

EducationNext

Improving Educational Options for Georgia Children

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Like a dozen or so other states, Georgia has a K-12 scholarship tax credit program. It allows individuals and businesses to donate to non-profit Student Scholarship Organizations (SSOs), and the SSOs help families pay tuition at their preferred private elementary and high schools. The donors receive a state tax cut in the amount of their donation, in return for having made a host of new educational options available to children.

One catch is that the program's total size is tightly capped at \$58 million, limiting the number of children who can be served. This year, that cap was reached within a few hours on January 1st. Legislators will debate in the coming session whether or not to raise the cap. There is good reason for them to do so.

Studies of a similar program in Florida have found that it improves the academic achievement of students who switch from public to independent schools and that it also improves achievement among students remaining in public schools. Moreover, the program has been found to save taxpayers tens of millions of dollars every year because the private sector educates students more economically than does the public sector.

In recognition of these advantages, the Florida legislature has repeatedly raised the cap on its scholarship tax credit program. In fact, it has added an automatic growth provision to the law. As a result, the program's cap now rises annually so long as total donations in the preceding year either closely approached or hit the cap.

In doing this, Florida has been following the consensus of international research on education system quality. Several years ago I reviewed the research from all over the world comparing alternative approaches to running and funding schools. A key challenge in drawing lessons from foreign studies is that there are many economic and cultural factors that also affect student achievement, besides the design of the school system itself. Fortunately, many countries have different types of school systems operating side-by-side *within their own borders*. By focusing on studies of these within-country differences in education systems, I discovered a clear pattern: it is the freest and most market-like systems that best serve families. These systems treat both educators and parents with respect. Educators are free to use the curricula and methods they deem best, and parents are free to choose among them according to their own values and the needs of their children.

Another ingredient of the best-performing systems is that parents directly pay at least a fraction of the cost of their own children's education. When they do so, schools are more responsive to their demands and they also operate more efficiently—delivering higher student performance per dollar spent. In India, for example, government-funded schools (whether public or private) tend to teach in the local language despite widespread parental preference for instruction to be given in English. By contrast, parent-funded schools teach in English across the curriculum, to meet parent demand.

While there are other school choice policies in the U.S. besides education tax credits, a careful statistical analysis shows that tax credits impose less red tape on educators than other programs. This is crucially important given that parental choice becomes meaningless if all schools are regulated into conformity by the state.

Heavy-handed regulation also restrains the cycle of innovation we have enjoyed in the truly free enterprise sectors of our economy. The improvements we've seen in everything from television sets to grocery stores have not been driven by state or federal mandates. They have been the result of entrepreneurs freely competing with one another to discover new and better ways of meeting our needs. Educators have too long been shut out of this free enterprise sector, straight-jacketed by reams of regulation, and unrewarded (or even punished) for successful innovations. Raising the cap on Georgia's scholarship tax credit program is thus an ideal way to bring freedom and excellence to K-12 education. Of course if Georgia fails to do so, its citizens and businesses will still have the option of relocating to Florida.

- Andrew Coulson

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