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A New Way to Liberate Students from Lackluster Public Schools

By Reihan Salam

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Roughly 10 percent of K-12 students in the United States are enrolled in private schools. One interpretation of private schools is that they engage in “cream-skimming,” i.e., they divert students disproportionately drawn from affluent, stable two-parent households from public schools, and as such they undermine political support for public education, as many politically influential parents choose to educate their children privately, and they promote economic segregation, and perhaps ethnocultural segregation as well. Another interpretation, which economist Andrew Samwick of Dartmouth College explores in a new [policy brief](#) from the libertarian Cato Institute, is that when parents send their children to private schools, they generate a positive externality. By foregoing a public education for their children, private school parents relieve a financial burden on taxpayers. Without private schools, Samwick estimates that U.S. public K-12 schools would have to spend \$660 billion rather than \$600 billion per annum. If this positive externality interpretation is correct, Samwick suggests that parents could be underutilizing private schools because they fail to appreciate the benefit they provide others by making use of them. To address this problem, he proposes treating the decision on the part of parents to send their children to private schools and to forego a public education as, in effect, a charitable contribution equivalent to the per pupil expenditure in their local public schools. The idea is that today’s school districts offer a “voucher” that can only be redeemed at local public schools, and private school parents are effectively *donating* these vouchers to their school districts so that the money can be spread among public school enrollees. Samwick estimates that if federal and state tax codes allowed private school parents to take a deduction in the amount of the per pupil expenditure in their local school districts, which is to say in the amount of the vouchers they’ve donated to their school districts, federal and state revenues would have fallen by \$7.75 billion and \$1.21 billion respectively. One assumes that deductibility would encourage more public school parents to become private school parents, which would further reduce public school expenditures.

If you buy the first interpretation — that public schools are crucial vehicles of integration while private schools are bastions of exclusivity — Samwick’s proposal will strike you as a nightmare. But if you’re concerned that the expansion of public charter schools might [crowd out](#) private schools, or that it might force Catholic schools to abandon their religious character and [enter the public system](#), you might find his proposal very attractive. Recently, Frederick Hess and Michael McShane of the American Enterprise Institute [warned](#) that “creeping bureaucratization and regulation are endangering the entire charter school movement,” a threat from which private schools are, at least in theory, better insulated. If we care about fostering innovative instructional models, there is a case for not just cheering on the rise of public charters but also fostering the

growth of private schools, including low-cost private schools designed to better serve the needs of students from middle- and low-income households.

Last year, Florida Sen. Marco Rubio [proposed](#) federal legislation that would allow corporations or individuals to donate as much as \$100,000 to nonprofit “Scholarship Grant Organizations” that would finance private school tuition for students from earning 250 percent of the federal poverty level or less. The idea, which closely paralleled a Florida state law that was first championed by Jeb Bush, failed to gain traction. One wonders if Samwick’s more ambitious proposal might be a better way to go. My general instinct is that apart from funding basic research and enforcing tough transparency standards, the federal government should leave K-12 education to state and local governments, as Hess and Andrew Kelly [have argued](#). But Samwick makes an intriguing case. And I appreciate how Samwick defies the questionable logic of those who believe that it is a parent’s obligation to send her child to a lackluster public school on the grounds of solidarity — a view that glosses over the administrative incompetence that is endemic to public education while demonizing parents who want the best for their children. Some states, like Indiana and Florida, and some cities, like Milwaukee and New Orleans, have done much to increase school choice, yet Samwick’s tax reform would increase school choice across the United States in one fell swoop, and it would do so in a way that stands a decent chance of keep creeping bureaucratization and regulation at bay.