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School Reform News

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THE MONTHLY NEWSPAPER FOR SCHOOL REFORMERS

Vol. 9 No. 8 September 2005

Texas Charter Schools Seek Funding Equity

by Connie Sadowski

Despite being required to meet the same performance standards as other public schools, Texas charter schools must do so with less state money, a study released August 1 concluded.

The study—"State Funding of Charter Schools," an 18-state comparison conducted by a research team including analysts from the Thomas B. Fordham Institute, the Progress Analytics Institute, and Public Impact—states Texas charters "do not have access to local funds, including debt service and capital funds. Instead, charters are funded solely through state, federal, and 'other' sources."

The report continues, "The state fund-
TEXAS p. 5

Pennsylvania Expands Tax Credit Program

by Andrew T. LeFevre

The new Pennsylvania state education budget for the 2005-06 academic year, signed on July 13 by Gov. Ed Rendell (D), contained a victory for school choice—a 10 percent increase in the state's popular Educational Improvement Tax Credit (EITC), which provides scholarships for students to attend a school that best fits their individual needs.

PENNSYLVANIA p. 6

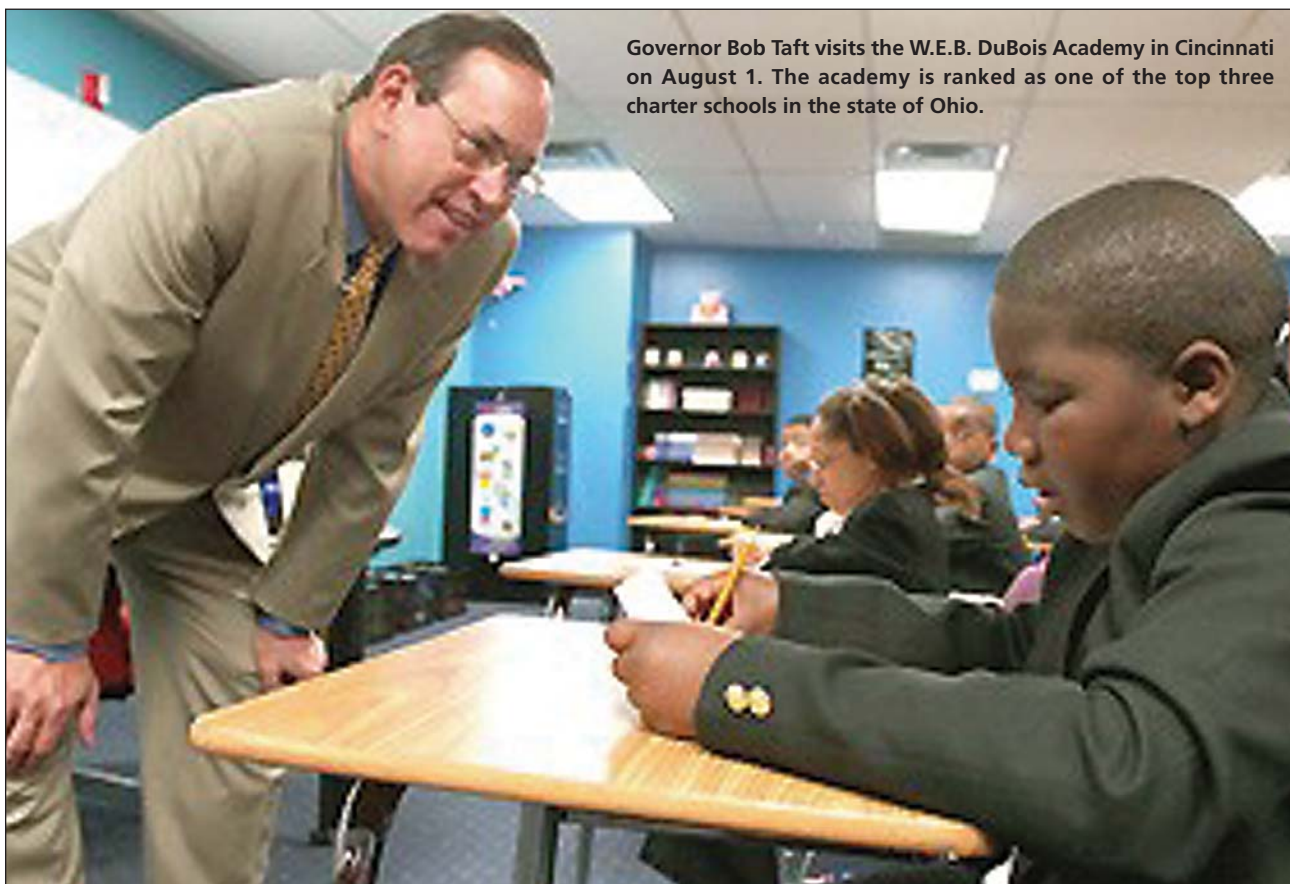
Governors Agree on Education Data Guidelines

by Michael Coulter

After a report from the watchdog group Education Trust delivered a stinging rebuke this June, the governors of 46 states and Puerto Rico agreed on July 17 to adopt a standard formula for determining high school graduation rates. The agreement came at the National Governors' Association

GOVERNORS p. 13

Ohio Creates Nation's Largest Voucher Program



Governor Bob Taft visits the W.E.B. DuBois Academy in Cincinnati on August 1. The academy is ranked as one of the top three charter schools in the state of Ohio.

Photo by Chris Kasson / Office of the Governor

by Kate McGreevy

In a year already marked by several legislative victories for the school choice movement nationwide, Ohio is poised to become the state with the largest voucher program in the country by next fall.

Gov. Robert Taft (R) recently signed into law a new program providing scholarships for students in failing schools; the legislation also expands

two existing choice programs in the state beginning with the 2006-07 school year.

"The new program for children in failing schools will be the largest statewide school choice program in the nation," noted Clint Bolick, president and general counsel of the Alliance for School Choice. "The creation of that program plus the expansion of two others illustrates

that states with the greatest experience with school choice are the most likely to expand it."

Ohio's choice programs have occupied the national spotlight for several years. In 2002, the U.S. Supreme Court upheld the Cleveland Scholarship Program in *Zelman v. Simmons-Harris*, freeing Ohio's parents to use state-provided vouchers to

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CAPITOL HILL BEAT

Brownback Generates Welcome Stir over Expanding DC Voucher Program

by Robert Holland

Refreshing breezes are difficult to come by on Capitol Hill in midsummer, but Sen. Sam Brownback (R-KS) created an invigorating stir in late June when he broached the idea of expanding the federally funded Washington, DC school voucher experiment.

The senator proposed lifting the \$7,500 annual per-student cap on vouchers and allowing needy children to use their scholarships at private schools outside the District of Columbia.

Brownback, who wields considerable clout because he chairs the Appropriations Subcommittee, argued an expansion of the program could benefit students. A shortage of high school slots in the District could leave 80 students with vouchers in hand but no private schools able to accept them this fall.

Public Hearings Planned

In deference to key District school officials and senatorial colleagues who supported setting up the five-year pilot project with vouchers in 2003, but who were leery of expanding it in midstream, Brownback decided against forcing through an immediate expansion. Public hearings on the pros and cons of expanding the voucher program could take place next year.

The Washington Scholarship Fund (WSF), the nonprofit administrator of the voucher program, has pointed out that high school tuition in the District tends to be considerably higher than \$7,500 a year. Brownback noted extending the program's boundaries just three miles past District lines into suburban Maryland and northern Virginia could add 15 private high schools as potential recipients of voucher students.

Voucher Student Numbers Increasing

Last year—its first—the program served almost 1,000 needy children in 53 private schools. That number is expected to grow to about 1,600 students in 67 private schools this fall.

“Our number one goal is to provide as many deserving DC children as possible with access to the educational opportunity of their choice,” WSF President Sally Sachar said. “We look forward to working with the mayor, local education and school leaders, officials at the U.S. Department of Education, and congressional, business, and other community leaders to identify the best ways to ensure that all students who receive Opportunity Scholarships can use them.”

DC Mayor Anthony Williams, a key local supporter of the voucher program, was among those initially skeptical about expanding it while it is still in its trial phase.

The *Washington Post* gave Brownback points not only for pulling back for more deliberation, but also for calling attention to a serious obstacle to educational opportunity. “Concern about the capacity of DC private schools to accommodate the demand is ... well-founded,” the editors wrote on July 15. “[Pending possible expansion,] voucher supporters in the District would do well to determine if private or religious schools in the city can, with extra effort, increase their enrollment capacity.”

Merit Pay Incentives Passed

Over the past few years, the idea of boosting the pay of teachers who help raise student achievement has been gathering support among governors from both major political parties.

This summer, a decision by key players in the congressional appropriations process raised the likelihood of making federal support available for states and school districts that dare to innovate with merit pay. Teacher unions long have insisted upon seniority-based wage scales that pay teachers according to years of service, not competence.

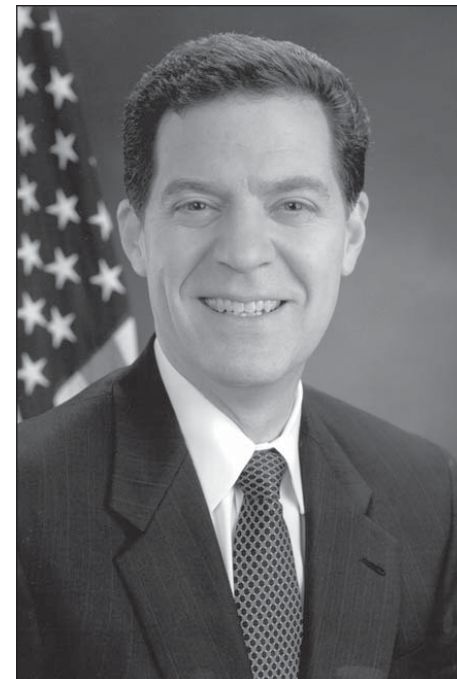
On June 9, members of the House of Representatives Labor-HHS-Education Appropriations Subcommittee approved \$100 million for a teacher merit pay pilot initiative. That funding would come from an existing pot of money that has been used for a variety of small projects related to professional development of teachers.

“Sen. Sam Brownback (R-KS) ... proposed lifting the \$7,500 annual per-student cap on vouchers and allowing needy children to use their scholarships at private schools outside the District of Columbia.”

President Lends Support

“The federal government is spending tens of billions of dollars a year on K-12 education programs,” House Education Committee Chairman John Boehner (R-OH) said in a June 9 news release. “States and schools ought to be allowed to use at least a fraction of that money to provide financial rewards for highly qualified teachers and principals who are working successfully to raise student achievement.”

The appropriation subcommittee's proposal is a pilot version of a \$500 million teacher merit pay initiative proposed by



President George W. Bush in September 2004 as part of his second-term agenda. According to the White House, the program would reward teachers who are top performers in closing the achievement gap between privileged and needy children, and in generally meeting the objectives of the federal No Child Left Behind Act.

The congressional emphasis on relating teacher pay to student achievement gives added momentum to the movement for value-added assessment, a method of evaluating teachers according to how much they help individual students advance year to year. The Teaching Commission, a bipartisan reform organization led by former IBM Chairman Louis V. Gerstner Jr., is advocating substantial bonuses for top-producing teachers.

Robert Holland (holland@lexingtoninstitute.org) is a senior fellow at the Lexington Institute, a public policy think tank in Arlington, Virginia.

INTERNET INFO

For more information on teacher pay, see “Gerstner Commission Endorses Teacher Merit Pay,” *School Reform News*, April 2004, available online at <http://www.heartland.org/Article.cfm?artID=14652>.

Additional information is available through *PolicyBot™*, The Heartland Institute's free online research database. Point your Web browser to <http://www.heartland.org>, click on the *PolicyBot™* button, and select the topic/subtopic combination Education/Teacher Pay.

Ohio

Continued from page 1

send their children to a variety of private schools, including those with religious orientations. The most recent legislation builds on that foundation.

The most significant component of the law establishes a new statewide scholarship program targeting students in public schools that have been in academic emergency for three consecutive years. According to the July 13 edition of *Education Week*, 117 of Ohio's 3,917 public schools have been in academic emergency for two years. The number of children who will qualify for the scholarship will be determined once 2004-05 numbers are analyzed, with low-income students given priority.

New Scholarships Created

Beginning in fiscal year 2007, up to 14,000 students will be awarded scholarships ranging from \$4,250 to \$5,000 to attend private schools.

The new law prevents Cleveland

students from using the new statewide scholarships, because Cleveland has had its own citywide voucher program since the 1996-97 school year. However, the law augments both the Cleveland voucher program and the state's choice program for autistic students.

Cleveland's voucher program, available only to K-10 students until now, will be immediately opened to 11th- and 12th-grade students. In fiscal year 2007, maximum scholarship amounts will be increased from \$3,000 to \$3,450.

The Autism Scholarship Program, formerly a pilot, is made permanent, and scholarships will increase from \$15,000 to \$20,000 apiece. Additionally, the new law removes the cap on the number of autistic children who can enroll.

"The new amounts are more realistic and should encourage new schools to open and expand choices for Cleveland schoolchildren," Bolick said.

Divided Over Choice

To help measure the program's effectiveness, students receiving vouchers will take the same standardized tests as those in Ohio's public schools.

"The new program for children in failing schools will be the largest statewide school choice program in the nation."

CLINT BOLICK
ALLIANCE FOR SCHOOL CHOICE

Although school choice advocates are pleased by Ohio's growing programs, not everyone in the Buckeye State welcomes the new law. Ohio Federation of Teachers Communications Director Lisa Zellner said the state's choice programs have yet to produce their promised results.

"The new legislation expanded a type of program that has proved unsuccessful," she said, noting that by some measures public school students' standardized test scores are improving faster than the scores of students using vouchers to attend private schools. "We are confused about why legislators would invest public dollars into programs that

have not raised student achievement."

Other research, such as Indiana University education professor Kim Metcalf's nine-year study of the Cleveland Scholarship Program, indicates that though Ohio's charter schools are lagging behind traditional public schools, voucher students are performing at least as well as, if not significantly better than, their public school peers.

Choices Are Growing

Bolick said choices are growing in states such as Ohio, Arizona, Florida, and Utah precisely because they do work—making 2005 one of the strongest years on record for school choice legislation.

"In 2006, the number of children in targeted school choice programs nationwide will reach six digits for the first time, representing a 40 percent increase in the number of children in targeted school choice programs and an even bigger increase in the amount of public funding," Bolick said.

Kate McGreevy (mcgreevy@gmail.com) is a freelance education writer based in New Mexico.

Choosing the Best School for Your Child

Awarded a scholarship? Here's what to do next

by Jenny Rothenberg

Thanks to the expansion of Ohio's voucher program and a host of legislative victories for school choice reforms nationwide in 2005, more parents than ever before have additional options in helping meet their children's educational needs this year.

But for some, making the most of those new options is a daunting task. To help parents navigate the process of selecting a school for their child, *School Reform News* asked experts in Washington, DC and Milwaukee—which both have operational voucher programs—what parents need to do to find the best non-public school for their child.

Knowing What You Want

1. *Decide what you want in a school.* "What is a good school to you? The answer is different for every family," explained Linda Armstrong, a family/school/community advocate at the Institute for the Transformation of Learning at Marquette University.

"Do you just want a school that is close to home?" Armstrong suggests parents ask themselves. "What are your child's interests? Project yourself into the future. What do you see your children doing in 15 years? What do they see themselves doing? Then ask what needs to be done today to achieve that. A doctor or a lawyer needs to be a good reader, so a strong reading program should be on your list."

2. *Name the specifics.* "We encourage parents to consider what actually makes something good," Armstrong said. "If good teachers make a school good, what makes a good teacher? Is it one who listens to students? If so, what might pre-

vent a teacher from listening well? Too many students in one classroom might prevent good listening."

Parents who complete exercises such as the one described above, Armstrong said, are prepared to choose a school based on specific criteria, rather than abstract ideas.

3. *Consider the amenities.* Parents also should consider what potential schools offer outside the classroom. Jennifer Brown, chief program officer for the Washington Scholarship Fund, says parents should consider location, transportation, extracurricular tutoring, and enrichment programs such as sports teams, a yearbook program, or the arts.

Families also should factor in the cost of those activities, if they are not included in the tuition.

"If you have to take a day off without pay, do it. Nothing will give you a better idea of the environment your children will be in than experiencing it yourself."

LINDA ARMSTRONG
INSTITUTE FOR THE TRANSFORMATION OF LEARNING

Doing the Legwork

4. *Consult resources.* Brown often recommends families visit the Central Assessment Referral and Evaluation (CARE) center—an organization in Washington, DC that offers testing for students with disabilities or unique chal-

lenges. Local parent organizations such as D.C. Parents for Choice hold meetings for current and prospective choice program parents to discuss the process of finding a school and ensuring success for their children.

In Wisconsin, Armstrong recommends parents sign up for one-on-one help sessions; read materials such as "Choosing a School For Your Child," a pamphlet distributed by the U.S. Department of Education; and talk to parents whose children are enrolled in the program.

5. *Interview schools that meet your criteria.* Armstrong suggests parents visit prospective schools during a regular school day. "If you have to take a day off without pay, do it," she said. "Nothing will give you a better idea of the environment your children will be in than experiencing it yourself."

On the visit, parents should note the interaction between teachers and students, the style of instruction—structured versus Montessori-style learning, for example—and the religious or spiritual instruction, if any. "You are the expert on your child, and only you know what the best setting is for him," Armstrong explained. "Parents are empowered when dollars follow their children, and they should examine schools like a potential purchase."

Developing a Relationship

6. *Maintain a strong partnership with your chosen school.* Brown cautions parents against expecting private school policies and procedures to match those found in public schools. "Most have an application process. That could include an assessment test, shadowing, screening, and meeting with parents," she said. Parents should know the school's policies and procedures and comply with them.

Finally, Armstrong said, "Once you



have found that good school, don't be a hands-off parent. Continue to ask questions and stay involved."

Jenny Rothenberg (jrothenberg@stepupforstudents.com) is a public relations associate at Step Up for Students, a Tampa-based initiative of the Florida Corporate Tax Credit Scholarship Program.

INTERNET INFO

For more information on the CARE Center, contact Gayle Hall, D.C. Public Schools Liaison, Private-Religious Programs, c/o Shaw Junior High School, 925 Rhode Island Avenue NW, Washington DC 20001; phone 202/671-0800.

"Choosing a School For Your Child," the U.S. Department of Education pamphlet, is available online at <http://www.ed.gov/parents/schools/find/choose/index.html>.

Texas

Continued from page 1

ing formula, therefore, provides charter districts with more state revenues than traditional districts receive but does not equalize charter districts' lack of a local tax base. This leaves charter districts \$1,554 [per student] short of traditional district combined state and local revenue totals."

The study was funded by the Walton Family Foundation and Gates Foundation.

Same Standards, Different Funding

"Charter schools are the competition that is helping make all public schools better; they don't need to operate with a handicap," said Patsy O'Neill, executive director of the Texas Charter School Resource Center. "Why not put them at the same starting line? If we balance the funding equation, imagine what more charter schools could do."

Terry Ford, executive director of Lindsley Park Community Charter School in Dallas, said it is unfair for charter schools not to receive the same funding as other public schools, because they are held to the same performance standards.

"It would be difficult for us to survive to meet the needs of our students without the grant-writing that we do," agreed James Hope, principal of Southwest Preparatory Schools in San Antonio. "Charter schools have a unique ability to reach at-risk students. Our charter campus offers students a second chance at finishing high school."

"Charter schools are the competition that is helping make all public schools better; they don't need to operate with a handicap."

PATSY O'NEILL

TEXAS CHARTER SCHOOL RESOURCE CENTER

Successful Charters

Every year, Texas's education commissioner evaluates charters through an independent organization. Each evaluation leads to changes in how charters function. Recent changes include increased transparency in academic and financial record keeping; new standards outlining board member compensation and conflicts of interest; criminal checks on employees and volunteers; and publicizing teachers' qualifications annually.

Those kinds of standards and practices are part of the foundation of successful charter schools, Fordham Foundation President Chester Finn Jr. said. But it's too early to tell whether the new study will have an impact on how charter schools are financed in Texas.

"The ink is still damp, and the numbers could change a bit as we complete this major multi-state study of charter-school financing," Finn said. "I'm persuaded by what I've already seen that

with rare, eccentric exceptions, charter schools in Texas—like charter schools almost everywhere in America—are sorely underfunded in comparison with traditional district-run schools. Indeed, it does not exaggerate to say they're being asked to make bricks with far too little straw.

"This is going to become a major 'finance equity' issue across the land," Finn continued. "Wouldn't it be terrific if Texas led the way in solving it?"

"This is going to become a major 'finance equity' issue across the land. Wouldn't it be terrific if Texas led the way in solving it?"

CHESTER FINN JR.

THOMAS B. FORDHAM FOUNDATION

Legislative Matters

At presstime, the Texas legislature was meeting in a special session to work out a new school finance formula that would fund all public schools equitably.

House Speaker Tom Craddick (R-Midland) said he hoped legislators could reach a solution. Any plan they approve, he said, must include incentives for academic performance and a provision to ensure most of the funds make it into classrooms.

"The House is calling for 65 percent of education dollars to be spent on classroom instruction," Craddick explained. "Money spent on classroom instruction is money going directly toward improving the quality of education for Texas children and [should] not include administrative or other indirect expenses. Additionally, there will be new funding available for instructional materials, a commitment to funding equity, and consequences for chronically failing schools."

"Our proposed plan transforms education by funding results and achievement," Craddick continued, "and that is something teachers, students, taxpayers, and parents should all be proud of."

Connie Sadowski (connie@ceoaustin.org) is communications director of the Austin CEO Foundation.

INTERNET INFO

For a related story from Maryland, see "School Officials Sue to Stop Equal Funding for Md. Charters," *School Reform News*, July 2005, available online at <http://www.heartland.org/Article.cfm?artId=17362>.

More information on school finance is available through *PolicyBot*[™], The Heartland Institute's free online research database. Point your Web browser to <http://www.heartland.org>, click on the *PolicyBot*[™] button, and choose the topic/subtopic combination Education/Funding: States.

Texas House Speaker Tom Craddick (R-Midland) wants more education dollars to reach classrooms.



Quick Facts on Texas Charter Schools

20: Number of first-generation charters granted to publicly funded nonreligious schools in the inaugural year, 1996-97.

190: Number of charters operating in Texas in 2003-04.

274: Number of campuses those charters operated in 2003-04.

73,426: Number of students enrolled in Texas charter schools.

4 million: Number of students enrolled in schools statewide.

80: Percent of Texas charter school students who are racial minorities.

57: Percent of traditional Texas public school students who are racial minorities.

70: Percent of Texas charter school students who are at risk of failure or dropping out.

— Connie Sadowski

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Pennsylvania

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"Pennsylvanians applaud the General Assembly for recognizing the tremendous impact the EITC program is having on families across the commonwealth and for providing a monetary increase to this innovative and effective program."

PAUL M. HENCKELS
REACH ALLIANCE

"Pennsylvanians applaud the General Assembly for recognizing the tremendous impact the EITC program is having on families across the commonwealth and for providing a monetary increase to this innovative and effective program," said Paul M. Henckels, chairman of the REACH Alliance, the Harrisburg-based group that coordinates statewide efforts to pass school choice legislation. "Thanks to the increase made despite the tight budgetary year, thousands of additional Pennsylvania families will now have access to the schools of their choice."

The program hasn't just helped school-

children—it has attracted the business community to become more directly involved in education. Through the EITC program, businesses can donate money to help children in their local communities, taking a tax credit of up to 90 percent (for a two-year commitment) for contributions made to qualified scholarship, educational improvement, and pre-K scholarship organizations.

More Money, More Participation

The new budget allows total tax credits to increase from \$40 million to \$44 million, with \$29.3 million dedicated to scholarships and \$14.7 million dedicated to innovative educational programs in public schools.

During the 2004-05 school year, 165 scholarship organizations, 230 educational improvement organizations, and 50 pre-K scholarship organizations received donations from participating businesses. Since the program's inception in 2001, the 2,200 businesses participating in the EITC program have donated more than \$140 million to help educate children in the commonwealth.

To receive an EITC scholarship, a family must meet income guidelines set forth in the EITC statute—annual income of \$50,000 or less per family, with a \$10,000 allowance for each dependent child. For example, a family with three dependent children can earn up to \$80,000 and still qualify for the scholarship—\$50,000 in income, plus \$30,000 worth of allowances.

Last year, about 25,000 students received EITC scholarships. The REACH Alliance estimates that number will reach 27,000 this year.

New Reporting Requirements

In passing the new budget, the legislature also approved additional reporting requirements to ensure accountability for

scholarship, educational improvement, and pre-K scholarship organizations.

"Last year, about 25,000 students received EITC scholarships. The REACH Alliance estimates that number will reach 27,000 this year."

"I am pleased that my colleagues supported this change designed to protect the integrity of the EITC program—a program that has been successful in helping children and families in Pennsylvania attend the school of their choice," said Senate Majority Whip Jeffrey Piccola (R-Dauphin), who sponsored the bill in the senate.

"I am deeply gratified that we increased the EITC program by \$4 million," Piccola said. "This is one of the best education programs enacted in Pennsylvania in recent years."

Andrew T. LeFevre (alefevre@pa.schoolchoice.org) is executive director of the REACH Alliance and REACH Foundation in Harrisburg, Pennsylvania.

INTERNET INFO

For more information, see "More than 1,000 Celebrate Fourth Anniversary of Pennsylvania Tax Credit," *School Reform News*, June 2005, available online at <http://www.heartland.org/Article.cfm?artId=17113>.

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For-Profit Arizona Charters Lose Federal Funds

by Neal McCluskey

The U.S. Department of Education has ruled that Arizona's for-profit charter schools are not eligible for federal funds as far as the Individuals with Disabilities Education Act (IDEA) and Title I of the Elementary and Secondary Education Act are concerned. The March ruling was unwelcome news to the state's 52 for-profit charters, which are considered public schools under state law and must provide services mandated by Title I and IDEA.

Arizona officials said the state's for-profit charter schools, which enroll approximately 12,000 students, will have to provide required services out of their own funds, and face a loss of about \$3.6 million for the 2005-06 school year.

Arizona's for-profit charters have been threatened with a loss of federal funding since the Department of Education released an audit in 2003 that determined they were ineligible to receive money under Title I or IDEA because they do not qualify as local education agencies. To qualify, the ruling determined, a for-profit school had to be controlled either by a public agency or a nonprofit organization. In Arizona, however, for-profit schools receive charters directly.

"The issue is that some charters are actually held by for-profit organizations," explained Department of Education spokesperson Samara Yudof. "In many other states, a nonprofit organization

holds the charter but is permitted to contract with a for-profit to run the school."

In 2004, Arizona appealed the Department of Education's 2003 ruling, but this past March the federal government reaffirmed its determination.



"The issue is that some [Arizona] charters are actually held by for-profit organizations. In many other states, a nonprofit organization holds the charter but is permitted to contract with a for-profit to run the school."

SAMARA YUDOF
U.S. DEPARTMENT OF EDUCATION

Filing Suit

The U.S. House of Representatives and the state of Arizona have moved to turn back the Department of Education ruling.

Arizona has responded to the ruling on two fronts. On June 15, the state's Board of Charter Schools, along with 11 for-profit schools, filed suit against the Department of Education in U.S. District Court. Arizona alleges it was

"singled out" for the audit by the federal government.

The other front was opened June 24 in Congress, where an amendment barring the Department of Education from withholding the charters' funds was supported unanimously by the Arizona delegation and attached to an appropriations bill. The entire bill (H.R. 3010) passed the House later that day.

Arizona Superintendent of Public Instruction Tom Horne applauded the move in Congress, stating in a news release, "I am hopeful that the U.S. Senate will adopt this language in its version of the appropriations bill and that it will be signed into law by President Bush. ... It is important to ensure that all schools be treated equally under the law."

Reading the Law

Even if H.R. 3010 is enacted, the affected schools likely would lose their 2005-06 federal funding because the amendment would not become effective until this October, after Congress has appropriated funds for the 2005 fiscal year.

Before this incident, the Bush administration was considered to be friendly toward charter schools. When asked if the Department of Education's stance on Arizona's for-profit charters signaled a change in that outlook, Yudof said it did not, explaining, "the Department strongly supports charters ... this is not a shift in policy but rather a legal deter-

mination."

Nelson Smith, president of the Charter School Leadership Council in Washington, DC, agreed. "I don't think [this] signals any kind of shift in the Department's attitude," he said, adding he believes the Department of Education simply has been "reading the law that is in plain black and white."

To resolve the situation, Smith said he suspects either the federal laws or Arizona's charter statutes will have to change. But in almost every charter case not involving for-profit schools, he noted, federal statutes "defer to state laws."

Neal McCluskey (nmcccluskey@cato.org) is a policy analyst at the Cato Institute's Center for Educational Freedom.

INTERNET INFO

See "Hawaii Withholding Funds from Charters," *School Reform News*, April 2005, available online at <http://www.heartland.org/Article.cfm?artId=16687>.

"Charters as Role Models," published in the June 2005 issue of *Education Next*, is available through *PolicyBot*™, The Heartland Institute's free online research database. Point your Web browser to <http://www.heartland.org>, click on the *PolicyBot*™ button, and search for document #17403.

The Fight for Educational Freedom



Partnerships in K-12 Education Reform

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This September, the Milton and Rose D. Friedman Foundation and the State Policy Network will set up camp in South Carolina to make plans for another battle - the fight for educational choice.

As part of SPN's 13th Annual Meeting on September 29 through October 1, the Friedman Foundation will explore a variety of issues surrounding school choice and layout the battle plans for success.

The agenda includes:

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- Emerging Issues in the Debate
- To Pre-K or Not to Pre-K
- The Rural/Suburban Dilemma
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Virtual Classrooms Abound on the Internet

by Alison Lake

Just as online college and graduate programs have broadened the range of options in higher education, virtual charter schools and online classes are gaining popularity among the K-12 set.

To the delight of homeschooling parents and others wanting a different kind of education for their children than what is found in the local public school, entrepreneurs are flooding the Internet marketplace to offer everything from individual courses to entire schools. Improving technology is providing more opportunities for interactive features on Web sites, such as live chats, videos, and downloads.

Virtual K-12 education began to develop over the past five years as a way to support homeschool students. First, books and materials were made available for purchase and mail order, followed by programs that facilitated learning, and then video-linked instructors.



“The ability to create a ‘classroom of one,’ where each student has a focused learning experience with their teacher, is truly within reach.”

DAN COOKSON
TRUENORTHLOGIC

“The ability to create a ‘classroom of one,’ where each student has a focused learning experience with their teacher, is truly within reach,” said Dan Cookson, CEO of TrueNorthLogic, an online K-12 academy serving 850,000 students, teachers, and administrators nationwide.

Accommodating Interests, Schedules

Supplemental programs and tools—often targeted toward students who rely on their parents and/or online schools for the majority of their education—are also being used in traditional classrooms.

Programs can be used to supplement the main lesson plan, providing children with another means to learn. Some parents of children in traditional schools use online education programs at home to enrich their children’s education, give them remedial work, or assist them with unique situations such as a disability or unusual extracurricular or athletic training schedules.

In a climate where test scores rule, programs such as those available through InteractiveMathTutor.com provide distance-learning opportunities for students in alternative programs and traditional students requiring special assistance to hone their math skills for class work and standardized tests. According to its Web site, InteractiveMathTutor.com strives to enhance the experience of learning for online students by providing around-the-clock access to personalized tutoring, with “a daily and direct communication

line to receiving quality, highly effective help in a timely manner.”

Critics of online education point out the absence of live teachers and social interaction. But Cookson said students are separated from their teachers “only by distance, not by the level of attention or involvement. The online environment can be a student-centric model that increases communication capacity among teachers, students, parents, and administrators.”

Improving Socialization

Steve Peha, president of Teaching That Makes Sense, Inc., a 10-year-old company that offers Web-based content management systems to school districts as well as online tutorials for writers and other supplemental services, notes some potential pitfalls.

“There’s no question that online learning resources are beneficial. The question is under what circumstances,” Peha explained. “While online learning may soon replace in-school learning, the results will be very different. Access to information will be better. And the cost will be lower. But the quality of the final result may not be what we want for our children or for our country.”

Learning is an inherently social process, Peha said, so when kids learn something in an online setting, the best “supplemental” activity is interacting with people in a different context, where they can put their new learning to use. After working with students in both online and classroom settings, Peha says, “the greatest success comes from the student’s own initiative.” As a result, he concludes, the ideal situation combines online and classroom learning.

Alison Lake (alake@mdpolicy.org) is editor and director of media relations at the Maryland Public Policy Institute.

INTERNET INFO

For more information, visit the Web sites of TrueNorthLogic, <http://www.truenorthlogic.com>; InteractiveMathTutor.com, <http://www.interactivemath-tutor.com>; and Teaching That Makes Sense, <http://www.ttms.org/>.

See also “Internet Reshapes Outlook for Rural Schools,” *School Reform News*, November 2003, available online at <http://www.heartland.org/Article.cfm?artid=13549>.

More than two dozen documents on distance and online learning are available through PolicyBot™, The Heartland Institute’s free online research database. Point your Web browser to <http://www.heartland.org>, click on the PolicyBot™ button, and choose the topic/subtopic combination Education/Distance Learning.



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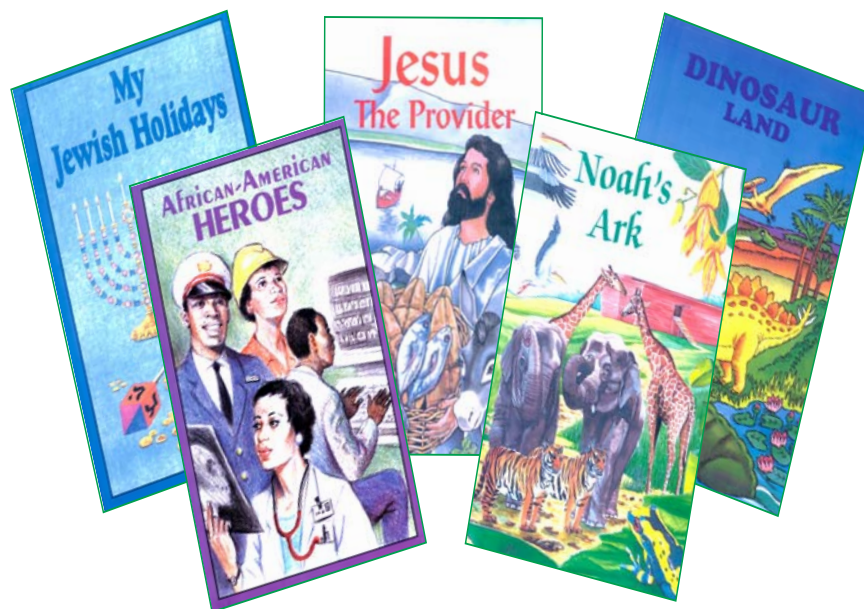
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Fifty Years Closer to Choice

by Karla Dial

In considering the role government plays in various areas of life in 1955, Milton Friedman cast his discerning eye on education and saw a Six Million Dollar Man.

Government-controlled public education was already well on its way to becoming a total wreck. But Friedman, seeing what the G.I. Bill had done for soldiers returning from the recently concluded World War II, envisioned a way to rebuild it—better, stronger, faster.

The result was an essay, "On the Role of Government in Education," which proposed a universal voucher system as a way to allow government to continue financing public education while separating it from its administration, establishing a true free-market arena in which choice would be equal for all, competition would be fierce, and only the best schools would survive. In 1962, the essay became a chapter in Friedman's historic book, *Capitalism and Freedom*.

Fifty years after the essay was first written, Friedman's idea has become the ticket to a better education for some 36,000 students in a handful of voucher programs scattered nationwide.

Half Empty or Half Full?

To some education reformers, the numbers cited above read rather pessi-

mistically: A half-century of thought, research, funding, and legislative struggle has given the nation only a half-dozen voucher programs, most operating at the city level. Another two generations of American schoolchildren, those reformers say, will be woefully undereducated before the nation can achieve true freedom of choice for all.



"One of the reasons vouchers haven't been implemented more than they have is that everyone seems to have their own idea of what they ought to be, and the coalition breaks down."

JOHN MERRIFIELD
AUTHOR

And, if they're waiting for the pure, universal voucher system Friedman proposed in 1955, they could be right.

But others—including Friedman himself, recipient of the 1976 Nobel Prize for Economic Science, who is now 93—take a broader view. Though vouchers have been slow to gain a foothold—"distress-

ingly slow," as Friedman wrote in his Nobel Laureate autobiography—the advent of new technologies is beginning to usher in some real free-market competition in the education arena.

In addition to voucher programs operating in Milwaukee, Cleveland, Washington DC, Florida, and Utah, more than 3,000 charter schools are now educating about 1 million children across 40 states. Another 1 million students have foregone public education altogether in favor of homeschooling; many of them take advantage of distance-learning programs over the Internet.

In addition, in the sometimes-stressful atmosphere created by the stringent demands of the No Child Left Behind Act (NCLB), for-profit companies are beginning to see vast opportunities, providing supplemental educational materials and tutoring to help schools and students achieve federally mandated goals.

Right Time for Change

The voucher program Friedman envisioned might have been slow in reaching even its infancy, but the time is ripe, he has said, for true choices to begin to emerge.

"If I'm right," he told *Education Next* in 2000, "the voucher movement is going to expand and grow. There will

be a brand new industry: the education industry, a private, for-profit, and non-profit education industry. It will introduce competition in a way that's never existed before.

"The dam is breaking, and as it breaks, and I think it will, the water will rise more and more rapidly. I think choice is going to be here. I don't know when, it's been a long time coming, but it's starting to come."

A Life of Influence

Beyond articulating the idea of school vouchers, Friedman may well have an additional legacy rooted in how his work has shaped the thinking of the next generation of education reformers.

John Merrifield, a professor of economics at the University of Texas-San Antonio, was born the same year Friedman wrote "On the Role of Government in Education." Though he first learned of Friedman's work when he was in graduate school studying environmental and resource economics, eight years ago Merrifield realized the realm of education was too important for him to ignore.

The results of his involvement in education so far include two books: *The School Choice Wars* (Lanham, MD: Scarecrow Education Press, 2001) and *School Choices* (Oakland, CA: Independent Institute, 2002).

"One of the reasons vouchers haven't been implemented more than they have

CONTINUED at right

CELEBRATING 50 YEARS

1955

- Milton Friedman articulates the school voucher idea in "The Role of Government in Education," a chapter of the book *Economics and the Public Interest*.
- Minnesota enacts an education tax deduction program.

1959

- Citizens for Educational Freedom, the first organization dedicated to the promotion of vouchers, is formed.

1962

- "The Role of Government in Education" is modified for the book *Capitalism and Freedom*.

1970

- The U.S. Office of Economic Opportunity decides to create a pilot voucher program.
- The National Education Association for the first time condemns school vouchers at its annual meeting.

1971

- A report from the White House Conference on Youth recommends the availability of vouchers as a way to diversify school systems.

1972

- The U.S. Office of Economic Opportunity creates a limited pilot voucher program in Alum Rock, California. Only a few public schools in the district could participate, hindering the experiment.

1975

- The president of the American Federation of Teachers, a strong voucher opponent, experiences a change of heart upon retirement. He praises the idea of vouchers and the Alum Rock experiment in "Vouchers: A Critic Changes His Mind."

1979

- The book *Free to Choose* by Milton and Rose Friedman is published.

1980

- The Friedmans broadcast "What's Wrong with Our Schools" in their *Free to Choose* television series.

1983

- President Ronald Reagan's administration proposes vouchers and tuition tax credits.
- The U.S. Supreme Court in the *Mueller v. Allen* decision rules in favor of Minnesota's tax deduction program.

1984

- Reagan, in his State of the Union address, announces he will continue to push for tuition tax credits.

1985

- Reagan administration proposes converting Title I money to vouchers.

1990

- Gov. Tommy Thompson signs into law the Milwaukee Parental Choice Program - the first modern-day school voucher program.

1991

- J. Patrick Rooney establishes one of the first privately funded scholarship organizations, Educational CHOICE Charitable Trust, in Indiana.

1997

- Gov. Terry Branstad signs the Iowa Tuition Tax Credit.

1999

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2001

- Gov. Jeb Bush signs the Florida Scholarship Tax Credit.

2002

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2003

- Gov. Rick Warren signs the Michigan Education Tax Credit.

2004

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2005

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2006

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2007

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2008

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2009

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2010

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2011

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2012

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2013

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2014

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2015

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2016

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2017

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2018

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2019

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2020

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2021

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2022

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

2023

- Gov. Mark Warner signs the Virginia Choice Scholarship Program.

2024

- Gov. Mitch Daniels signs the Indiana Choice Scholarship Program.

2025

- Gov. Bill Ritter signs the Colorado Education Tax Credit.

CONTINUED from left

is that everyone seems to have their own idea of what they ought to be, and the coalition breaks down," Merrifield said of the slow progress. "The default is always what we're doing now.

"One of the problems we're having now," Merrifield continued, "is that the system hasn't gotten perceptibly worse—it's that the parents of the kids went through it and their perception of what can be done is colored by that. So they expect less for their own children, not having any idea of what a school could do."

Public Unfamiliar with Concepts

Another problem reformers have had to overcome in advancing vouchers has been sheer inertia. Not many members of the general population are familiar with the concepts of vouchers and charter schools.

Also, "the teachers unions have convinced teachers and the public that change is too risky," Merrifield said. "But the teachers themselves might become so disgusted that they revolt. None are really thrilled with what teaching is like in the current system. Many are already for free-market accountability and choice, though they're not a majority yet.

"Many teachers just see school choice as meaning that more teachers will earn less money," Merrifield said. "They don't

understand that private schools will have as much money to pay teachers as public schools do now, and incentives to use it to pay teachers instead of fritter it away on administrative levels."



"If I'm right, the voucher movement is going to expand and grow. There will be a brand new industry: the education industry, a private, for-profit, and non-profit education industry. It will introduce competition in a way that's never existed before."

MILTON FRIEDMAN
EDUCATION NEXT

Cracks in the Dam

After spending the first half of his career as an academic heavily influenced by Friedman's writings, John Chubb has spent the second half putting Friedman's ideas into practice.

In 1992, Chubb helped found Edison Schools—a for-profit chain of schools currently enrolling 250,000 students across 20 states—and has served as its chief

education officer ever since. In the early 1980s, he was an assistant professor at Stanford University spending a year at the Hoover Institution—where Friedman is a senior research fellow—studying the differences between public and private schools.

"Milton had written the seminal piece on the likely effects of markets on schools, in the late 1950s, so [research partner Terry Moe, a professor of political science at Stanford] and I were obviously drawn to what he had to say to help shape our thinking about the impact markets might have," Chubb said. "From that point on, we focused on the data and what it had to say, but when it was done, we published *Politics, Markets and America's Schools* in 1990, which recommended a choice-based school system.

"It was not the pure voucher system [Friedman] had recommended—it was closer to today's charter school model. It turned out to have a lot of influence, but it all can be traced back to Milton's work in the late 1950s."

What the Future Holds

In the next 50 years, Chubb thinks American education will come a lot closer to Friedman's vision, as the free-market atmosphere continues to evolve. It won't be long, Chubb said, until charter schools enroll 1 million children, and virtual schools complete with instructors are springing up online.

"Even the way public schools work

now is more market-oriented—they're much more accountable for results, they can be closed down, parents are being given more choice within systems," he explained.

"I would share the skepticism of whether [universal] vouchers will be introduced," Chubb said, "but I think we're already seeing that more choices are being accepted, and in some places, they're quite dominant."

Charter schools provide about 25 percent of the public education in both Washington, DC and Dayton, Ohio. About 1,000 private providers are competing to tutor children in failing schools around the nation, "and that's done by vouchers, whether you call them that or not, because parents can go to any provider they want, public or private. Providers have flooded into that marketplace," Chubb said. Also, schools failing to meet NCLB's Adequate Yearly Progress requirements must restructure, and as a result, for-profit companies such as Edison Schools that can take them over are multiplying as the market grows.

"If you look at the role of the market today versus where it was only a few years ago, that's an enormous change, and I think it's likely to continue," Chubb said.

Karla Dial (dial@heartland.org) is managing editor of School Reform News.

1998

- Philanthropists John Walton and Theodore J. Forstmann start the Children's Scholarship Fund. By 2005, the program will provide over 67,000 private vouchers across the U.S.
- The Wisconsin State Supreme Court upholds the Milwaukee program's inclusion of religious schools.

2001

- Florida passes a statewide corporate tax credit program.
- Pennsylvania Gov. Tom Ridge signs a bill enacting the state's tax credit program.

**2004**

- The U.S. Congress passes the D.C. School Choice Initiative Act, which implements a school voucher program for the district.
- Florida enacts a voluntary pre-kindergarten voucher program.

2005

- Utah Gov. John Huntsman, Jr. signs the Special Needs Scholarship Program.
- Arizona and Ohio expand their school choice programs.
- The Friedman Foundation celebrates the 50th anniversary of school vouchers with events in New York and California.

1996

- The Milton and Rose D. Friedman Foundation is launched in Indianapolis.

1995

- Ohio Gov. George Voinovich signs a bill creating the Cleveland school voucher program, the first in the nation to include religious schools.
- The Wisconsin legislature expands the Milwaukee program to include religious schools.

1997

- Gov. Fife Symington signs the Arizona Tax Credit program into law.
- Minnesota Gov. Arne Carlson signs a bill expanding the tax deduction and establishing the tax credit program.

1999

- Florida passes the A+ Opportunity Scholarship program, which provides students in failing schools with a voucher to attend another public or private school.
- Illinois passes its education tax credit program under Gov. George Ryan.

2000

- Florida Gov. Jeb Bush signs a bill expanding the McKay voucher program to all students with special needs, around 350,000 students statewide.
- The Illinois State Supreme Court upholds the constitutionality of tax credits under the state and federal constitutions—an important Blaine Amendment victory.

**2003**

- The Pennsylvania legislature passes pre-kindergarten tax credit program.



EDVentures Highlights Need for Supplemental Services

by Paul Seibert

More than 300 education entrepreneurs from across the country gathered in Baltimore in late July for the 15th annual EDVentures conference, convened by the Education Industry Association (EIA), to discuss standards for excellence and how the No Child Left Behind Act (NCLB) has increased the need for supplemental service providers, such as after-school tutoring and mentoring for students in failing schools.

EIA Executive Director Steve Pines told members the highlight of the year was developing standards and a code of ethics for providers of supplemental services, including provisions for maintaining integrity and avoiding conflicts of interest.

"The theme of this conference is Standards for Excellence," Pines said. "We want to extend that theme throughout the industry beyond the conference. We want to have values that all of our members embrace and can really own. In doing

that, we've created quality standards—what makes a quality tutor. We put out some ethical guidelines."

For example, under those standards, a tutor may be an undergraduate student with at least 60 credit hours who has completed an approved tutor-training program; a master tutor would hold at least a bachelor's degree or teaching certificate and have completed an approved tutor-training program if that degree is not in education. These are the first steps, Pines said, "of an accrediting process as an option for consumers to use when shopping for an educational resource."



(From left) Raymond and Eileen Huntington accept the James P. Boyle Entrepreneurial Leadership Award from Lara Vaughan Gordon, Todd Parchman, and Lori Sweeney. Gordon and Parchman sponsored the award; Sweeney is the wife of the late James Boyle and CEO of Ombudsman Education Services.

"One of every three students—15 million nationwide—is functionally illiterate, a statistic that has not changed in 15 years."

Stagnant Performance

One of those supplemental providers is Chris Whittle, co-founder and CEO of Edison Schools, a private company that runs more than 1,000 K-12 schools currently enrolling 250,000 students across 20 states, who delivered the keynote address.

Whittle used the U.S. Department of Education's National Assessment of Educational Progress (NAEP) statistics to invoke the enormity of the country's educational challenge. One of every three students—15 million nationwide—is functionally illiterate, a statistic that has not changed in 15 years.

"This is as if every child in 30,000 schools is below literacy level," Whittle said in his address. "This is more children that we have below adequate literacy levels than England has children."

a lukewarm response from rank-and-file teachers.

Whittle also called on the federal government to help by increasing its role in K-12 education. The federal government spends \$7 billion a year on health care research, but only \$260 million a year on education research.

He suggested the Department of Education follow the example of the Department of Defense. When the DoD wants a new weapons system, he noted, it issues a request for proposals for the necessary innovations, chooses the best, and then funds it.

The three-day conference featured two dozen service and product vendors (including several EIA members); 23 workshops on topics as varied as financing a small business and legal issues for private practitioners of educational services; four Learning Labs where vendors showcased their unique products and services; and several networking and development events.

Paul H. Seibert (seib@governorfrench.com) is editor of *Illinois Charter School Facts*.

"Public school boards change every two to four years, while superintendents, on average, change every three years. With each change comes a new set of ideas, which usually receive a lukewarm response from rank-and-file teachers."

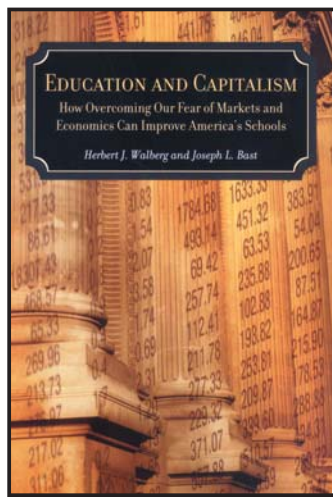
Though the United States spends \$400 million every school hour, Whittle said, the vast sums of money have failed to improve student performance in a decade and a half. "This is a chronic condition in America today. There are five million people that work in education today," Whittle said. "For the most part, those five million people work very hard. So it is not for lack of effort. And it is also not really a lack of money."

Broken Systems

The problem, Whittle said, is twofold: a lack of continuity, and the absence of a world-class delivery system. Public school boards change every two to four years, while superintendents, on average, change every three years. With each change comes a new set of ideas, which usually receive

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INTERNET INFO

For more information on the Education Industry Association and EDVentures 2006, to be held in Denver next July, visit <http://www.educationindustry.org>.

See also, "Education Entrepreneurs Gather in Evanston," *School Reform News*, October 2004, available online at <http://www.heartland.org/Article.cfm?artid=15706>, and "Push for Accountability Is Changing Public Education," *School Reform News*, September 2003, at <http://www.heartland.org/Article.cfm?artid=12754>.

Escape to Learning



An Educator's Answer to the Public School Crisis
Richard G. Neal

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ESCAPE TO LEARNING

An Educator's Answer to the Public School Crisis
By Richard G. Neal

It seems common sense to offer a choice to parents as to what learning institute their children attend. However, the debate over this issue has embroiled America while doing little to benefit student learning.

The author has experienced the current system's flaws firsthand, having served as a teacher at all levels – elementary, secondary, adult ed, community college, and graduate school. He served as an assistant principal, supervisor, director, associate superintendent, labor relations consultant, chief negotiator for school boards, and consultant on decentralized management. The author of numerous books and articles, he infuses his latest book with hard-earned knowledge gleaned from five decades of “unparalleled experiences in every nook and cranny of the government schools.”

The author translates the notion of federal responsibility into what he believes is federal control. Teacher unions, he posits, are doing their best to kill any reform while asking for more money that will do nothing to improve student learning. He describes how educrats, teacher unions, and politicians have joined in unwritten and silent agreement to turn the public schools into their own private turf. Exposed are the two biggest mistakes ever made in education – allowing the government monopoly to run the schools and allowing collectively bargaining for teachers. The answer? *Escape to Learning* through equitably differentiated vouchers free of government control.

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Governors

Continued from page 1

(NGA) meeting in Des Moines, Iowa.

Along with representative of 15 education organizations, the governors signed *Graduation Counts: A Compact on State High School Graduation Data*, a one-page document stating “the quality of state high school graduation and dropout data is such that most states cannot fully account for their students as they progress through high school.”

The compact further states the data collected in recent years have been inconsistent and inaccurate, and that as “education reform efforts increasingly focus on high schools, the quality of graduation and dropout data becomes even more critical.” According to the Education Trust’s report, *Getting Honest About Grad Rates: How States Play the Numbers and Students Lose*, the United States high school graduation rate is now 17th among developed nations.

The Education Trust is a nonprofit group dedicated to increasing academic achievement in schools.

“I think this is a big step forward,” said Jay Greene, an education reform expert who is a senior fellow at the Manhattan Institute. “It’s great to see that the governors have seen this as a problem. The big question is: Will they follow through? We’ll have to wait and see.”



Jay Greene

Accuracy Needed

The compact grew out of a report produced by the NGA’s Task Force on State High School Graduation Data. That task force included state higher education executive officers, as well as representatives from several teacher unions and education organizations, including the American Federation of Teachers, Business Roundtable, Education Commission of the States, Educational Testing Service, Education Trust, and National Education Association.

Christopher Swanson, formerly with the Urban Institute and author of several studies on high school graduation data, was a member of the task force. Swanson said his research has shown significant variations in the methods used for calculating graduation rates.

“It might seem simple to calculate graduation rates, but there are several ways to do it,” Swanson said, adding that different calculation measures can yield results that differ by as much as 14 percentage points.

Until now, Swanson said, most states have thought their graduation rates hovered between 85 and 87 percent, when in fact they are “closer to 70 percent,” he said, with the problem being their dropout rates have been

undercounted.

“It’s promising that the states have taken this step,” Swanson said of the compact. “The challenge is to move on this in a timely fashion.”

Data to Be Standardized

By signing the document, the governors committed to “take steps to implement a standard, four-year adjusted cohort graduation rate,” “lead efforts to improve state data collection,” “take steps to implement additional indicators that provide information ... about outcomes for students,” and “report annual improvement on their annual state high school graduation, completion, and dropout rate data.”

The task force’s report, *Graduation Counts*, describes the importance of having accurate data regarding graduation and dropouts and describes the challenges of obtaining accurate and comparable data. The report notes the need for accurate data was compounded by the No Child Left Behind Act (NCLB), which requires states to use graduation data as one measure of Adequate Yearly Progress.

“It’s great to see that the governors have seen this as a problem. The big question is: Will they follow through? We’ll have to wait and see.”

JAY GREENE
MANHATTAN INSTITUTE

Difficult Process Ahead

Michael Petrilli, vice president for national programs and policy at the Thomas B. Fordham Foundation, applauded the agreement. “It’s good news and a credit to reformers like Jay Greene who have worked on this issue.”

However, the compact will “be very hard to implement because it will require states to implement more sophisticated data systems than they already have,” Petrilli said. “There’s a lot of work to do before implementing these systems.”

Michael Coulter (mlcoulter@gcc.edu) is an associate professor of political science and humanities at Grove City College in Pennsylvania.

INTERNET INFO

The compact and *Graduation Counts* are available online at <http://www.nga.org>.

See also “Study Exposes Severity of School Dropout Problem,” *School Reform News*, January 2002, available online at <http://www.heartland.org/Article.cfm?artID=191>.

Kentucky Parent Holds Educators Accountable

by Caleb O. Brown

Richard Innes might be one of Kentucky's chief public education watchdogs, but he'll be the first to tell you he stumbled into the job.

In 1994, Innes was alarmed by his daughter's performance on a Kentucky assessment test. After all, she'd just won a writing award from the state Parent Teacher Association. Why, then, was her writing ability on the test given the second-lowest of four possible rankings?

Innes thought he could change that. During his career in the U.S. Air Force, he had developed pilot-training curricula using outcome-based education theory—the same methods Kentucky began applying to elementary education in 1990.



"Your kids are far too important to give up. If you think you can make a contribution, you probably can."

**RICHARD INNES
BLUEGRASS INSTITUTE FOR
PUBLIC POLICY SOLUTIONS**

Looking for Answers

So he obtained copies of Kentucky's multiple-choice assessment tests, and he found several questions offering no correct answer. That was alarming, Innes said, especially since "poor performance on these tests was used as a pretext for a state takeover of a school."

Innes wrote the state education department, offering his assistance. The response he received three months later was troubling. It was written on state letterhead, but "by someone who was not an employee of the state department of education," Innes said. "He was not even an employee of the testing company the state had hired."

The respondent dismissed Innes's offer of help, saying he didn't know why the questions were on the test, who put them there, or even what they were supposed to measure—a completely unacceptable response, Innes said, because

"you always start with the knowledge you want to measure."

Making a Difference

Since then, Innes has pored over Kentucky's education data, scrutinizing it against state officials' claims of progress and publishing his findings as a researcher for the Bluegrass Institute for Public Policy Solutions.

And Innes said he's not the only person who can hold educators accountable:

Any dedicated parent can mine the data to test public school officials' claims of progress. Innes began his own research with little more than his engineering background and a copy of the *Statistical Abstract of the United States*.

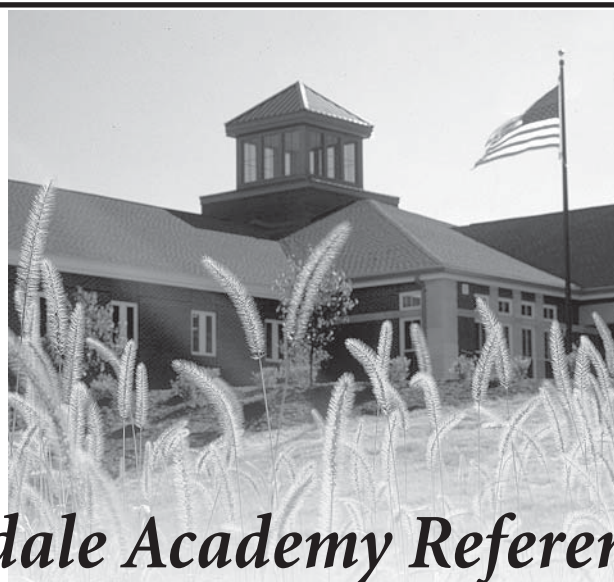
"Your kids are far too important to give up," Innes said. "If you think you can make a contribution, you probably can."

Caleb O. Brown (brown@bipps.org) is director of Kentuckyvotes.org, a pub-

lic service voter-information Web site provided by the Bluegrass Institute for Public Policy Solutions.

INTERNET INFO

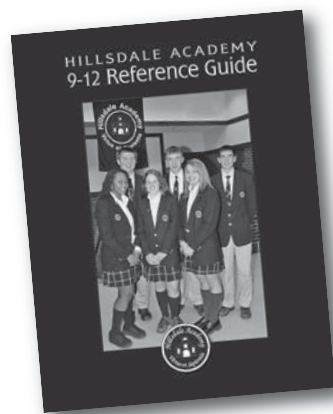
Richard Innes's research is available online at <http://www.eddatafrominnes.com> and <http://www.bipps.org>.



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Special Election to Decide Key Education Issues in California

by Lisa Snell

California schools are in trouble—both fiscally and academically. On July 8, the California controller's office reported that, after years of deficit spending, 552 school districts overspent a total of \$682 million in the 2003-04 school year. Sixty-two of those districts told the state they either cannot or may not be able to pay the bills they owe for the 2003-04 school year—and also could have trouble paying those they will owe in the next two years. Moreover, 142 of California's 982 school districts and more than 1,600 individual schools failed the requirements of No Child Left Behind in 2004.

It is against this backdrop that California voters will be asked to decide three major initiatives in a special election November 8 that will significantly impact education reform in the state.

Reforming Teacher Tenure

Proposition 74, the Put Kids First Act, would change California's teacher tenure laws by increasing the amount of time new teachers must wait before they are covered by job-protection rules, from the current two years to five years for a certified position. It would allow school districts to dismiss any employee after two consecutive unsatisfactory performance evaluations.

In California, administrators can ter-

minate teachers without cause before they get tenure; afterward, administrators must go through a lengthy, expensive process involving documentation and hearings.

The coalition advocating teacher tenure reform, Citizens to Save California, reported in its Prop. 74 fact sheet that the reform "gives more authority to local principals and school districts to decide whether a teacher is performing and meeting their students' needs, and it allows them to take a longer look at teachers before granting them lifetime tenure."

A statewide survey conducted in June by Field Research Corp. of San Francisco found 61 percent of likely voters supported the measure, 32 percent opposed it, and 7 percent were undecided.

Obtaining Consent for Contributions

The Public Employees' Right to Approve Use of Union Dues for Political Campaign Purposes Act—also known as Paycheck Protection, or Prop. 75—would prohibit labor organizations from using dues or fees for political contributions without annual written consent from employees. It also would require unions to retain copies of the forms and keep detailed records of funds received and political expenditures made.

After a similar paycheck protection law took effect in Washington in 1994, the number of school employees giving

voluntarily to the Washington Education Association's political action committee plummeted from 49,000 to 11,000.

Prop. 75 supporters—including the sponsor, the National Tax Limitation Committee—say it will give public employees the freedom to choose whether their union dues are spent on politics. The June Field poll found 57 percent of likely voters were inclined to vote yes on paycheck protection, while 34 percent of likely voters were inclined to vote no.

Reformulating School Finances

The Living Within Our Means Act (Prop. 76) would significantly impact the state budget by changing the school finance formula under Prop. 98, a constitutional amendment Californians passed in 1998 guaranteeing that education spending will always go up, even during economic downturns. Because of Prop. 98, California schools always receive at least 40 percent of state revenue or, at a minimum, the same amount they received the previous year, adjusted for inflation and enrollment growth.

The requirement to receive increases over the previous year's funding can be especially burdensome when the legislature appropriates funding above the minimum guaranteed increase, during years with high state revenues. Between 1997 and 2001, the California legislature appropriated more money than was required under Prop. 98. That higher funding became the base funding requirement afterward, because Prop. 98 mandates future funding be based on actual funding, not the minimum guarantee.

Prop. 76 is designed to give the legislature more control over education funding by allowing it to suspend the minimum funding under Prop. 98. It also would end a requirement to repay schools when funding is reduced. In addition, the proposition would prevent appropriations above the minimum guarantee from adding to future base revenues.

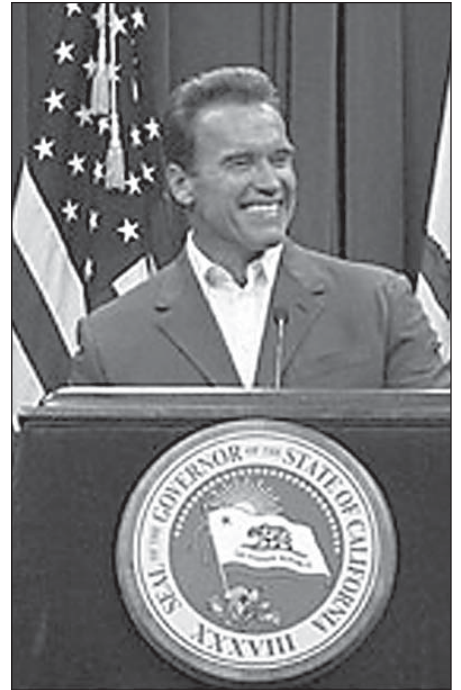
Gov. Arnold Schwarzenegger (R) explained the need for Prop. 76 and other budget reforms in his State of the State address in January.

"We don't have a revenue problem," Schwarzenegger said. "We have a spending problem. In fact, the way the formulas now work, we will never catch up. No matter how well we do, the current system is programmed to spend even more. It is on automatic pilot. It is accountable to no one."

Gathering Opposition

The June Field poll found California voters are generally satisfied with Prop. 98 funding. Forty-seven percent of likely voters said they would be likely to vote against Prop. 76, 31 percent in favor, and 22 percent undecided.

The teacher unions are collecting substantial membership dues to fight the three initiatives. At the National Education Association's annual convention in July, Secretary-Treasurer Lily Eskelsen told delegates at the convention's budget hearing the group already



"We don't have a revenue problem. We have a spending problem. In fact, the way the formulas now work, we will never catch up. No matter how well we do, the current system is programmed to spend even more. It is on automatic pilot. It is accountable to no one."

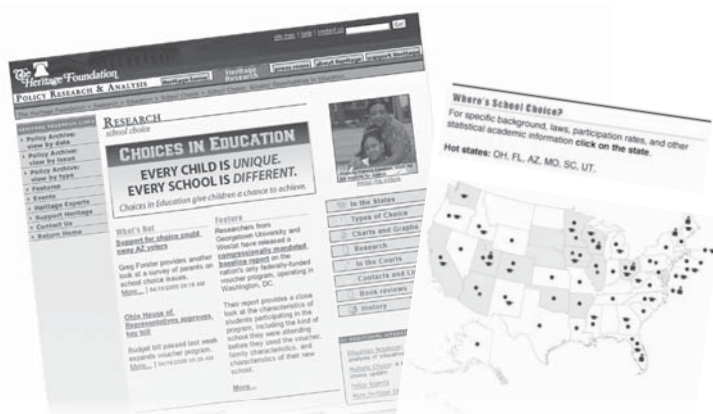
CALIFORNIA GOV. ARNOLD SCHWARZENEGGER

had sent \$2.5 million to the California Teachers Association (CTA) to battle paycheck protection and the teacher tenure measure.

At the same time, the CTA approved a \$60-per-teacher fee increase to raise \$50 million to fight the education initiatives on the November ballot.

Schwarzenegger has officially endorsed both Prop. 74 and Prop. 76, but at press-time he had not publicly announced his position on the paycheck protection measure.

Lisa Snell (lsnell@reason.org) is education director at the Reason Foundation in Los Angeles.



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INTERNET INFO

The Annual Financial Report of California's K12 Schools is available online at <http://www.controller.ca.gov/aud/k-12audit/k-12aud.pdf>.

For more on the California special election, see UC Berkeley, Institute of Governmental Studies Library, November 8, 2005 Ballot Propositions, at <http://www.igs.berkeley.edu/library/htSpecialElection2005.html>.

COMMENTARY

John Walton's Legacy Provides Solid Foundation for School Choice Efforts

by K. Lloyd Billingsley

John Walton, who passed away at age 58 in a plane crash in June, was an heir to the Wal-Mart fortune and one of the wealthiest people in the world. He also was a champion of children in a noble cause that should inspire others to join the ranks and motivate legislators to launch much-needed reforms.

As a wealthy man, Walton enjoyed many choices in his life. He wanted children and their parents to have an important choice currently denied them by the government education monopoly—the freedom to choose where they go to school.

Scholarship Program Established

In 1998, Walton co-founded the Children's Scholarship Fund (CSF) to provide tuition assistance to low-income families. In the program's first year, nearly 1.25 million applications flooded in from more than 20,000 communities nationwide. Those numbers confirm low-income families remain dissatisfied with government schools, and that they are willing to make sacrifices to better their children's futures.

The scholarships pay, on average, 50 percent of the child's tuition. For many parents, that is enough. They are overjoyed someone is striving to help them,

and they willingly make up the other 50 percent. More than 67,000 children have benefitted from CSF to date, and more than 23,000 children currently are using CSF scholarships.

Parents in the program overwhelmingly choose non-government schools because they perceive such schools are more attentive to their children's needs. In the government system, education bureaucrats dictate which schools children must attend.

If parents opt out, their tax money does not go with them, but funds the system they chose to leave because of its failures. Many children remain trapped in dangerous inner-city schools that do little more than warehouse students.

Vouchers Change System

Walton supported voucher programs that would change the status quo—programs that would channel government funding to the student rather than a school system or particular institution. This is the model used in higher education and programs such as the G.I. Bill, food stamps, and housing programs that do not oblige low-income recipients to shop in government stores or live in government buildings.

Under school voucher programs, the dollar follows the scholar, not the educa-

tion establishment. That establishment opposes parental choice in K-12 education because choice forces schools to compete and improve, or face losing students. With captive clients, the system can maintain mediocrity. Its funding is not tied to performance.

With their vast taxpayer-funded clout, educrats and teacher unions have been able to defeat most voucher campaigns. But Walton, a decorated Vietnam veteran who served as a medic with the Green Berets, did not let a reactionary establishment stop him. CSF's advisory board includes a host of like-minded people of diverse political persuasions.

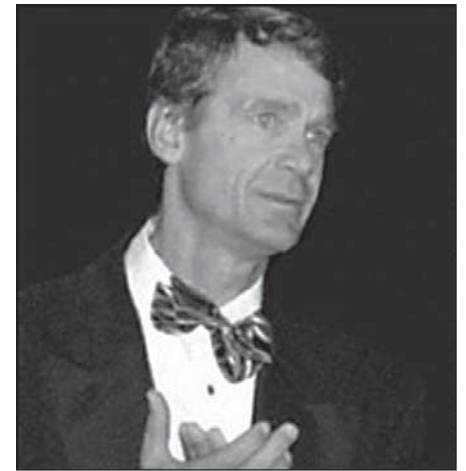
More Contributors Needed

CSF will carry on, but John Walton will be missed. Others of similar means should step up to fill the ranks, helping children toward a brighter future. For their part, legislators should apply the lesson Walton learned.

Demand for parental choice in education remains huge, particularly with low-income families. Dissatisfaction with the educational status quo also runs high.

Choice is the wave of the future. Limited voucher programs, really a form of scholarships or grants, now function in the District of Columbia, Florida, Ohio, and Wisconsin. Others will surely follow.

There is no longer any legal reason to oppose choice—only political reasons, and these are not sufficient. Walton recognized children's futures are more



“[John Walton] wanted children and their parents to have an important choice currently denied them ... the freedom to choose where they go to school.”

important. Legislators in all states should establish full parental choice in K-12 education for all families, as a matter of basic civil rights.

K. Lloyd Billingsley (lbillingsley@pacificresearch.org) is editorial director of the Pacific Research Institute, a public policy think tank in San Francisco.

Environmental Science Book a Good Buy for All

review by Jay Lehr

Environmental Science is a well-written, comprehensive text for both academic and general consumption. Dr. Barbara Murck writes with the clarity of one who actually understands all the science she describes. With textbook costs rising, this paperback is one of the best buys in science education to come along in decades, at \$19.95.

The author explains environmental science with almost complete objectivity, instead of the left-leaning, ax-grinding approach seen in so many books supported by environmental advocacy groups. She brings together the basic disciplines of biology, geology, chemistry, and physics to bear on the interdisciplinary fields of hydrology, climatology, oceanography, meteorology, and soil science.

The book is a wonderful primer for first-time students at either the high school or college level, and is an outstanding refresher for the professional environmental scientist, who may benefit by brushing up on weak areas in his knowledge base.

The illustrative support for each chapter is unique in its reliance on beautifully hand-drawn diagrams more detailed and understandable than the average computer drawing.

Handles Disparate Fields Well

Self-tests with separate answer pages

follow each chapter, along with a list of key words one should have learned from it. Periodically, the author presents problems and philosophical conundrums, wisely pointing out that society does not yet have all the answers.

Having special expertise in ground water hydrology and nuclear physics, I was curious to see how well Murck handles those disparate fields. She wins my approval. For instance, take this simple paragraph explaining nuclear energy:

“The author explains environmental science with almost complete objectivity, instead of the left-leaning, ax-grinding approach seen in so many books supported by environmental advocacy groups.”

“Uranium-235 is a naturally occurring fissionable material that is mined and used as fuel in nuclear reactors. The fissioning of just 1 gram of U235 produces

Environmental Science: A Self-Teaching Guide
by Barbara Murck, Ph.D.
Hoboken, New Jersey: Wiley & Sons, Inc., 2005
\$19.95 Paper, 352 pages, ISBN 0471269883

as much heat as the burning of 13.7 barrels of oil. The U235 is processed and concentrated into fuel pellets, which are packed into a bundle of hollow tubes called fuel rods. The fuel rods are loaded into the core of the reactor, where the fission process is induced. The heat generated by fission is carried away by water, which also moderates the chain reaction. The heated water makes steam, which turns the turbine, producing electricity. If the heat were not removed from the fuel bundle, it would get so hot that the reactor core would melt, releasing radioactive contents; this is called meltdown, and it happened at Chernobyl in Ukraine in 1986. Current nuclear reactor technologies are designed to minimize or eliminate the possibility of a meltdown.”

At Times Politically Correct

Of course, no book is perfect. Robert Frost said when you come to a fork in a road, take the path less traveled; my only criticism of this book is that Murck never does this in relation to any scientific issues that are currently consid-



ered politically sensitive. She always takes the well-trod path of political correctness, even when her intelligent analysis indicates she may actually disagree.

Murck seems to be afraid to offend the liberal view of environmentalism. If, however, the reader takes her politically motivated conclusions on a variety of issues such as climate change, ozone, radon, etc., with a grain of salt, there is more good science to learn in this book than in any environmental science treatise I have read in many years.

Jay Lehr (lehr@heartland.org) is science director at The Heartland Institute.

Kansas Court Takes Over School Finance Decisions

by Richard Nadler

On June 3, the supreme court of Kansas issued a ruling in *Montoy v. Kansas* requiring the state legislature to appropriate an additional \$853 million per year to Kansas elementary and high schools. The basis of that decision, said a unanimous court, was a clause in the Kansas constitution: "The legislature shall make suitable provision for finance of the educational interests of the state."

In a special session of the legislature that concluded July 6, majority Republicans tried and failed to pass a constitutional amendment restricting the court's role in school policy. Its crucial passage read:

"The executive and judicial branches shall have no authority to direct the legislative branch to make any appropriation of money, or to redirect the expenditure of funds appropriated by law."

Despite strong majorities in both chambers for the constitutional change, a bipartisan alliance blocked the attempt to limit the court to its constitutional functions. Thus, Kansas must now allocate a court-ordered \$143 million supplement, the first installment on the \$853 million it will have to pay this year to avoid shutting down its schools.

Using Trendy Litigation

The total court-ordered increase equals roughly 20 percent of the state's entire general revenue budget. It comes at the

end of a 15-year period during which Kansas's per-pupil expenditures doubled, exceeding the rise in consumer prices by 29 percent.

In 1973, the U.S. Supreme Court refused, in *San Antonio Independent School District v. Rodriguez*, to force Texas school districts to "equalize" school spending, preventing future lawsuits seeking to force the federal government to equalize spending.

However, a steady stream of state courts has since sought to use state constitutions to force through school finance equalization decisions on the state level. From Connecticut to California, liberal courts have broken legislative budgets and spending caps in response to those suits.

Equalization has served as a pretext for tax increases in some states and for attacking local control of schools in others. "School finance litigation" has become a multibillion-dollar business, commanding its own corps of specialty lawyers and expert witnesses.

Increasingly Bold Rationales

The rationales state jurists present for assuming control of legislative functions have become increasingly bold. In *Montoy v. Kansas*, the state supreme court spilled as much ink justifying its jurisdiction as its remedies. The latter are predictable and formulaic: More money for public education; less local control for district patrons. But the former are bold and

exciting. In justifying their takeover, the Kansas justices cited a growing body of literature from law journals and the rulings of other states, as well as their own precedents.

In its ruling, the Kansas court assumed a right to determine public policy on the basis of the presentations of litigants before the bar. Explicitly adopting the rationale of a Kentucky court, the Kansas justices quote it:

"[In this case] we are asked—based solely on the evidence in the record before us—if the present system of common schools in Kentucky is 'efficient' in the constitutional sense. ... To avoid deciding the case because of 'legislative discretion,' 'legislative function,' etc., would be a denigration of our own constitutional duty. To allow the General Assembly (or, in point of fact, the Executive) to decide whether its actions are constitutional is literally unthinkable."

Superseding Power

In other words, the court held, the "record" presented in the course of litigation not only can, but must, replace the form of "fact finding" that goes on in a state legislature. To refrain from a decision based on the limitations of the knowledge base available through litigation is "unthinkable," according to the court.

In fact, the judges said, the imperfection of the legislative process provides the rationale for judicial intervention: "Specifically, the district court found that the financing formula was not based upon actual costs to educate children, *but was instead based on former spending levels and political compromise*" (emphasis added).

The rules-based actions that legislative bodies apply to baseline budgets are thus *structurally* suspect, according to the court, and a process so arbitrary invites review. But once a case has been presented, how are the constitutional duties of the three branches of state government defined? Once again, the Kansas court cites its Kentucky peer:

"The judiciary has the ultimate power, and the duty to apply, interpret, define, and construe all words, phrases, sentences and sections of the Kentucky Constitution as necessitated by the controversies before it. It is *solely* the function of the judiciary to so do. This duty must be exercised even when such action serves as a check on the activities of another branch of government or when the court's view of the constitution is contrary to that of the other branches, or even that of the public" (emphasis in original).

Claiming 'Ultimate Power'

Note the court claims the "ultimate power" to "apply" the Kentucky Constitution. The relevant entries of *Webster's Collegiate Dictionary* define "apply" as: a) "to bring into action, to put into operation or effect (as in a law)"; and b) "[to] put to use, especially for some practical purpose."

These phrases describe the traditional functions of the legislative and executive branches in our state constitutions. Hence, what the Kansas Supreme Court

has substantively claimed is an exclusive right to make law on any case brought before it.

States are particularly vulnerable to this brand of judicial tyranny. The Kansas justices cite a 1991 *Harvard Law Review* article to explain, "unlike federal courts, state courts need not be constrained by federalism issues of comity or state sovereignty when exercising remedial power over a state legislature, for state courts operate within the system of a single sovereign."

That means the court can ignore the will of lesser sovereignties within the state, such as county governments, school districts, and the like.

Rejecting Principle

For how long can the court claim this license? The *Harvard Law Review* article cited by the Kansas court says, "the Court too must accept its continuing constitutional responsibility for overview of compliance with the constitutional imperative."

That means the public policy dicta of a state court need not be constrained by the messy squabbling of elected legislators, by facts neglected by the litigants-at-bar, by the constitutional duties of the court's co-equal branches, by lesser political subdivisions, or by time itself.

In deciding *Montoy*, the Kansas court adopted the findings of a single study by a single committee of the legislature. *Montoy's* policy prescriptions—more funding for public schools, less local control—would have surprised the U.S. Supreme Court justices who rejected a similar "remedy" in 1973. For the majority, Justice Lewis Powell wrote,

"It is also well to remember that even those districts that have reduced ability to make free decisions with respect to how much they spend on education still retain, under the present system, a large measure of authority as to how available funds will be allocated."

Of course, Powell was constrained by those pesky federalist principles.

Richard Nadler (americas_majority@hotmail.com) is president of America's Majority, a Midwest public policy institute. Another version of this article appeared in the June 28 edition of *National Review Online*.

INTERNET INFO

"Liberation Jurisprudence: How Activist Courts Have Torn Family and Society Asunder," by Bruce Frohnen, published in the May-June 2001 issue of *Family Policy*, a publication of the Family Research Council, is available through *PolicyBot™*, The Heartland Institute's free online research database. Point your Web browser to <http://www.heartland.org>, click on the *PolicyBot™* button, and search for document #8325.



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Time to Consider Education Savings Accounts

by Joseph L. Bast

As vouchers and tax credits move from theory to practice in cities and states across the country, greater attention is being focused on matters of program design. One design feature that could boost the effectiveness of school choice and possibly minimize the threat of increased regulation of participating schools is Education Savings Accounts, or ESAs.

Education Savings Accounts

ESAs would be tax-sheltered savings accounts similar to Individual Retirement Accounts (IRAs) and the newer Health Savings Accounts (HSAs). In the case of IRAs and HSAs, employers and individuals make deposits into the accounts and spending is limited—until the individual reaches a certain age for IRAs, and only for health care expenses for HSAs.

An ESA would operate similarly, with spending limited to education expenses, with the important difference that governments would deposit into the ESA each year the money collected from taxes that would otherwise go to public schools. Parents could then draw on the account to pay for tuition at the public or private schools of their choice, or pay for tutoring and other educational expenses for the student. When the student reached a certain age (19, 21, or 23 are often suggested), anything left in the account would revert to taxpayers.

ESA Benefits

The ESA replaces the idea that a voucher or refundable tax credit would be a certificate or scholarship worth a specified amount when redeemed for tuition by a participating school. Instead, each student would have a savings account from which his or her parents or guardians could pay for educational services provided by a variety of service providers.

ESAs recognize trends in education leading away from the conventional school as the sole place for K-12 learning by freeing parents to choose

multiple service providers in addition to, or instead of, paying tuition to a single school. The result could be an explosion of creativity as tutors, curriculum specialists, and distance learning providers compete to serve a rapidly expanding market.

If a parent chooses a school or other vendors at a cost less than the amount in the student's ESA, the difference would remain in the student's account and be used for non-tuition expenses or saved for tuition in later years or even for college tuition (if allowed by state law). This would encourage schools and other providers to compete on price, rather than simply set their tuition or fees equal to the value of a voucher or tax credit.

ESAs could make school choice more popular among suburban parents who think their government schools are of high quality but impose too great a tax burden. Per-student spending for suburban high schools often exceeds \$12,000, more than even relatively expensive private schools typically charge for tuition.

“The ESA replaces the idea that a voucher or refundable tax credit would be a certificate or scholarship worth a specified amount when redeemed for tuition by a participating school.”

Many parents would be tempted to enroll their children in a private school charging, say, \$9,000, and place the remaining \$3,000 in the student's ESA.

ESAs, finally, could protect parents and schools from increased government regulation, which is always a threat under tax credit and voucher programs. An ESA would stand between governments and schools, with tax dollars first deposited into the student's account and then tuition or fees paid by check or debit card by the parent or guardian. Schools would not receive payment directly from government agencies.

Examination of the legislative histories of IRAs and HSAs suggests that neither has experienced increased restrictions on how money deposited into accounts can be spent or new regulation of service providers paid from the accounts. Indeed, the trend with HSAs is in the opposite direction. Legislative proposals are pending to expand participation, raise the amount that can be deposited, and lift restrictions on how the money can be spent.

Not a New Idea

ESAs are not a new idea. For example, they were the central feature of a proposal made in 1992 by The Heartland Institute to the

New American Schools Development Corporation as part of a national competition for “breakthrough” ideas for school reform. The design and implementation team included John Taylor Gatto, Eric Hanushek, Myron Lieberman, Edwin West, Gary Becker, James Coleman, and other leading school choice proponents.

The plan would have created a pilot program in Pilsen, a neighborhood in Chicago. Parents would have been given “Individual Education Accounts” from which they could pay service providers and curriculum coordinators of their choice. Arthur Anderson, the worldwide consulting firm, was part of the design team and would have conducted research into the “marketing, financing, regulatory, and legal concerns and needs of potential service providers under an Educational Certificate program.”

The proposal placed in the top 4 percent of 686 competitors but did not receive funding. Had it been funded, it would have been a great demonstration of the promise (or perhaps pitfalls) of the ESA concept.

Ballot Initiatives Failed

A year later, ESAs were part of the first modern school choice initiative to appear on a ballot—the 1993 California Parental Choice in Education Initiative. Three years later, the California Educational Freedom Amendment contained similar language.

Both initiatives were defeated. In these two cases, ESAs would have allowed unspent balances to roll over and be applied to tuition in later years or college tuition.

During 1996 and 1997, George Clowes and I worked with the Illinois Legislative Reference Bureau to draft “The Heartland Plan for Illinois,” a model bill that includes ESAs. *Heartland Policy Studies* explaining and defending that bill were published in 1996 and 2002.

In 2003, Herbert Walberg and I expounded on ESAs in chapter 12 of a book published by the Hoover Press, *Education & Capitalism*. That same year, Milton Friedman endorsed the concept of “partial vouchers” in an interview published in the Winter 2003 issue of *Education Next*.

“Why not let [parents] spend part of a voucher for math in one place and English or science somewhere else?” asked Friedman. “Why should schooling have to be in one building? Why can't a student take some lessons at home, especially now, with the availability of the Internet?”

In the Summer 2005 issue of *Cascade Update*, John Charles, president of the Cascade Policy Institute in Portland, Oregon, proposes “Individual Education Accounts,” to be created “for each Oregon child at birth.” Each year the state would deposit \$2,000 into each account. When the child reaches school age, “the parents would have two choices: send the child to public school and forgo the

annual \$2,000 deposit into the child's account, or begin dipping into the child's personal account to homeschool the child or pay for private school tuition, in which case the annual deposits of \$2,000 would continue for every year the family did not use public education.”

Greater Parental Control Promised

Interest in ESAs seems to be growing as more policymakers begin to take school choice legislation seriously. They are also hearing interest in the concept from the burgeoning homeschooling movement, where parents take for granted that they will be paying more than one education service provider at a time. Thousands of service providers have emerged in recent years to serve that market.

By giving parents greater control over how their education dollars are spent, ESAs allow vouchers to come closer to the model of competitive markets described by Milton Friedman and more recently by John Merrifield. By encouraging price competition and innovation and making regulation of service providers less likely, ESAs avoid the pitfall of relying too much on third parties (government in the current system and scholarship-granting entities under tax credit plans) to pay for schooling.

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INTERNET INFO

The publications mentioned above are available online:

The Heartland Plan for Illinois: <http://www.heartland.org/Article.cfm?artid=8880>

The Heartland Plan for Illinois: Model School Voucher Legislation: <http://www.heartland.org/pdf/acf10.pdf>

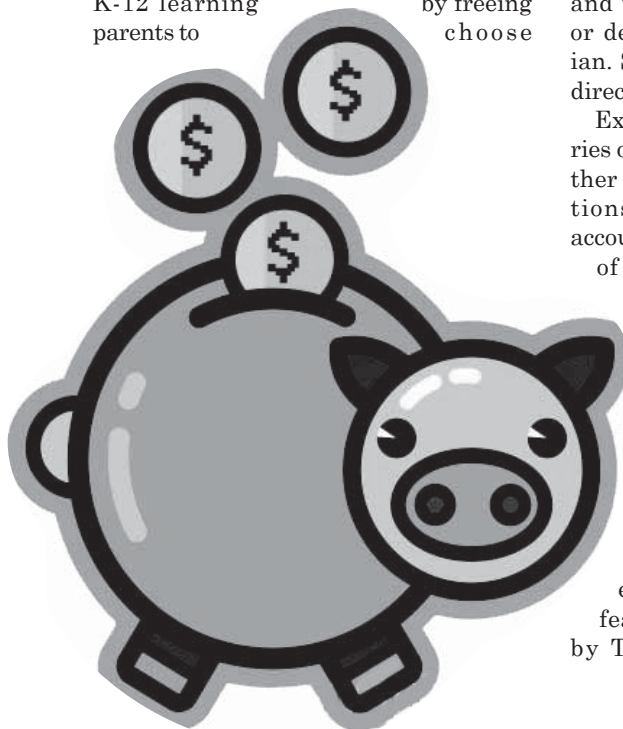
Education & Capitalism: <http://www.hoover.stanford.edu/publications/books/edcap.html>

Also of interest:

Ten Principles of School Choice: <http://www.heartland.org/Article.cfm?artid=16856>

A Short History of Education Savings Accounts <http://www.heartland.org/Article.cfm?artid=17122>

Pearl Rock Kane's interview with Milton Friedman, titled “Choice and Freedom,” in *Education Next*, <http://www.educationnext.org/20031/57.html>.



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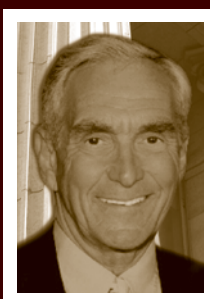
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