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Gwartney - Stroup
Sobel - Macpherson

School Choice: *Can It Improve the Quality of Education in America?*

Full Length Text — Part: 6 Chapter: 9
Micro Only Text — Part: 4 Chapter: 6


To Accompany "Economics: Private and Public Choice 12th ed."
James Gwartney, Richard Stroup, Russell Sobel, & David Macpherson
Slides authored and animated by:
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Educational Spending and Student Performance


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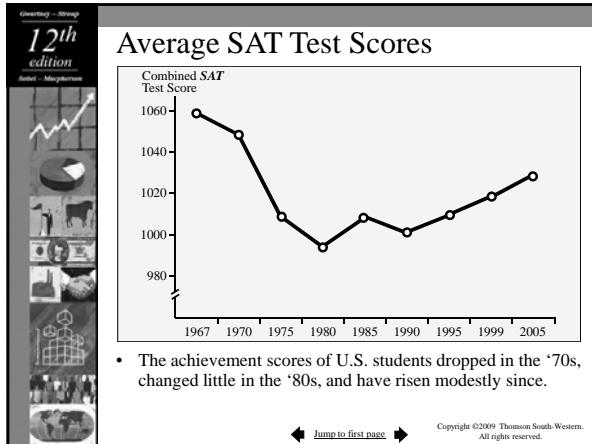
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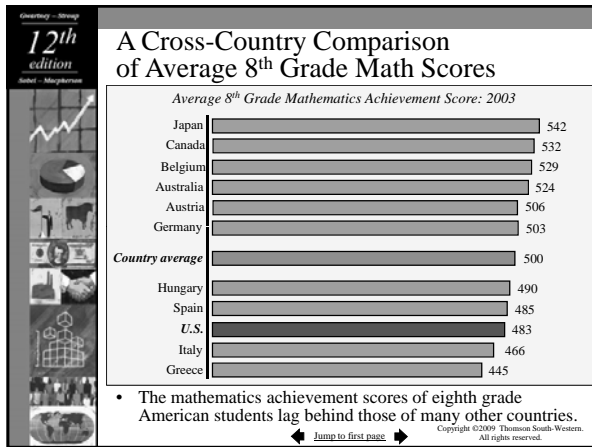
Educational Spending and Student Performance

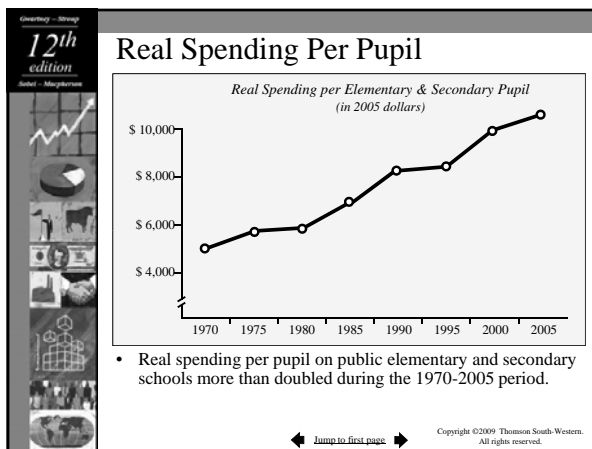
- In recent decades, Americans have been concerned about the poor performance of students and rising costs of education. The numbers tell the story.

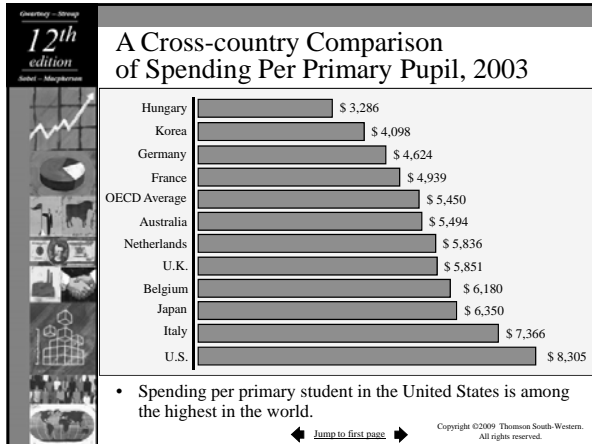
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Economics and the Structure of the Educational System

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Economics of the Educational System

- Economic analysis indicates the structure of the educational system may well be a contributing factor to its high cost and poor student performance of recent decades.
 - Education is largely provided by government-operated firms with substantial monopoly power.
 - Competition is largely absent; educational consumers have limited choice among schools.
- Because it is costly for parents and students to shift away from low-quality schools, they are in a weak position to discipline and direct schools.

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Economics of the Educational System

- Public school administrators have a strong incentive to expand their budgets by seeking additional funding from budgetary agencies, but have a weak incentive to cater to the views of parents and students.
- This structure is likely to result in higher schooling costs and a disconnect between the quality (*and structure*) of schools and the preferences of educational consumers.

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Questions for Thought:

1. "The best strategy to reverse the decline in student performance in recent decades is to increase spending on education."
-- Evaluate this statement.
2. "Public school administrators have strong economic incentives to operate efficiently."
-- Evaluate this statement.

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Alternative Ways of Increasing Competition and Expanding Consumer Options

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School Vouchers

- Under a pure voucher plan, rather than financing schools directly, the government would provide students with a certificate equal to the current expenditure per pupil.

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School Vouchers

- **Advantages:**
 - A voucher plan would put competition to work to improve our schools.
 - A voucher system would also encourage diversity, which would allow a larger number of Americans to choose a type of schooling that is more consistent with their preferences.
- **Objections:**
 - Beneficiaries would be high income families.
 - Racial imbalance might increase.
 - Funds would be drained away from public schools, causing them to further deteriorate.
 - A voucher plan targeted towards low- and middle-income families would eliminate these objections.

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Charter Schools

- **Charter schools** are publicly funded but are run independently from the traditional public school system.
 - Charter schools operate under a contract (“charter”) with a government agency.
- Charter schools differ from voucher programs in some dimensions.
 - Religious schools are not permitted to be charter schools, while vouchers are sometimes permitted to be used at such schools.
 - Charter schools are not permitted to charge tuition as all of their students are subsidized by public funds.

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Choice for Students of Failing Schools

- Alternatively, parents with children in failing schools could be provided with vouchers.
- Students would get a voucher to cover the cost of education at an alternative private school or let parents choose another public school if their public school fails.

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The Effect of Structural Change

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Impact of Structural Change

- Thus far, movement towards school choice has been modest. Preliminary findings indicate:
 - The achievement scores of African-American students tend to be higher after one to two years in voucher programs.
 - The impact of charter schools on student achievement is inconclusive.
 - Most parents of students in charter schools and voucher programs indicate they are highly satisfied with their children’s schools.
 - Targeted voucher programs tend to increase racial integration in schools in highly segregated communities.

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Questions for Thought:

1. Should parents have the right to choose which school their children attend? Discuss.
2. Suppose that statistical studies indicated that additional choice did not change student performance, but that it did improve student and parental satisfaction with schools. Would these findings strengthen the case for school choice?

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**End
Special Topic 9**

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