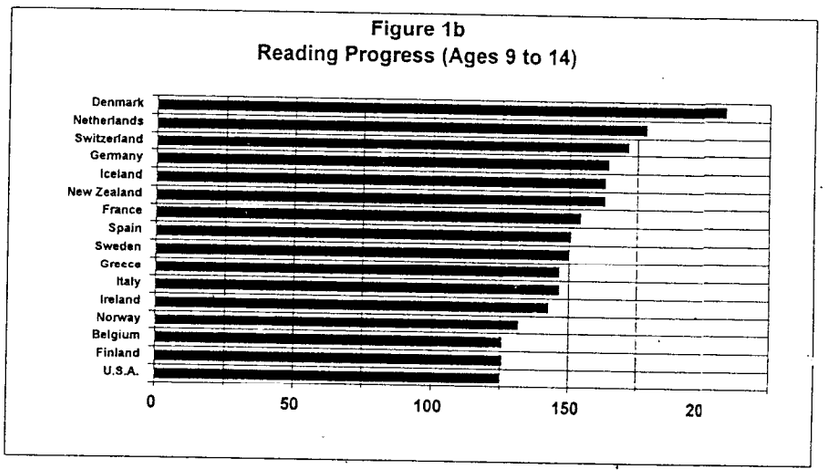
National standardized tests provide further evidence that schools in the U.S. are neither high-quality nor efficient.

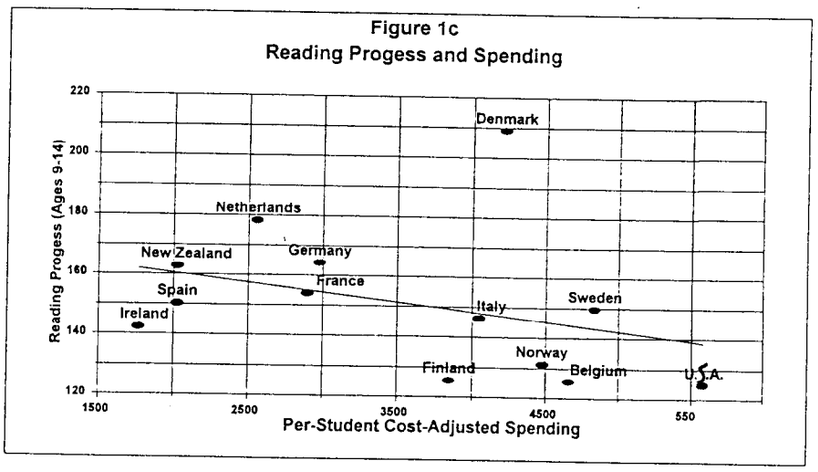
The latest National Assessment of Educational Progress (NAEP)[69] found that test scores for reading, writing, math, and science have been flat or rising slightly for most age groups or grade levels, and down for others. This "dead in the water" record is alarming because academic levels at the end of the 1970s were at record-setting lows. Without a substantial rate of improvement, U.S. students will never recover the ground lost during the 1960s and 1970s, nor will they catch up to students in other countries.

According to the NAEP, almost 33 percent of U.S. high school seniors cannot answer basic geography questions. Sixty percent of seniors flunk a similar exercise in history. And only 16 percent of seniors meet the requirements for mathematics set by the National Educational Goals Panel.

Charles J. Sykes reports a litany of other test







Source: OECD, 1995, pp. 91 & 208

results and anecdotes pointing to serious problems with the performance of public schools.[70] For example:

- 25 percent of high school seniors can barely read their diplomas, and only 3 percent can write above an "adequate" level;
- Only 15 percent of college faculty members say that their students are adequately prepared in mathematics and quantitative reasoning;
- High school seniors correctly answer questions about basic economic concepts only 35 percent of the time;
- American businesses lose between $25 billion and $30 billion a year due to the weak reading and writing skills of their workers.

> "[O]ur current rate of progress will simply not be sufficient to reach the ambitious levels specified in the National Education Goals."
>
> -- *National Education Goals Panel*

The National Education Goals Panel, created as an outgrowth of the 1989 Education Summit convened by the nation's governors and President Bush, set 16 goals for the nation's schools to be reached by the year 2000. In its *1994 Goals Report*, the Panel reported that four indicators of educational quality had improved, one had worsened, six showed no change, and eight had yet to be measured. According to the Panel, "on the whole, our progress toward the National Education Goals has been modest, at best," and "our current rate of progress will simply not be sufficient to reach the ambitious levels specified in the National Education Goals."[71]

(Incidentally, the Panel reported having baseline data for Illinois on only seven of the 16 indicators, and updated data (to show progress) on just one, an index of children's health. Illinois doesn't differ from other states in not taking this effort seriously: Few other states reported any more data.)

Adult illiteracy or near-illiteracy remains a chronic problem for America. Daniel A. Wagner, writing in a recent issue of *Education Week*, reported:

> In 1993, the first report from the federally funded National Adult Literacy Survey [found that] . . . nearly half of all adult Americans scored in the lowest two levels of literacy, levels that the National Education Goals Panel has stated are well below what American workers need to be competitive in the global economy. Although the literacy-survey findings made headlines, research shows that we are making relatively little progress in achieving a fully literate society.[72]

To this, Lawrence Stedman adds that "Our functional illiteracy rate continues to hover around 20-30 percent -- meaning that millions of Americans have trouble with common day-to-day reading tests."[73] It is incredible to us that some writers can be familiar with these figures and still claim that U.S. schools are "good enough."

Spending growth

Have the schools failed because we don't spend enough on education? Hardly. The international data presented earlier shows the U.S. well ahead of other affluent nations by this measure. Moreover, spending has consistently increased faster than either inflation or personal incomes in the U.S. Between 1980 and 1990, for example, *real per-pupil spending* rose 48 percent. Real spending rose 22 percent in the ten-year period prior to 1980, and 69 percent in the ten years prior to that. (See table below.) Data reviewed earlier in this report show that spending in Illinois is also relatively high and rising.

Eric Hanushek has pointed out that much of this increase in per-pupil spending escaped the attention of the taxpaying public because it occurred during a time of falling enrollment levels.[74] Flat or rising enrollments in the 1980s and 1990s finally brought attention to the fact that previous rates of spending increases were not sustainable.

Education Funding Per Pupil
1960 to 1990
(1990 dollars)

Year	Spending	Change
1960	$1,621	---
1970	2,743	69%
1980	3,345	22%
1990	4,960	48%

Source: National Center for Education, *Digest of Educational Statistics*, 1993.

Phony excuses

Why has performance stagnated or fallen while spending continues to rise? Defenders of the status quo have a number of excuses, ranging from challenging the validity of testing, to blaming students and their parents, to claiming a conspiracy among education researchers and reporters.[75] Let's briefly address the most serious claims made by defenders of the status quo.

Cost of special education?

Beginning in 1975 with enactment of the Education for All Handicapped Children Act, public schools have had to invest billions of dollars providing special services for handicapped students. A study from the liberal Economic Policy Institute (EPI) claims that most new money made available to schools between 1967 and 1991 went to special education for handicapped and learning-disabled children.[76]

But Eric Hanushek has pointed out that, if children requiring special education cost twice as much to serve as the average student, this could account for only $3 billion during the 1980s, a small fraction of the $54 billion increase in spending that took place during this period.[77]

Colorful anecdotes aside,[78] the cost of special education services appears to be close to Hanushek's estimates. A 1995 survey of research on the issue by Allan Odden et al. found that handicapped students cost about 2.3 times that of the average regular student, that the percentage of public school students in this category rose in the 1980s but has been relatively steady in the 1990s, and that "the increase in numbers is almost totally in the lower-cost category of learning disability, while the number of high-cost special education students in nearly all categories is falling, suggesting that the overall costs per pupil should not rise."[79]

To a large extent, the schools themselves are responsible for the extraordinary growth in the number of children enrolled in special education programs and the amount spent on their behalf. It is disingenuous to blame learning-disabled students for spending increases while simultaneously "working the system" to maximize the number of students eligible for such designation and the kinds of expenses that can be covered.

Measured the wrong way?

The Economic Policy Institute report also claims that the consumer price index (CPI) is not the correct index to use when "deflating" education spending. It uses instead something called a "school price index" to find that per-pupil spending increased "only" 61 percent in real terms from 1967 to 1991.

Few would accuse schooling, as it is currently conducted in public schools around the country, of having much in common with a high-tech industry such as medicine.

This is nonsense. Most economists believe the CPI *overstates* actual cost of living increases because it fails to take into account the gradual improvement in quality of many goods and services. Have educational services improved more rapidly than other services? Hardly. Few would accuse schooling, as it is currently conducted in public schools around the country, of having much in common with a high-tech industry such as medicine. In most classrooms, the only change in the method of instruction in the past fifty years has been the addition of overhead projectors.

Similarly, some apologists claim that international test results fail to accurately measure international differences in student academic achievement. While this criticism may have had validity during the early days of reporting on such testing, methodologies

have improved significantly without much effect on U.S. rankings. According to Lawrence C. Stedman:

> In the past few years, the credibility of the assessments has been challenged on three main grounds -- sampling bias, test bias, and the educational quality of the tests. Each of these criticisms has some merit, but none is strong enough to undermine the finding that there are real achievement differences among countries and that the U.S. has often done poorly.[80]

Socioeconomic change?

A common lament is that students are more difficult to educate today than fifty or one hundred years ago. Broken families, drug abuse, crime, and television are frequently mentioned maladies that make it especially difficult to educate inner-city youth. While teachers grappling with these problems deserve our respect and appreciation, it is not clear than the challenges they face are worse that those faced by teachers in the past.

First, most students entering most schools today are much better prepared than in the past. Massive improvements in social conditions -- including housing, nutrition, and health care -- have promoted children's preschool verbal and other academic skills. The percentage of the U.S. population that is non-English speaking has fallen from historic levels.[81] The average income and average years of education of parents, both strongly associated with children's language mastery, have risen substantially. Increased children's exposure to verbal mass media and the growing information sector of the economy encourages verbal mastery.

Children's preschool language mastery has steadily and substantially increased.

Second, accumulated experience and technical progress should lead to gradual improvements of school practices, resulting in better student outcomes. Decades of investments in research, development, and training the education workforce should have improved efficiency.

As a consequence of these trends, test re-norming surveys show that children's preschool language mastery has steadily and substantially increased. Since vocabulary and other verbal items are predominant in preschool ability tests, they are the proximate causes and best predictors not only of reading and other language skills, but of achievement in mathematics, science, social studies, foreign languages, and other school subjects.

New responsibilities?

Educators frequently complain that their jobs have become more difficult over time as society has added new responsibilities on schools. These range from driver education, sex education, and English as a second language to values clarification, self-esteem, and parenting skills for single mothers. Traditional academics have been crowded out in favor of various caretaker and social worker responsibilities.

Popular excuses -- ranging from disputing the measurement techniques to blaming today's children -- do not survive scrutiny. America's public schools truly are failing to provide an acceptable level of quality.

It seems to us that the educators have brought this on themselves, probably as a way to maintain employment levels and salaries during the period when enrollments were falling. Instead of expanding their role beyond education, teachers should have resisted the trend and stuck to teaching. It isn't too late, as Charles Sykes writes:

> Teachers should make a preemptive strike. They can put it this way: "You want kids who can read and write, fine. If you want us to be teachers, don't give us your dirty laundry."[82]

In conclusion, public education in the U.S. is best characterized as being well-financed but having performance levels that are among the worst of developed nations. Popular excuses -- ranging from disputing the measurement techniques to blaming today's children -- do not survive scrutiny. America's public schools truly are failing to provide an acceptable level of quality.

Education in Illinois

An overview of educational inputs and outputs for Illinois indicates that we are very nearly an average state in most regards.[83] We have also been a very *stable* state, neither gaining nor losing ground to other states by most measures.

Average daily attendance has been almost unchanged for the past ten years, ranging from 93.3 to 93.8 percent. The high school graduation rate has been between 78 percent and 83 percent, with a slight increase in the first half of the 1990s recovering ground lost during the second half of the 1980s. There has been a slight increase in the percentage of students taking mathematics and science courses. School safety, measured by the number of reported attacks on school personnel, has risen slightly during the past five years, driven by increases reported in the Chicago Public Schools.

IGAP scores for reading have been nearly flat since the first tests were introduced in 1988, although scores have fallen slightly since 1990. Illinois students score slightly better than students in other states in reading. Math scores have consistently improved since 1989, and Illinois students appear to score substantially better than students in other states. The IGAP tests for language arts, introduced in 1990, show Illinois students outperforming students in other states and showing improvement.

Most Illinois seniors take the ACT rather than the SAT college admission test. ACT scores have been somewhat stable and slightly above the national average, although changes in the test make year-to-year comparisons of dubious value. SAT tests have improved slowly but steadily since their dramatic fall in the 1960s and early 1970s, but only 15 percent of Illinois graduates take the SAT, making it, too, an unreliable measure of school quality.

Illinois is one of only nine states that did not participate in the 1992 National Assessment of Educational Progress. As a result, a widely cited series of test scores as well as information on homework, curriculum, and other significant indicators of quality are simply not available.

As reported earlier, Illinois' national ranking with regard to spending per pupil is approximately average, somewhere between 10th (our estimated rank for 1995-1996 for current expenditures) and 33rd (for current expenditures in 1994-1995 according to the NEA). Spending increases have consistently outpaced inflation and personal income growth in the state, even as enrollment has fallen. Teachers in Illinois are paid better than their counterparts in other states and better than most comparable professionals.

Our schools are essentially average, and they show no signs of being ready to suddenly improve through their own initiative.

What strikes us from this quick overview of education in Illinois is how *stable* the situation is. Test scores, graduation rates, and other measures of success are either stable or changing very slowly, with small improvements in some areas offset by small declines in others. Our schools are essentially average, and they show no signs of being ready to suddenly improve through their own initiative.

Chicago Public Schools

Chicago's public schools were in critical condition back in 1988 when then-Secretary of Education William Bennett called them "the worst in the nation." There has been a flurry of reform effort since then -- most notably the 1988 reform act creating local school councils, and more recently legislation that allowed the Mayor to replace the school board, outlaw teacher strikes, and appoint his own people to run the system.

Since 1988, Chicago has seen one superintendent revealed as a fraud (lacking state-required credentials for the job and a bogus law degree) and another convicted of tax evasion and sentenced to 22 months in prison. The mayor's hand-picked management team uncovered massive corruption and waste throughout the system, including $1 million in food intended for kids found rotting in a warehouse and a $5 million cache of 4,197 student desks, 8,749 chairs, nine pianos and a Jacuzzi. The former director of the Department of Facilities and three of his associates have been indicted. Other instances of fraud and corruption have been reported on a nearly daily basis.[84]

> "If we had an educational emergency before school reform, it appears that we still have one."
>
> -- *Daniel Polsby*
> Northwestern University

Almost lost amid the revelations is the fact that student achievement -- measured by standardized test scores (which the schools want to stop administering), attendance, and graduation rates -- is nearly unchanged since 1989.[85] In other words, the country's worst public schools in 1988 are still the worst.

A careful study by Northwestern University professor Daniel Polsby, released in October 1994, found that five years after reform:[86]

- The schools had become less safe, with more attacks on school personnel and more arrests on school property;[87]
- Attendance rates had improved only slightly (from 87.1 percent to 89.1 percent);
- Graduation rates had improved from 44 percent to 50.3 percent, still far below the statewide average of 81.4 percent; and
- Of 14 test scores, the CPS showed slight improvements on only three. CPS students' test scores have fallen by as much as 22 percent since the effective date of school reform, and student performance relative to the state mean has fallen by as much as 25 percent.

Polsby concluded his report with the following words:

> According to most of the indicators reported here, it is apparent that school reform has not yet improved the quality of public education in Chicago. If we had an educational emergency before school reform, it appears that we still have one.[88]

In response to this report, defenders of the CPS have focused on how the *process* of reform has been working, by which they mean parental involvement in local school councils, the self-esteem of teachers and administrators, and other elements of structural change that were part of the 1988 reforms. But even according to this input- rather than output-based measure of success, the CPS has gotten worse.

According to research by two University of Chicago political scientists, voter participation in school council elections declined by 55 percent between 1989 and 1993.[89] Voting by parents and community residents fell even more: 68 percent. Fully one-third of all schools were unable to persuade enough people to run for positions on the local school council to offer a full slate. The average number of candidates running for each council position in 1993 was just 1.36, meaning most were unopposed.

We now know with confidence what past decisions to spend more money on the Chicago Public Schools purchased: Corruption, mismanagement, and an occasional Jacuzzi. The system is spending over $6,000 per student, not counting Head Start funding or millions of dollars in gifts from private corporations, the MacArthur Foundation, and other philanthropists.

Public schools in the U.S. are the best funded in the world, yet they are among the world's poorest performers.

Summary

Public schools in the U.S. are the best funded in the world, yet they are among the world's poorest performers. Tests of student achievement here in the U.S. repeatedly find high levels of cultural and technical illiteracy and a pervasive "dumbing down" of curricula. Employers are growing increasingly alarmed by the lack of even basic literacy skills found among high school graduates. A high school diploma no longer means its recipient can even read what it says.

Apologists for the public schools blame students, inflation, misleading tests, and laws, and parents. But closer inspection shows that most students enter school better prepared than ever before; spending is rising at a rate well above inflation; multiple independent tests all point to low student achievement levels; educators often lobbied for the very laws they now blame; and parents who want to help are locked out of meaningful participation in decision-making.

Here in Illinois, public schools mirror the condition of schools nationwide. Statewide, our scores are essentially average and change little from year to year. Our largest school system, the Chicago Public Schools, is either the worst in the nation or near the bottom by virtually every measure. The 1988 reforms appear not to have

stemmed the decline, and it remains to be seen whether the new management team installed by Mayor Daley will make a lasting difference.

Facing such a discouraging scene, we can sympathize with William Bennett, then-Secretary of Education, who said in 1989:

> I'd give the education reform movement another five years. If we're not able to get our schools back to where they were in 1963, after spending 40 percent more, then maybe we should just declare bankruptcy, give the people back their money, and let them start their own schools.[90]

Appendix B
Is educational choice the answer?

What is educational choice?

Educational choice means giving parents the right to choose the schools their children attend. The most modest choice proposals would allow parents to choose which *public* schools their children attend, even if they live outside the chosen school's usual enrollment zone. State legislation would ensure public funds "follow the student" to whichever school the parents select.

A more ambitious educational choice program gives parents the right to choose *private* as well as public schools for their children, with public tax dollars paying some or all of the tuition at the school that is chosen. Such *comprehensive* choice programs would give parents education certificates or scholarships good for tuition (up to some set amount) at the participating school. How much the scholarship should be for, which schools may participate, and what kinds of regulations should be imposed on participating schools are all questions that can be answered in different ways during the choice program's design process.[91]

The most radical choice program would use education certificates to open the field of education to many businesses and institutions that are not exclusively in the business of education. Museums, zoos, hospitals, libraries, and computer and publishing companies are some of the businesses that would provide educational services *if* they could receive public funds for the services they provide. Right now, these firms are locked out of the education process because public funds go almost entirely to government-owned and -operated schools.

The most radical choice program would use education certificates to open the field of education to many businesses and institutions that are not exclusively in the business of education.

Some families already have the ability to choose schools. Affluent families can move into neighborhoods that have good schools or enroll their children in private schools. But lower-income families often cannot afford to exercise this kind of choice, and must submit to the public schools assigned to their children by public school administrators.

Chicago has a limited public school choice program whereby some schools, called "magnet schools," are given additional funding and allowed to recruit students from outside their usual attendance zones. Some of the city's magnet schools have become quality institutions that produce the city's best test scores. But magnet schools drain

resources from other schools and "cherry pick" the best students from around the city, raising questions about equity and fairness.[92] The fact that there are long waiting lists of students wishing to get into many of the city's magnet schools suggests that parents want the freedom to choose, but that current choice programs offer too few high-quality schools from which to choose.

Who favors educational choice?

Opinion polls cited earlier indicate that substantial majorities of Americans support educational choice. Support among the general population may run as high as 70 percent, according to Gallup polls, and in minority communities support of over 90 percent has been measured. In Illinois, Democratic voters are more likely to support vouchers than Republican voters.

> "When it comes to a decision about someone's child, I don't care who you are. It's your decision. It is not the public's decision."
>
> *-- Mayor Richard M. Daley*

Mayor Daley has publicly endorsed the concept of vouchers on several occasions, including his 1991 inaugural address.[93] Academics from seven of Chicago's leading universities supported the Mayor's 1991 call in an open letter offering to help the administration design a workable voucher plan. Part of the letter read as follows:

> We the undersigned commend you for the courage and sound judgment you displayed in referring to education vouchers in your inaugural address. Honest debate on vouchers and tuition tax credits in Chicago is long overdue. It is taking place in many other cities in other parts of the country.[94]

Even when he recently seemed to back down from his support of vouchers, Mayor Daley took pains to endorse the principle behind it:

> When it comes to a decision about someone's child, I don't care who you are. It's your decision. It is not the public's decision.[95]

The *Chicago Tribune* has editorialized in favor of vouchers, saying:

> In the long term, the best way to reform Chicago's public schools is to switch to a voucher system. That would force changes in the two major, intractable barriers to reform: the bloated blob of the bureaucracy and the self-serving contract of the teachers union.[96]

Crain's Chicago Business favored vouchers in an editorial in 1987 that read:

> A competitive marketplace in education -- backed by a voucher system for Chicago parents -- would allow new ideas and techniques to rise to the top and survive or fail on their own merits.

Former Secretary of Education (and former presidential candidate) Lamar Alexander has said:

> I'm very much for choice. . . . I don't even know why in America it's an issue. You don't tell people where to live. . . what car to buy. They ought to go to school where they want to go to school, and people who can't afford it ought to have some help and a wide range of choices.[97]

Abigail Thernstrom, of Harvard University, after questioning some of the claims of free market advocates, nevertheless concluded in her recent book on *School Choice in Massachusetts*:

> "Involuntary school assignments serve no higher purpose. Choice, by conferring greater freedom, enhances personal dignity."
>
> -- *Abigail Thernstrom*
> Harvard University

> Policy considerations aside, choice is a value in itself. The results -- more parental involvement and better test scores -- are secondary. Freedom involves the opportunity to choose. To the degree to which the society restricts choice, it is less free. Some restrictions are essential; the social order depends upon them. But involuntary school assignments serve no higher purpose. . . . Choice, by conferring greater freedom, enhances personal dignity.[98]

Paul Peterson, director of the Program on Education Policy and Governance at Harvard University, recently endorsed vouchers in the strongest terms. He wrote:

> [T]he findings are clear: Vouchers work for the inner-city poor. Low-income families receiving vouchers are pleased with their children's school, even when the grants amount to less than half what the public school spends. Voucher students are more apt to say in school, learn more, and earn their high-school diploma. No wonder inner-city residents, when asked, strongly support school choice. . . . It is time to give vouchers a chance.[99]

Commonly Asked Questions about Choice

Would private schools "skim" the best students, and leave behind low-income, handicapped, and at-risk students?

This concern, more than any other, comes up in conversations about educational choice in Illinois. But we have a wealth of research and knowledge that indicates that the poorest, most educationally challenged children in Illinois would benefit most from educational choice.

> Not every parent needs to be a careful "shopper" for education for the system to work, just as not every shopper at a grocery store needs to take careful note of every price to benefit from competition among stores.

Previously cited evaluations of the Milwaukee school choice program found that participating students were more likely to come from single-parent households, to be on welfare, and to have had relatively low test scores and grades than were their public school counterparts. The principal author of these evaluations -- John F. Witte, a professor of political science at the University of Wisconsin-Madison -- is hardly a pro-voucher partisan: in fact, his previous publications place him as a liberal critic of the voucher idea.[100] Witte's findings are similar to those of a new study of charter schools by the Hudson Institute. The authors report:

> Opponents of chartering predicted that charter schools would "cream" the most fortunate kids, leave the neediest behind, and not do justice to minority and disabled youngsters. In fact, there is substantial (if preliminary) evidence that the opposite is happening; those flocking to charter schools are disproportionately the families of kids who were not succeeding in "regular" schools or who were not well-served by those schools. In the six U.S. states with the most charter schools . . . minority youngsters comprise 40 percent of charter school enrollments.[101]

Whereas affluent parents are often able to afford to pay private school tuition or to move to communities where schools are thought to be superior, low-income parents are the most likely to be trapped in a school district with a failing public school and few affordable alternatives. The poor need educational choice the most, a point that has been made over and over again by African-American educational choice proponents such as Howard Fuller, Fr. George Clements, Hon. Polly Williams, Bob Woodson, Thomas Sowell, Joan Davis Ratteray, and Walter Williams.[102]

Even those parents who decide not to deliberately choose a school benefit from educational choice. The parents who *do* choose create pressure on teachers and

administrators to do a better job meeting parents' needs. Not every parent needs to be a careful "shopper" for education for the system to work, just as not every shopper at a grocery store needs to take careful note of every price to benefit from competition among stores. Empowering even a minority of parents in a given school district will begin to create incentives for better performance and greater parental involvement, with results that will benefit all of the students in the district.

Will parents make decisions based on sound information about how effective schools are, or will they be swayed by athletic programs and other non-academic factors?

The limited research available suggests that parents, when given the freedom to choose, make use of test scores and other measures of school success. One recent study looked at parental choice in Maine, where many small towns pay high school tuition to larger towns or to nonsectarian private high schools rather than maintain their own high schools. The authors conclude:

The limited research available suggests that parents, when given the freedom to choose, make use of test scores and other measures of school success.

> The results of this study support the notion that published test scores influence parental choice of school. High schools with relatively higher MEA [Maine Education Assessment] test scores during the first three years of the test were the primary beneficiaries of enrollment shifts in the 43 towns selected for inclusion in this study. . . . This finding is especially noteworthy because it is drawn from rural communities, where factors such as community ties, distance, and transportation tend to limit the impact of test score differences on enrollment patterns.[103]

A study by the Hudson Institute of the Educational Choice Charitable Trust (ECCT), a private school choice program in inner-city Indianapolis, found that parents who enrolled their children in the program did so for three main reasons: Safety (more than 90 percent), educational quality (80 percent), and frustration with current school (70 percent).[104] It also found higher academic achievement in language arts, mathematics, and reading, and parental interaction "substantially increased at schools chosen via the ECCT program."

Would private school choice damage the public schools?

If public schools are doing the best job possible under difficult circumstances, they have nothing to fear from a private school choice program. Parents will realize that there is little or nothing to gain by moving their children to private schools. If, on the

other hand, public schools are not doing a good job, then they deserve to lose enrollment and funds to schools that can do the job better.

> Having an effective competitor is an excellent way to learn about ways to improve efficiency and quality.

Privatization of other government services has often led to improvements in the public delivery of the service.[105] For example, Phoenix allows competition between city units and private providers for a variety of public works services, and has documented increased efficiency by both public and private parties. Philadelphia Mayor Ed Rendell has discovered the same thing. Having an effective competitor is an excellent way to learn about ways to improve efficiency and quality.

Research on the relationship between the number of competing schools in a community and student achievement has found that competition has a positive effect here as well. Melvin V. Borland and Roy M. Howsen, economists at Western Kentucky University, conclude:

> The level of competition may exert pressure on school administrators to pursue those policies that result in higher student performance reflected on standardized tests. That is, school administrators facing competition are forced to employ inputs in combinations that result in higher student test scores and/or are forced to hire those teachers that possess the necessary behaviors in order to increase student performance.[106]

Milwaukee's educational choice program also provides evidence that private school choice benefits public schools. A November 14, 1995 editorial in *The Wall Street Journal*, referring to Milwaukee Mayor John Norquist, reads:

> He notes that the existence of choice in Milwaukee has already prompted the local school board to offer its own version of choice within the public school system. "They wouldn't have ever done that if it weren't for the pressure of the voucher program," Mayor Norquist told us.

Some of the strongest critics of private schools acknowledge, by their actions, that private schools can coexist with public schools. According to Denis Doyle, "in Boston, 44.6 percent of public school teachers use private schools; in Chicago, 36.3 percent; in Cleveland, 39.7 percent; in New York, 27.9 percent; in Grand Rapids, 41.1 percent; and in San Francisco, 36.7 percent."[107] Keith Geiger, president of the National Education Association, recently admitted that "about 40 percent" of all urban government school teachers send their own children to private schools.[108]

Would a choice program that includes religious schools violate the First Amendment?

Because religiously affiliated schools enroll eight out of every ten students in private schools, a school choice program that excludes religiously affiliated schools will benefit few students and create little competition. But allowing religious schools to participate raises the specter of subsidies to religion on the one hand, and on the other, state interference with the freedom to worship.

Educational choice programs are designed so that tax dollars are given to parents in the form of scholarships that are then redeemed for tuition at the schools of their choice. Since the parents are free to enroll their children in a wide variety of religious and nonreligious schools, such a plan cannot lead to the establishment of a state-approved church, the concern that led the founding fathers to write the First Amendment.

Lawrence Tribe, a prominent liberal legal scholar, has said a "reasonably well designed" choice plan would pass constitutional muster.

Litigation is occurring around the country on the question of whether religious schools may participate in educational choice programs. The courts have generally ruled in favor of including religious schools, so long as funds go to parents or students rather than to schools; the purpose of the program is secular and is not primarily to support religion; and the program does not create a condition in which governments may intervene in church affairs.[109] Lawrence Tribe, a prominent liberal legal scholar, has said a "reasonably well designed" choice plan would pass constitutional muster.[110]

Would an educational choice program lead to government control of private schools?

The concern that "he who pays the piper, calls the tune" has been foremost in the minds of choice advocates since vouchers were first proposed in the 1950s.[111] It is the doctrine, as Virgil Blum described it nearly four decades ago, that "government control invariably follows the public dollar."

For several reasons, fear of government control of private education should not stand in the way of enacting school choice legislation. First, state governments may already regulate private schools at will, without a choice program in place. In the name of public safety or the general good, state governments can and often do mandate curricula, hours of study, qualifications of teachers, facilities, student evaluation, and other intimate details of private schooling.

What prevents excessive regulation in Illinois and other states is not the absence of a cash nexus -- which doesn't exist in states with heavier regulation, either -- but the strength of public opposition to such regulation. Therefore, the entire issue of increased government regulation following vouchers is a red herring.

Second, public sentiment against regulation has been growing stronger, not weaker, in recent years. A voucher plan would pass only because the public is convinced that *too much* government regulation is strangling public schools and that the solution is a radical restructuring of the school system. We don't understand how this same public could, immediately thereafter, be persuaded that *more* regulations should be imposed on participating schools.

The greatest test of choice advocates will be to enact the legislation. Thereafter, the advocates of regulation would lose their positions of influence and power and become less and less a threat to the independence of participating schools.

Along these same lines, enactment of voucher legislation would seem to require that advocates of deregulated schooling be stronger or better organized than the advocates of regulated schooling. Why assume that a force sufficiently strong to enact such legislation would be too weak to defend it, later, against teacher unions and other advocates of regulation? Just the opposite is more plausible: The greatest test of choice advocates will be to enact the legislation. Thereafter, the advocates of regulation would lose their positions of influence and power and become less and less a threat to the independence of participating schools.

Third, there are many precedents of government control *not* following government money when that money subsidizes *demand* rather than *supply*. Millions of Americans receive government aid through Social Security, welfare, college tuition grants and loans, and other entitlement programs. They use that money to buy goods and services from a wide range of institutions, including for-profit, non-profit, and religious institutions. Have these institutions come under the control of government because they accept this money? There is no evidence that they have. Virgil Blum, writing about Social Security beneficiaries, expressed it like this:

> The individual needy aged may take his government subsidy and shop with complete freedom. The subsidy is not conditioned on the surrender of the freedom to purchase the physical needs of life *wherever* he prefers. Furthermore, the aged person may purchase *whatever* he desires. If for reasons of religious belief he does not wish to eat pork, it is not forced upon him by an intolerant government operating a government meat shop. The individual may purchase kosher meat, or he may purchase fish, or he may choose to dine exclusively on a vegetable diet; this is a personal matter and the government will not attempt to control his diet.[112]

Fourth, proposed choice legislation usually includes language protecting participating schools from any more regulation than prevails at the time the legislation is enacted, or it may require a supermajority of elected officials to pass new regulations.

Many states are considering legislation to place language in the state's constitution to the effect that the state may not infringe on a parent's right to control his or her child's education.

Whether these statutory and constitutional barriers are sufficient to keep government bureaucrats from expanding their authority over private schools cannot be deduced from a dogmatic assertion that "government control invariably follows the public dollar." It depends on the intelligence and conviction of elected officials, school administrators, parents, and voters.

> There are many precedents of government control *not* following government money when that money subsidizes *demand* rather than *supply*.

Finally, opposition to vouchers from the "conservative" or "libertarian" perspective seems, to us, to reflect an inverted view of current realities. Such critics place their fear of compromising the independence of a small number of schools above the very real and alarming injustice of the present public school cartel. The public schools' near monopoly of education in America poses, to the true conservative or libertarian, a genuine threat to all of our other liberties, including those of religion, association, and speech. Dismantling that monopoly for the benefit of millions of children should be our highest priority, while of course looking out for the independence of the small number of religious schools now surviving against all odds.

Nearly two million children in Illinois face limited life prospects because the public schools they attend fail to help them achieve academic excellence. Do we turn our backs on these children while sending our own children to private schools? Do we comfortably predict the "collapse" of public schools, while another and then another and then yet another generation of students suffer for our patience?

Like the man described in Matthew 7:1-5, the "pro-freedom" critic of vouchers seems to "worry about the speck in the eye of a brother" while having a board in his own eye. Our advice is the same as Matthew's: "First, get rid of the board. Then you can see to help your brother."

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61. The math behind this rule is explained in Joseph Bast and Robert Wittmann, "Educational Choice Design Guidelines," *Heartland Policy Study*, The Heartland Institute, May 1991, page 13.

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63. Phasing in the program by grades also addresses the concern, expressed by John F. Witte, that "expecting dramatic changes at the high school level is unreasonable." John Witte, "Public Subsides for Private Schools: What We Know and How to Proceed," *Educational Policy*, Vol. 6, No. 2, June 1992, page 223.

64. Article X, Section 1, "Education in public schools through the secondary level shall be free."

65. The notion of teachers starting "private practices" along the lines of lawyers and other professionals has gained considerable momentum in recent years. See Kenneth J. Schlager and Hector S. MacDonald, "An Entrepreneurial Approach to Science Education," *Heartland Policy Study*, Heartland

Institute, August 16, 1989. An organization devoted to promoting private practice teaching is the American Association of Educators in Private Practice, Chris Yellich, executive director. Call 1-800-252-3280 for more information.

66. Many public school superintendents expressed their eagerness to start smaller achievement-oriented private schools during interviews conducted in 1990 by one of the authors, Joseph Bast. Invariably those officials would express opposition to vouchers, but were quick to say that *if a voucher plan were enacted*, they would help create schools that would be more effective that the ones they currently supervise.

67. The U.S. Constitution's guarantees of religious liberty have frequently been held to supercede language similar to Illinois' Blain amendment. See Frank R. Kemerer, "The Constitutionality of School Vouchers," *West's Education Law Reporter*, August 24, 1995.

68. Primary sources for the discussion that follows are Organization for Economic Cooperation and Development, *Education at a Glance: OECD Indicators*, 1993 and 1995; and National Center for Educational Statistics, *The Condition of Education 1995*. An overview of some of this data can be found in Herbert J. Walberg, "Losing Local Control of Education," *A Heartland Policy Study*, The Heartland Institute, November 22, 1993; and Joseph Bast and Robert Wittmann, "The Case for Educational Choice," *Heartland Policy Study*, The Heartland Institute, May 1991.

69. See Louis V. Gerstner, Jr., "Don't Retreat on School Standards," *The New York Times*, December 30, 1995, page 19.

70. Charles J. Sykes, *Dumbing Down Our Kids* (New York, NY: St. Martin's Press, 1995) pages 20 ff.

71. National Education Goals Panel, *Goals Report: Building a Nation of Learners, 1994*, pages 20-21.

72. Daniel A. Wagner, "To Read or Not to Read," *Education Week*, October 25, 1995, page 44.

73. Lawrence C. Stedman, "The New Mythology About the Status of U.S. Schools," *Educational Leadership*, Vol. 52, No. 5 (February 1995), page 83.

74. Eric Hanushek, "Making Schools Work: Spending and Student Achievement," *Heartland Policy Study*, The Heartland Institute, September 26, 1995, page 8.

75. The latest compendium is David C. Berliner and Bruce J. Biddle, *The Manufactured Crisis* (Reading, MA: Addison Wesley Publishing, 1995). See also C.C. Carson, R.M. Huelskamp, and R.D. Woodall, "Perspectives on Education in America," *The Journal of Educational Research*, Vol. 86 (May/June 1993), pages 259-310; Gerald W. Bracey, "The Fourth Bracey Report on the Condition of Public Education," *Kappan*, October 1994, pages 115-127.

76. Richard Rothstein with Karen Hawley Miles, *Where's the Money Gone? Changes in the Level and Composition of Education Spending*, Economic Policy Institute, 1995, page 1.

77. Eric Hanushek, op cit., page 13.

78. See Joseph Berger, "Debating High Costs of Special Needs," *The New York Times*, October 29, 1995.

79. Allan Odden, David Monk, Yasser Nakib, and Lawrence Picus, "The Story of the Education Dollar," *Network News & Views*, December 1995, page 5.

80. Lawrence C. Stedman, "Incomplete Explanations: The Case of U.S. Performance in the International Assessments of Education," *Educational Researcher*, Vol. 23, No. 7 (October 1994).

81. In Illinois, the percentage of students enrolled in public schools with limited English proficiency increased from 3.2 percent in 1966-67 to 5 percent in 1992-93. For the Chicago Public Schools, enrollment rose rose from 8.7 percent to 13.7 percent. Information provided by the Illinois Board of Education, n.d.

82. Charles Sykes, op cit., page 290.

83. Primary sources for this section are Illinois State Board of Education, *Illinois School Report Cards: Performance Profiles*, 1986-1991, February 1992; Daniel Polsby, "Chicago School Reform: First Annual Evaluation," *Heartland Policy Study*, The Heartland Institute, October 1994; and National Center for Education Statistics, *Digest of Education Statistics 1993*, U.S. Department of Education, 1993.

84. Rosalind Rossi and Jorge Oclander, "Schools' Task Measured in Scandals," *Chicago Sun-Times*, December 3, 1995, p. 13.

85. See "Reform and the Quality of Education in Chicago," by Richard P. Niemiec and Herbert J. Walberg, in Richard P. Niemiec and Herbert J. Walberg, eds., *Evaluating Chicago School Reform*, (New Directions for Program Evaluation No. 59, American Evaluation Association, Jossey-Bass Publishers, Fall 1993).

86. Daniel D. Polsby, "Chicago School Reform: First Annual Evaluation," *Heartland Policy Study*, The Heartland Institute, October 31, 1994.

87. This finding has been contested by some school reform groups using a different measure of school violence. Polsby used previously undisclosed data from the Illinois Board of Education and the Illinois State Police on criminal attacks on school personnel. He found the rate of attacks in the CPS climbed from 12.9 per 10,000 pupils in 1984 to 21.2 attacks per 10,000 pupils in 1992, despite a background of declining crime rates for the city as a whole. These numbers have not been contested by the CPS's defenders.

88. Daniel Polsby, op cit., page 18.

89. Kenneth Wong and M.H. Moulton, "Developing Institutional Performance Indicators for Chicago Schools," paper presented at the annual meeting of the American Educational Research Association, April 18-22, 1995, San Francisco, California.

90. Quoted in *Washington Watch*, March 1996.

91. For a very complete description of how comprehensive educational choice programs could be designed, see Joseph and Diane Bast, eds., *Rebuilding America's Schools* (Chicago, IL: The Heartland Institute, 1991).

92. See G. Alfred Hess, Jr., et al., *Who Benefits from Desegregation?* (Chicago, IL: Chicago Panel on Public School Policy and Finance, December 1987).

93. See Taylor Bell, "Vouchers Could Affect Athletes," *Chicago Sun-Times*, September 13, 1992, page 39A: "Mayor Daley favors a voucher system -- a subsidized means by which students can attend any public or private school of their choice -- to overhaul Chicago's public schools and improve the quality of education in the city."

94. Letter dated May 8, 1991 to the Hon. Mayor Richard M. Daley and signed by Joseph Bast (The Heartland Institute), Randy Barnett (IIT Chicago-Kent College of Law), James S. Coleman (University of Chicago), Edward Marciniak (Loyola University), Daniel Polsby (Northwestern University), William Sander (DePaul University), Herbert Walberg (University of Illinois at Chicago), and Stuart Warner (Roosevelt University).

95. Quoted in *Chicago Sun-Times*, February 13, 1996.

96. Quoted in "Educational Choice: A Catalyst for School Reform," Report of the Task Force on Education of the City Club of Chicago, August 1989.

97. Quoted in "If you can find a better school, attend it," by Kenneth J. Cooper, *Washington Post*, March 4-10, 1991.

98. Abigail Thernstrom, *School Choice in Massachusetts* (Boston, MA: Pioneer Institute, 1991).

99. Paul E. Peterson, "Vouching for a Religious Education," *The Wall Street Journal*, December 28, 1995, page A6.

100. See "Choice and control in American education: An analytical overview," in W.H. Clune and J.F. Witte, eds., *Choice and Control in American Education, Vol. 1, The Theory of Choice and Control in Education* (New York, NY: Falmer Press, 1991) pages 11-46.

101. *Charter Schools in Action: A First Look*, by Chester E. Finn, Jr., Luann A. Bierlein, and Bruno V. Manno, Hudson Institute Educational Excellence Network, January 1996.

102. See Howard Fuller, "Milwaukee Choice Program," testimony for the Subcommittee on Oversight and Investigations of the Economic and Educational Opportunities Committee, U.S. House of Representatives, October 25, 1995. For other quotations and citations, see Joseph Bast and Robert Wittmann, "The Case for Educational Choice," pages 5, 10-11.

103. John Maddaus and Scott F. Marion, "Do standardized test scores influence parental choice of high school?" *Journal of Research on Rural Education*, Vol. 11, No. 2 (Fall 1995), pages 75-83.

104. "What happens when parents choose schools," *Hudson Institute Report*, Fall 1995, page 8.

105. For more examples, see William D. Eggers and John O'Leary, *Revolution at the Roots* (New York, NY: The Free Press, 1995).

106. Melvin V. Borland and Roy M. Howsen, "Student academic achievement and the degree of market concentration in education," *Economics of Education Review*, Vol. 11, No. 1, 1992. See also by the same authors, "On the determination of the critical level of market concentration in education," *Economics of Education Review*, Vol. 12, No. 2, 1993.

107. Denis P. Doyle, "Lessons in Hypocrisy," *The Wall Street Journal*, June 13, 1995, page 16.

108. Karl J. Borden and Edward A. Rauchut, "Educational Choice: Making Even Good Schools Better," *Issue Paper*, Constitutional Heritage Institute, December 1995, page 9.

109. See *Mueller v Allen* 463 U.S. 388 (1983). For a complete discussion, see Joseph Bast and Robert Wittmann, "The Case for Educational Choice," op cit.

110. Cited by Karl J. Borden and Edward A. Rauchut, op cit., page 12.

111. Virgil Blum, *Freedom of Choice in Education* (New York, NY: The Macmillan Company, 1958), page 37.

112. Ibid., page 34.