

Do Schools Need a New Framework with More Choice?*

By

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Take a test. Guess what part of public education has grown fastest during the past 50 years: instruction or administration?

If you guessed administration, you are wrong. A study that I undertook with Eugenia Toma of the University of Kentucky shows that Michigan has spent several times more money on the classroom during the past five decades than on administration and benefits. The familiar complaint that schools spend more money on administrators than on teachers and children is wrong. We just assume that if we only spend more money on the classroom, the product would improve.

What then is the problem? Consider the governing structures of education, which is the subject of our study, “A New Framework for Public Education in Michigan.” The study analyzes the outcomes of public education. By measuring existing standards, such as standardized test results and dropout and graduation rates, we discovered that not all schools fail and no school fails all of the time.

Where failures do occur, however, they tend to be repeated. They tend to be concentrated in identifiable areas—mostly, large urban centers. Similarly, resources tend to be concentrated where the rate of failure is least in the existing system of public education.

The study also found that education money is distributed contrary to demonstrated needs. Students from failing school districts—who don’t take advantage of resources reserved for them—actually subsidize the educations of students in successful schools. Since the students in failing schools tend to be poorer than the students in successful schools, this constitutes a redistribution of wealth from the poor to the well-to-do.

We also demonstrate that the inefficient use of resources occurs in all schools, and is tied to how schools are governed. Having the government run – instead of pay for – the schools seems to be the single greatest cause of the inefficiencies in all schools.

Earlier theories blamed failures in schools on capitalism. Critics confused the “government production” of schooling with “government financing” of schooling. It is the same as confusing road building with highway financing.

There is no defense for being comfortable with failure any longer. The way to correct this problem is to devolve school ownership to the citizens within specific school districts. We recommend distributing ownership shares to citizens and awarding extra shares to teachers and administrators to protect their leverage during the transition period.

* Published in the *Detroit News* (February 23, 1997): 7B.

Shareholders would govern the schools through boards of directors chosen by vote of the actual majority (not the tiny minority of voters who now run every public school). The emerging corporation would be a public entity subject to the rules that govern all public corporations. Moreover, every child, no matter what the family or educational background, would receive the same level of public funding for education and therefore command the same value of educational resources. There would be no excuse for failure.

Schools would freely establish tuition rates and recruit students competitively. The state would cover the cost of tuition by paying the current average, annual cost of education directly to students. That sum is about \$5,900. In the new competitive environment, in which students could choose to enroll at any school, the tuition rate would fall to somewhere between the higher rate and the usually far lower tuition rates (on average) charged by independent schools.

At the same time, schools would enjoy a net increase in resources, as the expenses involved with an overly bureaucratized system fall. The Vaughan School, an autonomous charter school in Los Angeles, has demonstrated this.

State government would help the situation by absorbing current debts (retirement and bonded indebtedness) from existing school districts. The state could finance this debt through current funding by assuming a one-time debt to be paid over a long period.

The “new framework” would shift government’s role from providing the mechanisms of education to providing the funding for schools. In this new arrangement, the customers (families) would have more choices of schools. And this competition would improve public education.

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